



Grant Thornton

An instinct for growth™

26 July 2012

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Dear Sir / Madam

DIGISLIDE HOLDINGS LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT) ACN 105 012 066 ("THE COMPANY")

Execution of Deed of Company Arrangement

I advise that on 31 May 2012 a Deed of Company Arrangement was executed between the Company and the proponent, Blueknight Syndicate ('the Syndicate'), involving a proposal to recapitalise the Company.

Convening of Extraordinary General Meeting

An Extraordinary General Meeting of shareholders has been convened in order to consider the proposal, by Notice of General Meeting. The meeting will be held on Monday, 27 August 2012 at the offices of Grant Thornton, Level 1, 67 Greenhill Road, Wayville, South Australia 5034 at 10.30am.

A copy of the Notice of General Meeting, including the letter to shareholders and Explanatory Statement, is enclosed.

Any queries in relation to the above should be directed to Mr Ryan Dinata of my office on (03) 8320 2222.

Yours faithfully

Stephen R Dixon
JOINT AND SEVERAL DEED ADMINISTRATOR

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DIGISLIDE HOLDINGS LIMITED
(Subject to Deed of Company Arrangement)
ACN 105 012 066

NOTICE OF GENERAL MEETING

TIME: 10.30am
DATE: Monday, 27 August 2012
PLACE: Grant Thornton, Level 1, 67 Greenhill Road, Wayville South Australia 5034

IMPORTANT NOTICE

The Deed Administrators have given their consent to the Directors convening the meeting and despatching this Notice of Meeting and the accompanying Explanatory Statement, but have taken no part in the preparation of these documents and express no opinion about any of their contents, including but in no way limited to any statements regarding the Recapitalisation Proposal, other than that set out in their report to the Company's Creditors dated 2 May 2012. The Deed Administrators do not accept any responsibility for any disclosure in or failure to include any disclosure in these documents. To the extent permitted by law, the Deed Administrators, their advisors and their respective directors, agents, officers or employees do not accept any responsibility or liability for any losses or damages of any kind arising out of the use of any information contained in these documents. The Deed Administrators make no recommendations about how Shareholders should vote on the resolutions contained in the Notice of Meeting, and have not undertaken any due diligence in relation to the Recapitalisation Proposal. They have relied on discussions with the Directors, Blueknight and its advisors. The Directors have prepared and take sole responsibility for these documents and have caused the despatch of this Notice of Meeting and the accompanying Explanatory Statement.

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

NOTE: Stantons International Audit and Consulting Pty Ltd (ABN 84 144 581 519) trading as Stantons International Securities (Stantons) has prepared the Independent Expert's Report and has provided an opinion that it believes the proposals as outlined in Resolution 4 is fair and reasonable to the Shareholders not associated with the Company. It is recommended that all Shareholders read the Independent Expert's Report in full.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact George Ventouras on 0418 945 353.

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TIME AND PLACE OF GENERAL MEETING AND HOW TO VOTE

TIME AND PLACE OF MEETING

Notice is given that the general meeting of the Shareholders to which this Notice of Meeting relates will be held at 10.30am on Monday, 27 August 2012 at:

Grant Thornton, Level 1, 67 Greenhill Road, Wayville, South Australia

YOUR VOTE IS IMPORTANT

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

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders at 10.30am (AEST) on Saturday, 25 August 2012.

VOTING IN PERSON

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

VOTING BY PROXY

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

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

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

Further details on these changes are set out in Section 10 of the Explanatory Memorandum.

LETTER TO SHAREHOLDERS

Dear Shareholder

As you are aware, on 19 December 2011, voluntary administrators were appointed to assume control of the Company and its subsidiaries and now control the Company's business, property and affairs.

Under the terms of a Deed of Company Arrangement entered into by the Company on 31 May 2012, the Deed Administrators were authorised, among other things, to investigate the restructure of the Company's capital with a view to re-listing the Company on ASX for the benefit of creditors and Shareholders.

The creditors of the Company, together with the Deed Administrators, have agreed to a proposal presented by Blueknight Corporation Pty Ltd (**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 continue with certain of its operations and support the Company's future. The Proposal is subject to Shareholder approval at the General Meeting and the further conditions outlined below under the heading 'Conditions of the Proposal'.

Terms of the Proposal

The Proposal involves:

- (a) the retention of certain of the Company's existing business assets (unencumbered), and specifically those relating to the Company's retractable image projecting system, dual image slide and video projector and personal entertainment arrangement;
- (b) the consolidation of the Company's existing capital on a 1 for 2 basis, leaving the Company with 34,395,497 Shares on issue and 3,906,693 Options on issue (rounded up) (prior to any other Securities being issued pursuant to the other Resolutions) (Resolution 1);
- (c) the Company raising new equity by way of the following placements (which will be made pursuant to a prospectus):
 - (i) a placement of:
 - (A) 120 million Shares at a placement price of \$0.001 per Share to raise \$120,000 (**First Placement Shares**); and
 - (B) 60 million Options which are free attaching to the First Placement Shares, with each Option exercisable at \$0.01 on or before 31 December 2015 (**First Placement Options**),(the placement of the First Placement Shares and First Placement Options, together the **First Placement**) (Resolution 2); and
 - (ii) a second placement of up to 170 million Shares at a placement price of \$0.01 per Share to raise up to \$1.7 million (**Second Placement Shares**) (**Second Placement**) (Resolution 3).
- (d) a total of up to 60,000,000 Shares and 30,000,000 Options, pursuant to the First Placement and up to 40,000,000 Shares pursuant to the Second Placement are proposed to be placed to the proposed new Directors referred to in Resolutions 8, 9 and 10) (Resolutions 5, 6 and 7 respectively);

- (e) the entry by the Company into a Creditors' Trust Deed for the purposes of satisfying approved creditor claims;
- (f) the Syndicate paying \$575,000 in cash to the Creditors Trust and all assets of the Company other than those specified in the Proposal being transferred to the Creditors Trust (**Creditors Consideration**);
- (g) the existing Directors and Company Secretary, resigning on or before the Meeting and new Directors Roger Steinepreis, George Ventouras and Nick Castleden being appointed to the Board, being appointed (Resolutions 8 to 10); and
- (h) the change of the Company's name from Digislide Holdings Limited to DGI Holdings Limited (Resolution 11).

Conditions of the Proposal

In addition to the Shareholder approvals required (as contemplated by this Notice of Meeting), the Proposal is subject to the following general conditions:

- (a) the Company's liabilities and long term commitments being released and compromised under the DOCA, with the DOCA being wholly effectuated and the Deed Administrators' appointment terminating simultaneously with the payment of the Creditors Consideration into the Creditors' Trust;
- (b) the Company's creditors being bound by the DOCA and required to prove in accordance with the terms of the DOCA and the Creditors' Trust, with no creditor having the right to claim payment against the Company;
- (c) the Company's subsidiaries being excised from the Company (unless otherwise requested by the Syndicate);
- (d) the employment of all employees being terminated at no cost to the Company following effectuation of the DOCA;
- (e) ASX confirming that it will lift the suspension on the trading of the Company's securities without the need to re-comply with Chapters 1 and 2 of the Listing Rules;
- (f) all convertible notes on issue being determined to be debt and being required to prove in accordance with the terms of the DOCA and no convertible note holder having the right to claim payment against the Company; and
- (g) during the term of the DOCA, any transfers of Shares and any alteration in the status of Shareholders or the issue of Shares being void, except so far as a Court otherwise orders.

Pro-forma capital structure

The proposed capital structure of the Company following completion of the Proposal is summarised below:

Capital Structure	Shares	Options
Pre-Consolidation Securities	68,790,993	7,813,386
Post 1:2 Consolidation Securities (Resolution 1)	34,395,497	3,906,693
First Placement (Resolution 2) ²	120,000,000	60,000,000
Second Placement (Resolution 3) ³	170,000,000 ¹	Nil
Completion of all Resolutions	324,395,497	63,906,693

1. Assumes the Second Placement is fully subscribed.
2. The terms of the First Placement Options are set out in Schedule 1.
3. These include the Issue of the Related Party Securities pursuant to Resolutions 5 to 7 inclusive.

Use of funds

The Company's review and development plans are the best estimates available to the Company at this time. It is important to recognise that the proposed use of funds is subject to change in line with emerging results, circumstances and opportunities.

The Company intends to continue with its core business, focusing on both product development and commercialisation in the technology sector, and more specifically with regards to video and telecommunication technologies that it has developed.

The Company will retain an extensive portfolio of intellectual property ("IP") including patents, designs and trademarks. The Company intends to develop and commercialise certain of its IP by enhancing proto-types it owns utilising its inventory, tools of trade, processes and know-how and by leveraging its relationships with suppliers, R&D contractors, customers, manufacturers and distributors.

The corporate and luxury leisure markets are two areas that the Company intends to continue to focus on. There is already commercial interest in these products based on previous discussions that the Company has held with several Asian-based corporate/luxury furniture manufacturers and installers. It is currently intended that the products be marketed under DGI owned brands and trademarks such as the Big Entertainer (Registration 942705/LP 11865) and DigiScope (Registration 780594/LP 10095).

In addition, consistent with its previous strategy, the Company intends to exploit its IP by way of strategic alliances. This represents an effective means of minimising capital requirements and managing the research and development risk associated with developing cutting edge technologies.

To this end, the Company intends to partner with several entities associated with former management, staff and specialist contractors in order to progress certain of the Company's technologies by way of global licensing arrangements. In return, the Company will be entitled to royalties on sales of licensed IP and will have marketing and distribution rights. These marketing and distribution rights provide the Company with the opportunity to "value add" products for the burgeoning Asian middle class.

The Company will also consider the acquisition and development of any other investments, both within the technology industry and in market segments unrelated to the technology industry (such as mining and exploration), as identified by the Company and subject always to compliance with the Listing Rules.

If the full amount of \$1,820,000 is raised under the Proposal (assuming the Second Placement is fully subscribed), the Company intends to apply the funds raised as follows:

	Year 1 (\$)	Year 2 (\$)	Total (\$)
Payment to the creditors pool ¹	575,000	Nil	575,000
Estimated cost of Proposal	100,000	Nil	100,000
Development of existing assets	220,000	230,000	450,000
Review & evaluation of new projects	185,000	130,000	315,000
Working capital	120,000	260,000	380,000
Total	1,200,000	620,000	1,820,000¹

Notes:

1. The Company will use the Cash Consideration of \$575,000 to satisfy approved creditor claims in accordance with the terms of the DOCA.

Reinstatement to Official Quotation

Subject to all the Resolutions being passed at the General Meeting, the Company intends to seek reinstatement to Official Quotation on ASX. The Company will therefore need to satisfy ASX's requirements prior to reinstatement, including demonstrating a satisfactory level of Shareholder spread. ASX has confirmed, however, that the Company will not be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules in their entirety.

Summary

In considering the Resolutions, Shareholders must bear in mind the Company's current financial circumstances. In this regard, Shareholders should note that the Securities of the Company have been suspended from trading since 30 September 2011 and the Company requires recapitalisation to continue its operations and seek re-quotations of its Securities on ASX. The Resolutions contained in this Notice are therefore important and affect the future of the Company. Shareholders are urged to give careful consideration to the Notice and the contents of this Explanatory Statement.

If all the Resolutions are passed and implemented, the Company will be debt free, it will be able to continue its business in Australia and it will be in a position to apply to ASX for the reinstatement of its Securities to Official Quotation. The Deed Administrators consider this to be a realistic option to enable the Company to continue operating. The Deed Administrators will need to investigate other options for the Company if this restructure and recapitalisation is not approved by Shareholders, which will include liquidation, in which case it is expected there will be no return.

Yours faithfully

Roger Steinepreis
Director
Digislide Holdings Limited
 (Subject to Deed of Company Arrangement)

NOTICE OF MEETING

Notice is given that the General Meeting of Shareholders will be held at 10.30 am on Monday, 27 August 2012 at Grant Thornton, Level 1, 67 Greenhill Road, Wayville, South Australia 5034.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

For the purposes of Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 10.30am (AEST) on Saturday, 25 August 2012.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

1. RESOLUTION 1 – CONSOLIDATION OF CAPITAL

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

"That, subject to Resolutions 2 to 10 being passed, pursuant to section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that:

- (a) every two (2) Shares be consolidated into one (1) Share; and*
- (b) every two (2) Options be consolidated into one (1) Option,*

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

2. RESOLUTION 2 – FIRST PLACEMENT – SHARES AND OPTIONS

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

"That, subject to Resolution 1 and Resolutions 3 to 10 being passed, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue up to:

- (a) 120 million Shares; and*
- (b) 60 million Options,*

(In each case on a post-Consolidation basis) pursuant to a prospectus on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary Securities, if the Resolution is passed; and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on

the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Important: Shareholders should note that if they have been invited to participate in the First Placement by the Board, but choose to vote in respect of Resolution 2, they will automatically be disqualified from subscribing for Securities under the First Placement.

3. RESOLUTION 3 – SECOND PLACEMENT – SHARES

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

“That, subject to Resolutions 1, 2 and 4 to 10 being passed, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to allot and issue up to 170 million Shares (on a post-Consolidation basis) pursuant to a prospectus on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary Securities, if the Resolution is passed; and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Important: Shareholders should note that if they have been invited to participate in the Second Placement by the Board, but choose to vote in respect of Resolution 3, they will automatically be disqualified from subscribing for Shares under the Second Placement.

4. RESOLUTION 4 – ACQUISITION OF A RELEVANT INTEREST

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

“That, subject to Resolutions 1, 2, 3 and Resolutions 5 to 10 being passed, for the purposes of Section 611 (Item 7) of the Corporations Act and for all other purposes, approval is given for:

(a) *the issue of up to:*

(i) *120,000,000 First Placement Shares;*

(ii) *60,000,000 First Placement Options; and*

(iii) *70,000,000 Second Placement Shares*

to the Syndicate; and

(b) *the acquisition of a relevant interest in the issued voting shares of the Company by the Syndicate in excess of the threshold prescribed by Section 606(1) of the Corporations Act,*

on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Expert's Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Section 611 (Item 7) of the Corporations Act. The Independent Expert's Report

comments on the fairness and reasonableness of the transaction to the non-associated Shareholders in the Company.

Voicing Exclusion: The Company will disregard any votes cast on this resolution by:

- (a) the persons proposing to make the acquisition and their associates; and
- (b) a party to the transaction and any associates of those persons.

However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5. RESOLUTION 5 – ISSUE OF FIRST AND SECOND PLACEMENT SECURITIES TO MR ROGER STEINEPREIS

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

"That, subject to Resolutions 1 to 4 and Resolutions 6 to 10 being passed, for the purpose of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue up to:

- (a) 25,000,000 First Placement Shares;
- (b) 12,500,000 First Placement Options; and
- (c) 20,000,000 Second Placement Shares,

to Mr Roger Steinepreis (a proposed new Director of the Company) (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voicing Exclusion: The Company will disregard any votes cast on this Resolution by Mr Roger Steinepreis or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. RESOLUTION 6 – ISSUE OF FIRST AND SECOND PLACEMENT SECURITIES TO MR GEORGE VENTOURAS

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

"That, subject to all Resolutions 1 to 5 and Resolutions 7 to 10 being passed, for the purpose of Sections 208 and 611 (item 7) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue up to:

- (a) 20,000,000 First Placement Shares;
- (b) 10,000,000 First Placement Options; and
- (c) 10,000,000 Second Placement Shares,

to Mr George Ventouras (a proposed new Director of the Company) (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr George Ventouras or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. RESOLUTION 7 – ISSUE OF FIRST AND SECOND PLACEMENT SECURITIES TO MR NICK CASTLEDEN

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

"That, subject to Resolutions 1 to 6 and Resolutions 8 to 10 being passed, for the purpose of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue up to:

- (a) 15,000,000 First Placement Shares;
- (b) 7,500,000 First Placement Options; and
- (c) 10,000,000 Second Placement Shares,

to Mr Nick Castleden (a proposed new Director of the Company) (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Nick Castleden or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. RESOLUTION 8 – RE-ELECTION OF MR ROGER STEINEPREIS AS A DIRECTOR

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

"That, subject to all Resolutions 1 to 7 and Resolutions 9 and 10 being passed, Mr Roger Steinepreis, being eligible and having consented to act, be re-elected a Director, effective immediately."

9. RESOLUTION 9 – RE-ELECTION OF MR GEORGE VENTOURAS AS A DIRECTOR

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

"That, subject to Resolutions 1 to 8 and Resolution 10 being passed, Mr George Ventouras, being eligible and having consented to act, be re-elected a Director, effective immediately."

10. RESOLUTION 10 – ELECTION OF MR NICK CASTLEDEN AS A DIRECTOR

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

"That, subject to Resolutions 1 to 9 being passed, Mr Nick Castleden, being eligible and having consented to act, be elected a Director, effective immediately."

11. RESOLUTION 11 – CHANGE OF COMPANY NAME

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, pursuant to Section 157(1) of the Corporations Act and for all other purposes, the name of the Company be changed to "DGI Holdings Limited".

12. RESOLUTION 12 – ADOPTION OF NEW CONSTITUTION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, for the purposes of Section 136(2) of the Corporations Act and for all other purposes, the Company adopts a new constitution in the form as signed by the Chairman of the Meeting for identification purposes, in lieu of the existing constitution of the Company."

13. RESOLUTION 13 – SECTION 195 APPROVAL

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

"That, subject to and conditional on the passing of Resolutions 1-10 (inclusive), for the purposes of Section 195(4) of the Corporations Act and for all other purposes, Shareholders approve and authorise the Company to complete the transactions as contemplated in this Notice of Meeting."

Short Explanation: Approval of Resolutions 4-7 may result in the Directors appointed by this General Meeting having a "material personal interest" in the recapitalisation and other matters referred to in this Notice. In the absence of this Resolution 13, the Directors may not be able to form a quorum at any meetings necessary to carry out the transactions contemplated by this Notice.

14. RESOLUTION 14 – REMOVAL OF AUDITOR

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

"That, pursuant to Section 329 of the Corporations Act and for all other purposes, approval is given for the removal of Hayes Knight (SA) Pty Ltd as the current auditor of the Company effective from the date of the Meeting."

15. RESOLUTION 15 – APPOINTMENT OF AUDITOR

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That, for the purposes of Section 327B of the Corporations Act and for all other purposes, BDO Audit (WA) Pty Ltd having been nominated by a Shareholder and having consented in writing to act in the capacity of auditors, be appointed as auditors of the Company with effect from the close of the Meeting."

DATED: 23 JULY 2012

Roger Steinepreis
Director
Digislide Holdings Limited
(Subject to Deed of Company Arrangement)

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 10.30am on Monday, 27 August 2012 at Grant Thornton, Level 1, 67 Greenhill Road, Wayville South Australia 5034.

This Explanatory Statement has been prepared to assist Shareholders with their consideration of the resolutions necessary to implement the Recapitalisation Proposal. The Deed Administrators have given their consent to the Directors convening the meeting and despatching this Explanatory Statement and the accompanying Notice of Meeting, but have taken no part in the preparation of those documents and express no opinion about the Recapitalisation Proposal, other than that set out in their report to the Company's Creditors dated 2 May 2012. The Deed Administrators do not accept any responsibility for any disclosure in or failure to include any disclosure in these documents. To the extent permitted by law, the Deed Administrators, their advisors and their respective directors, agents, officers or employees do not accept any responsibility or liability for any losses or damages of any kind arising out of the use of any information contained in these documents. The Deed Administrators make no recommendations about how Shareholders should vote on the resolutions contained in the Notice of Meeting and in particular, the Deed Administrators have not undertaken any due diligence in relation to the Recapitalisation Proposal. They have relied on discussions with the Directors, Blueknight and its advisors. The Directors and Blueknight have prepared and taken sole responsibility for these documents and the Directors have caused the despatch of this Explanatory Statement and the accompanying Notice of Meeting.

Shareholders should read this Explanatory Statement in full and if they have any questions, obtain professional advice before making any decisions in relation to the resolutions to be put to Shareholders at the meeting.

This Explanatory Statement includes information and statements that are both historical and forward-looking. To the extent that any statements relate to future matters, Shareholders should consider that they are subject to risks and uncertainties. None of the Company, its Directors, the Deed Administrators, or their advisors and their respective directors, agents, officers or employees can assure Shareholders that forecast or implied results will be achieved.

1. RESOLUTION 1 – CONSOLIDATION OF CAPITAL

1.1 General

Resolution 1 seeks Shareholder approval to consolidate the number of Securities on issue on a one (1) for two (2) basis (**Consolidation**).

If Resolution 1 is passed and excluding any Securities Issued pursuant to the other Resolutions, the number of:

- (a) Shares on issue will be reduced from 68,790,993 to 34,395,497 (subject to rounding); and
- (b) Options on issue will be reduced from 7,813,386 to 3,906,693 (subject to rounding).

1.2 Legal requirements

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

1.3 Fractional entitlements

Not all Security holders will hold that number of Shares or Options (as the case may be) which can be evenly divided by 2. Where a fractional entitlement occurs, the Company will round that fraction up to the nearest whole Security.

1.4 Taxation

It is not considered that any taxation implications will exist for Security holders arising from the Consolidation. However, Security holders are advised to seek their own tax advice on the effect of the Consolidation and neither the Company, nor the Deed Administrators (nor the Deed Administrators' advisers) accept any responsibility for the individual taxation implications arising from the Consolidation.

1.5 Holding statements

From the date of the Consolidation, all holding statements for Securities will cease to have any effect, except as evidence of entitlement to a certain number of Securities on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Securities to be issued to holders of those Securities.

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

1.6 Effect on capital structure

The effect which the Consolidation will have on the Company's current capital structure is set out below:

Shares	
Shares currently on issue ¹	68,790,993
Total Shares following Consolidation	34,395,497

¹ Pursuant to the Company's share registry dated 19 December 2011.

Options	
Unlisted Options exercisable at \$1.00 on or before 24 August 2014	350,000
Unlisted Options exercisable at \$0.25 on or before 24 September 2012	3,000,000
Unlisted Options exercisable at \$0.16022 on or before 9 December 2015	913,000
Unlisted Options exercisable at \$0.25 on or before 15 October 2012	1,800,000

Unlisted Options exercisable at \$0.25 on or before 15 October 2012	900,000
Unlisted Options exercisable at \$0.25 on or before 30 November 2012	450,000
Unlisted Options exercisable at \$0.17685 on or before 11 March 2014	106,366
Unlisted Options exercisable at \$0.13509 on or before 18 March 2014	115,385
Unlisted Options exercisable at \$0.04635 on or before 8 July 2014	178,635
Total Options currently on issue	7,813,386
Total Options following Consolidation	3,906,693

The Options set out above were taken from the most recent Appendix 3B lodged by the Company on ASX on 20 September 2011. We note that there are some discrepancies in respect of the number of Options on Issue set out in the Appendix 3B when compared with the Company's Annual Report for the year ended 30 June 2011.

1.7 Indicative timetable*

If Resolution 1 is passed, the reduction of capital will take effect in accordance with the following timetable (as set out in Appendix 7A (paragraph 5) of the ASX Listing Rules):

Action	Date	Business Day
Company announces Consolidation and dispatches Notice of Meeting	Thursday, 26 July 2012	
Company tells ASX that Shareholders have approved the Consolidation	Monday, 27 August 2012	0
Last day for pre-Consolidation trading	Tuesday, 28 August 2012	1
Post-Consolidation trading starts on a deferred settlement basis	Wednesday, 29 August 2012	2
Last day for Company to register transfers on a pre-Consolidation basis	Tuesday, 4 September 2012	6
First day for Company to send notice to each holder of the change in their details of holdings	Wednesday, 5 September 2012	7
First day for the Company to register Securities on a post-Consolidation basis and first day for issue of holding statements	Wednesday, 5 September 2012	
Dispatch date - Deferred settlement market ends		11
Last day for Securities to be entered into holders' Security holdings	Tuesday, 11 September 2012	
Last day for the Company to send notice to each holder of the change in their details of holdings		

*The Company's securities will continue to remain suspended from Official Quotation until such time as the transactions the subject of this Notice of Meeting have been completed and the Company has complied with all pre-quotation requirements of ASX. Accordingly, there will be no trading in the Company's Securities until the Company has been reinstated to Official Quotation.

2. RESOLUTION 2 – FIRST PLACEMENT – SHARES AND OPTIONS

2.1 General

Resolution 2 seeks Shareholder approval for the allotment and issue (on a post-Consolidation basis) of the following Securities pursuant to a prospectus:

- (a) 120 million Shares at an issue price of \$0.001 per Share to raise \$120,000; and
- (b) 60 million Options which are free attaching to the Shares referred to in paragraph (a) (on the basis of one (1) Option for every two (2) Shares issued), with each Option exercisable at \$0.01 on or before 31 December 2015,

(First Placement).

Other than the Incoming Directors (whose participation in the First Placement (either directly or through their nominees) must be approved pursuant to Resolutions 5 to 7), none of the remaining subscribers pursuant to this issue will be related parties of the Company.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

The effect of Resolution 2 will be to allow the Company to issue the Securities pursuant to the First Placement during the period of 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

Shareholders should note that if they have been invited to participate in the First Placement by the Board, but choose to vote in respect of Resolution 2, they will automatically be disqualified from subscribing for Securities under the First Placement (refer to the voting exclusion statement in relation to Resolution 2).

2.2 Technical information required by ASX Listing Rule 7.1

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

- (a) a maximum of 120 million Shares are to be issued;
- (b) a maximum of 60 million Options are to be granted;
- (c) the First Placement Securities will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (d) the issue price of each First Placement Share will be \$0.001;

- (e) the First Placement Option will be free attaching to the First Placement Options on the basis of one (1) Option for every two (2) Shares issued;
- (f) the Board will determine to whom the First Placement Securities will be issued but these persons will not be related parties of the Company (other than any First Placement Securities issued to the Directors or their nominees, in accordance with Resolutions 5, 6 and 7);
- (g) the First Placement Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (h) the terms of the First Placement Options are set out in Schedule 1; and
- (i) the Company intends to use the funds raised from the First Placement towards the matters set out under the heading 'Use of Funds' in the Letter to Shareholders on page 6 of this Notice of Meeting.

3. RESOLUTION 3 – SECOND PLACEMENT – SHARES

3.1 General

Resolution 3 seeks Shareholder approval for the allotment and issue of up to 170 million Shares (on a post-Consolidation basis) pursuant to a prospectus at an issue price of \$0.01 per Share to raise up to \$1.7 million (**Second Placement**).

Other than the Incoming Directors (whose participation in the First Placement (either directly or through their nominees) must be approved pursuant to Resolutions 5 to 7), none of the remaining subscribers pursuant to this issue will be related parties of the Company.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

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

Shareholders should note that if they have been invited to participate in the Second Placement by the Board, but choose to vote in respect of Resolution 3, they will automatically be disqualified from subscribing for Shares under the Second Placement (refer to the voting exclusion statement in relation to Resolution 3).

3.2 Technical information required by ASX Listing Rule 7.1

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

- (a) a maximum of 170 million Shares are to be issued;
- (b) the Second Placement Shares will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent

permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;

- (c) the Issue price will be \$0.01 per Second Placement Share;
- (d) the Board will determine to whom the Second Placement Shares will be issued but these persons will not be related parties of the Company (other than those Second Placement Shares issued to the Directors or their nominees, in accordance with Resolutions 5, 6 and 7);
- (e) the Second Placement Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Second Placement towards the matters set out under the heading 'Use of Funds' in the Letter to Shareholders on page 6 of this Notice of Meeting.

4. RESOLUTION 4 – ACQUISITION OF RELEVANT INTEREST

4.1 Syndicate

As set out in the Letter to Shareholders above, the creditors of the Company, together with the Deed Administrators, agreed to a proposal presented by Blueknight Corporation Pty Ltd (**Blueknight**) for the restructure and recapitalisation of the Company (**Proposal**).

Blueknight has acted in its capacity as the nominee company of various parties involved in the negotiation and finalisation of the Proposal (**Syndicate**). The Syndicate consists of the three Incoming Directors (Mr Steinepreis, Mr Ventouras and Mr Castleden) and two unrelated parties, Mr Michael Pollak and Mr Jonathan Pager (together, the Promoters).

The relevant interest in the Company to be acquired by the Syndicate (or their nominee/s) in the First Placement and Second Placement is the subject of Resolution 4. The individual interests to be acquired by each Incoming Director are the subject of Resolutions 5 to 7.

4.2 Shareholder approval – Item 7 of section 611 of the Corporations Act

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

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

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

A person (**second person**) will be an 'associate' of the other person (**first person**) if one or more of the following paragraphs applies:

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

A person has a relevant interest in securities if they:

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

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

Item 7 of Section 611 of the Corporations Act provides an exception to the prohibition, whereby a person may make an otherwise prohibited acquisition of a relevant interest in a company's voting shares with shareholder approval.

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for Item 7 of Section 611 of the Corporations Act for Resolutions 5 to 7. Shareholders are also referred to the Independent Expert's Report annexed to this Explanatory Statement as Annexure A.

Reason why section 611 approval required

Shareholder approval under Item 7 of the Section 611 of the Corporations Act is required because the Promoters and the Incoming Directors (together, the Syndicate) are arguably acting in concert in relation to the First and Second Placements.

Following completion of the First and Second Placements, the Incoming Directors and the Promoters will no longer be acting in concert, however for the present purpose of the approval required under Resolutions 4, it is arguable that their 5 individual interests should be aggregated. Accordingly, the relevant interest of the Syndicate in the Company after implementation of all Resolutions (when aggregated) may exceed 20% of the issued capital of the Company.

Specific information required by section 611 item 7 of the Corporations Act and ASIC Regulatory Guide 74

Relevant interests and voting power

The table set out below shows the maximum percentage of Shares that the Incoming Directors and the Promoters will be entitled to and the voting power of the Incoming Directors and the Promoters after implementation of all Resolutions in this Notice:

	Shares (post Consolidation)	Maximum First Placement Shares	Maximum First Placement Options	Maximum Second Placement Shares	Total Maximum Shares (fully diluted) ¹	Maximum Voting Power ²
Mr. Steinepreis	Nil	25,000,000	12,500,000	20,000,000	57,500,000	14.81%
Mr. Ventouras	Nil	20,000,000	10,000,000	10,000,000	40,000,000	10.30%
Mr. Castleden	Nil	15,000,000	7,500,000	10,000,000	32,500,000	8.37%
Mr. Pagar	Nil	30,000,000	15,000,000	15,000,000	60,000,000	15.45%
Mr. Pollak	Nil	30,000,000	15,000,000	15,000,000	60,000,000	15.45%
Other non associated Shareholders (existing and new)	34,395,497	Nil	Nil	100,000,000	138,302,190 ¹	35.62%
TOTAL:	34,395,497	120,000,000	60,000,000	170,000,000	388,302,190¹	100%

Notes:

- ¹ Includes the exercise of all 3,906,693 existing Options and all 60,000,000 First Placement Options.
- ² Each Incoming Director and Promoter is deemed to hold a relevant interest in each other Incoming Director's and Promoter's Securities.

The maximum relevant interest in issued voting shares that the Incoming Directors and the Promoters will hold after implementation of all Resolutions on a fully diluted basis (that is, after exercise of the First Placement Options to be issued to the Incoming Directors pursuant to Resolutions 5 to 7 and exercise of the First Placement Options issued to the Promoters) is 250,000,000 Shares.

The maximum voting power that the Syndicate will hold after implementation of all Resolutions on a fully diluted basis is 64.38%. This represents an increase from 0% to 64.38%.

Syndicate's intentions

Other than as disclosed elsewhere in this Explanatory Statement, the Company understands that the Incoming Directors and the Promoters:

- have no intention of making any significant changes to the Company's business other than as set out in this Notice, however it is intended the Company will consider new opportunities as and when they may arise. If the Company identifies new businesses or assets for acquisition, ASX may require the Company to seek Shareholder approval under Listing Rule 11.1.2, which concerns changes in the nature or scale of activities conducted by listed entities. In addition, ASX may require the Company to meet the requirements under Chapters 1 and 2 of the Listing Rules, as if the Company was applying for admission to the Official List;

- (b) do not intend to redeploy any fixed assets of the Company;
- (c) do not have any present intention to inject further capital into the Company;
- (d) do not intend to transfer any property between the Company or any person associated with it; and
- (e) have no current intention to change the Company's existing policies in relation to financial matters.

Capital structure

The proposed capital structure of the Company following completion of all the transactions the subject of this Notice is set out in the Letter to Shareholders on page 5 of this Notice of Meeting.

Identity, associations and qualifications of the Syndicate

The experience and qualifications of the Incoming Directors is set out in the section of this Explanatory Statement under Resolutions 8, 9 and 10.

Mr Michael Pollak and Mr Jonathan Pager form the remainder of the Syndicate. Their experience and qualifications are set out below.

Mr Michael Pollak

Mr Pollak holds a bachelor of Commerce, is a chartered accountant and has an MBA in strategy from the Australian Graduate School of Management. Michael commenced his career at PricewaterhouseCoopers 15 years ago. Michael has gained valuable experience in both Sydney and London in general management, audit, insolvency, corporate advisory and strategy across a wide range of industries, including financial services, professional services, retail, mining and manufacturing. Michael has been involved in the recapitalisation of a number of ASX-listed companies. Mr Pollak is currently a non-executive director of PLD Corporation Limited, FRR Corporation Limited and Prospect Resources Limited.

Mr Jonathan Pager

Mr Pager has over 18 years' experience as a management consultant across a wide range of industries in Australia and overseas, and is currently Managing Director of a boutique consultancy, Pager Partners Business Consultants and Pager Partners Corporate Advisory. He has a Masters of Economics and qualified as a chartered accountant with Deloitte, where he commenced his career. Jonathan has been involved in the recapitalisation of a number of ASX-listed companies and was previously a director of both TPL Corporation Limited and Modun Resources Limited, being companies that he recapitalised. Mr Pager is currently a non-executive director of PLD Corporation Limited, FRR Corporation Limited and Prospect Resources Limited.

Independent Expert's Report

The Independent Expert's Report assesses whether the acquisition of the voting power referred to in this section by the Incoming Directors is fair and reasonable to the non-associated Shareholders of the Company.

The Independent Expert's Report concludes that the acquisition is **fair and reasonable** to the non-associated Shareholders of the Company.

5. RESOLUTIONS 5, 6 AND 7– ISSUE OF FIRST AND SECOND PLACEMENT SECURITIES TO INCOMING DIRECTORS

5.1 General

Subject to Shareholder approval of Resolutions 8, 9 and 10, Messrs Steinepreis, Ventouras and Castleden will be appointed as Directors (**Incoming Directors**). If Resolutions 4 to 10 Inclusive are approved, the Incoming Directors (or their nominees) may be issued with the following First Placement Securities and Second Placement Shares (collectively, the **Related Party Securities**):

Incoming Director	First Placement Shares (Issue price \$0.01)	First Placement Options	Second Placement Shares (Issue price \$0.01)
Mr Steinepreis	25,000,000	12,500,000	20,000,000
Mr Ventouras	20,000,000	10,000,000	10,000,000
Mr Castleden	15,000,000	7,500,000	10,000,000

The issue of the Related Party Securities forms part of the First Placement and the Second Placement and will not be in addition to the issue of the First Placement Shares and Second Placement Securities.

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

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

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

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

Pursuant to Section 228(2) of the Corporations Act, a director is a related party of a public company. In addition, pursuant to Section 228(6) of the Corporations Act, if an individual believes or has reasonable grounds to believe that they are likely to become a related party of the public company at any time in the future, they are also deemed to be a related party of the public company for the purposes of the Corporations Act. Accordingly, Messrs Steinepreis, Ventouras and Castleden are deemed to be related parties of the Company. The grant of the Related Party Securities to the Incoming Directors therefore requires the Company to obtain Shareholder approval.

It is the view of the Deed Administrators that the exceptions set out in Sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 may not apply in

the current circumstances. Accordingly, Shareholder approval is sought for the grant of the Related Party Securities to the Incoming Directors.

5.2 Shareholder approval – Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Related Party Securities:

- (a) the related parties are Messrs Steinepreis, Ventouras and Castleden. They will be related parties by virtue of Section 228(6) of the Corporations Act, as described above;
- (b) the maximum number of Related Party Securities (being the nature of the financial benefit being provided) to be issued to the Incoming Directors is set out in the table in Section 4.1 above;
- (c) the Related Party Securities will be issued to the Incoming Directors no later than 1 month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Securities will be issued on one date;
- (d) the Related Party Securities will be issued to the Incoming Directors at the prices stated in the table in Section 4.1 above, accordingly, of the \$120,000 to be raised from the First Placement and the \$1.7 million to be raised from the Second Placement), approximately \$460,000 may be raised from the Incoming Directors (or their nominees). It is intended to use the funds raised in the manner set out under the heading 'Use of Funds' on page 6 of the Letter to Shareholders in this Notice of Meeting;
- (e) the Related Party Shares issued (being First Placement Shares and Second Placement Shares) will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the terms and conditions of the Related Party Options (being the First Placement Options) are set out in Schedule 1;
- (g) the value of the Related Party Options and the pricing methodology is set out in Schedule 2;
- (h) the relevant interests of the Incoming Directors in Securities at the date of this Notice of Meeting are set out below:

Incoming Director	Shares	Options
Mr. Steinepreis	Nil	Nil
Mr. Ventouras	Nil	Nil
Mr. Castleden	Nil	Nil

- (i) the remuneration and emoluments from the Company as at the date of this Notice to the Incoming Directors for both the current financial year and previous financial year are set out below:

Incoming Director	Current Financial Year	Previous Financial Year
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Mr. Steinepreis	Nil	Nil
Mr. Ventouras	Nil	Nil
Mr. Castleden	Nil	Nil

- (j) If the Resolutions are passed, it is intended the Incoming Directors will each be paid directors' fees \$2,000 per month;
- (k) If the Related Party Options are exercised, a total of 30,000,000 Shares would be allotted and issued. As the Related Party Options are part of the 60 million First Placement Options, there will be no increase in the number of Shares on issue as a result of the issue of the Related Party Options, however there will be an increase in the number of Shares on issue as a result of the issue and exercise of the First Placement Options as a whole from 34,395,497 to 94,395,497 (post-Consolidation) (assuming that no other Shares are issued or Options are exercised). Schedule 3 sets out the dilutionary effect of the issue and exercise of the First Placement Securities as a whole;
- (l) the Company's Shares were suspended from trading on the ASX on 30 September 2011. The closing price of the Shares on ASX on its final day of trade is set out below:

Price	Date
\$0.032	30 September 2011

- (m) the Deed Administrators do not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Related Party Securities upon the terms proposed.

6. RESOLUTIONS 8, 9 AND 10 – ELECTION OF DIRECTORS

Resolutions 8, 9 and 10 seek the election of Messrs Steinepreis, Ventouras and Castleden as Directors pursuant to the Constitution of the Company and Section 201E of the Corporations Act.

Mr Roger Steinepreis – Director

Mr Steinepreis was appointed as a director by the Deed Administrators on 3 July 2012. Pursuant to Resolution 8, Mr Steinepreis seeks re-appointment as a Director, effective immediately. 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 for approximately 22 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 Imugene Limited, Adavale Resources Limited, Firestrike Resources Limited, Apollo Consolidated Limited and Avonlea Minerals Limited.

Mr George Ventouras – Director

Mr Ventouras was appointed as a director by the Deed Administrators on 3 July 2012. Pursuant to Resolution 9, Mr Ventouras seeks re-appointment as a Director, effective immediately.

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

Pursuant to Resolution 10, Mr Castleden seeks appointment as a Director, effective immediately.

Nick Castleden is a geological consultant with 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 a non-executive director of Apollo Consolidated Limited.

7. RESOLUTION 11 – CHANGE OF COMPANY NAME

The new name proposed to be adopted under Resolution 11 is "DGI Holdings Limited". The Directors believe that this new name more accurately reflects the proposed future operations of the Company.

8. RESOLUTION 12 – ADOPTION OF NEW CONSTITUTION

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 12 is a special resolution which will enable the Company to adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- updating references to bodies or legislation which have been renamed (e.g. references to the Australian Settlement and Transfer Corporation Pty Ltd and ASTC Settlement Rules); and
- expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

It is not practicable to list all of the changes to the Constitution in this Explanatory Statement and Shareholders are invited to contact the Company if they have any queries or concerns. For this purpose, a copy of the proposed new

constitution is available for review by Shareholders at the General Meeting, at the office of the Company.

Partial (proportional) takeover provisions

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to Section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption or last renewal of the clause.

Information required by Section 648G of the Corporations Act

Effect of proposed proportional takeover provisions

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

Knowledge of any acquisition proposals

Other than as set out in this Notice of Meeting, as at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages of proportional takeover provisions

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;

- (c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (e) proportional takeover bids may be discouraged;
- (f) lost opportunity to sell a portion of their Shares at a premium; and
- (g) the likelihood of a proportional takeover bid succeeding may be reduced.

Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 12.

9. RESOLUTION 13 – SECTION 195 APPROVAL

Approval of Resolutions 4 to 10 may result in the Directors appointed at the General Meeting having a "material personal interest" in the matters referred to in this Notice. In the absence of this Resolution 13, the Directors may not be able to form a quorum at any meetings necessary to carry out the transactions contemplated in this Notice.

Accordingly, Shareholder approval is being sought to allow the Directors to form a quorum to implement the transactions contemplated in this Notice.

10. RESOLUTION 14 AND 15 – REMOVAL AND APPOINTMENT OF AUDITOR

Under Section 329 of the Corporations Act, an auditor of a company may be removed from office by resolution at a general meeting of which 2 months' notice of intention to move the resolution has been given.

It should be noted that under this section, if a company calls a meeting after the notice of intention has been given, the meeting may pass the resolution even though the meeting is held less than 2 months after the notice of intention is given.

Resolution 14 is an ordinary resolution seeking the removal of Hayes Knight (SA) Pty Ltd as the auditor of the Company. An auditor may be removed in a general meeting provided that the notice of intention to remove the auditor has been received from a member of the company.

In accordance with Section 329(2) of the Corporations Act, the Company has sent a copy of the notice to Hayes Knight (SA) Pty Ltd and the ASIC.

Under Section 327D of the Corporations Act, the Company in a general meeting may appoint an auditor to replace an auditor removed under Section 329 of the Corporations Act.

Resolution 15 is a special resolution seeking the appointment of BDO Audit (WA) Pty Ltd (**BDO**) as the new auditor of the Company. As required by the Corporations Act, a nomination for BDO to be appointed as the auditor of the Company has been received from a member. A copy of the nomination of BDO as auditors is set out at Annexure B.

BDO has given its written consent to act as the Company's auditor in accordance with Section 328A(1) of the Corporations Act subject to shareholder approval of this resolution.

If Resolutions 14 and 15 are passed, the appointment of BDO as the Company's auditor will take effect at the close of this Meeting. Resolution 15 is subject to the passing of Resolution 14.

11. PROXY VOTING

Proxy vote if appointment specifies way to vote

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

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

Transfer of non-chair proxy to chair in certain circumstances

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

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

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

12. ENQUIRIES

Shareholders are required to contact George Ventouras on 0418 945 353 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

AEST means Australian Eastern Standard Time.

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.

ASX Listing Rules means the Listing Rules of ASX.

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

Board means the board of directors of the Company as constituted from time to time.

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

Company means Digislide Holdings Limited (ACN 105 012 066) (Subject to Deed of Company Arrangement).

Consolidation means the consolidation of the Company's capital the subject of Resolution 1.

Constitution means the Company's constitution.

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 for Digislide Holdings Limited.

Deed Administrators means Michael James Humphris and Stephen Robert Dixon as joint deed administrators of the Company.

Directors mean the directors of the Company from time to time.

DOCA means the Deed of Company Arrangement entered into by the Company on 30 May 2012.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

First Placement means the placement the subject of Resolution 2.

First Placement Option means an option to acquire a Share on the terms and conditions set out in Schedule 1.

First Placement Securities means the Shares and First Placement Options to be issued pursuant to the First Placement.

First Placement Shares means the Shares to be issued pursuant to the First Placement.

General Meeting means the meeting convened by the Notice of Meeting.

Independent Expert means Stanton International Audit and Consulting Pty Ltd (ABN 84 144 581 519) trading as Stanton International Securities.

Independent Expert's Report means the report by the Independent Expert annexed to this Notice of General Meeting as Annexure A.

Notice of Meeting or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement.

Official List means the official list of ASX.

Official Quotation means official quotation of the Company's Shares on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Proposal means the proposal by Blueknight to recapitalise and restructure the Company on the terms summarised in the Letter to Shareholders forming part of this Notice of Meeting.

Incoming Directors mean Mr Roger Steinepreis, Mr George Ventouras and Mr Nick Castleden.

Proxy Form means the form of proxy contained on page 30 of this Notice of Meeting

Related Party Option means an option to acquire a Share on the terms and conditions set out in Schedule 1.

Related Party Securities has the meaning given to that term in Section 4.1 of the Explanatory Statement.

Related Party Shares means the First Placement Shares and Second Placement Shares to be issued to the Incoming Directors pursuant to Resolutions 5 to 7.

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

Second Placement means the placement the subject of Resolution 3.

Second Placement Shares means the Shares to be issued pursuant to the Second Placement.

Securities means Shares and Options and Shares or Options.

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

Shareholder means a holder of a Share.

Syndicate means Blueknight (or nominees).

SCHEDULE 1 – TERMS AND CONDITIONS OF FIRST PLACEMENT OPTIONS

The Options 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 (1) 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 (AEST) on 31 December 2015 (**Expiry Date**).
- (c) Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) The amount payable upon exercise of each Option will be \$0.01 (**Exercise Price**).
- (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 may 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 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 issues 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.

SCHEDULE 2 – VALUATION OF RELATED PARTY OPTIONS

Under the First Placement, a total of 60 million First Placement Options are proposed to be granted. Of those First Placement Options, 30,000,000 are proposed to be granted to the Incoming Directors (or their nominees) pursuant to Resolutions 5 to 7 (being the Related Party Options). The Related Party Options have been valued.

Using the theoretical Black & Scholes option model and based on the assumptions set out below, the Related Party Options were ascribed a value range, as follows:

Assumptions:	
Valuation date	4 July 2012
Market price of Shares	\$0.01
Exercise price	\$0.01
Expiry date	31 December 2015 (39 months)
Risk free interest rate	2.30%
Volatility	75%
Indicative value per Related Party Option	0.519 cents
Total Value of Related Party Options	\$155,700

Note: The valuation ranges noted above are not necessarily the market prices that the Related Party Options could be traded at and they are not automatically the market prices for taxation purposes.

SCHEDULE 3 – DILUTIONARY EFFECT OF ISSUE OF RELATED PARTY SECURITIES

Related Party	Issued Shares as at the date of this Notice of Meeting	Post-Consolidation issued Shares	First Placement Shares to be issued ¹	First Placement Options to be granted	Second Placement Shares to be issued ¹	Issued Shares upon issue of Second Placement Shares and issue of First Placement Securities (fully diluted) ²	Dilutionary effect upon issue of First Placement Securities (fully diluted) and issue of Second Placement Shares ³
Mr Steinepreis	Nil	Nil	25,000,000	12,500,000	20,000,000	57,500,000	14.81%
Mr Ventouras	Nil	Nil	20,000,000	10,000,000	10,000,000	40,000,000	10.30%
Mr Castleiden	Nil	Nil	15,000,000	7,500,000	10,000,000	32,500,000	8.37%
Unrelated Promoters	Nil	Nil	60,000,000	30,000,000	30,000,000	120,000,000	30.90%
Other Shareholders	68,790,993	34,395,497	Nil	Nil	100,000,000	138,302,190	35.62%
TOTAL	68,790,993	34,395,497	120,000,000	60,000,000	170,000,000	388,302,190³	100%

¹ On a post-Consolidation basis and includes the exercise of all 3,906,693 existing Options.

² On a post-Consolidation basis, assuming all 170 million Second Placement Shares are issued.

³ Assumes a total of 324,395,497 Shares are on issue (post Consolidation and including the First Placement Shares and the Second Placement Shares) and all 60 million First Placement Options and 3,906,693 existing Options are exercised, resulting in a total issued Share capital of 388,302,190 Shares. The aggregate dilutionary effect of the issue of the Related Party Securities is 33.48% on the basis that each Incoming Director is deemed to hold a relevant interest in each other Incoming Director's Related Party Securities.

The market price for Shares during the term of the First Placement Options would normally determine whether or not the First Placement Options are exercised. If, at any time any of the First Placement Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the First Placement Options, there may be a perceived cost to the Company.

PROXY FORM

DIGISLIDE HOLDINGS LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 105 012 066

EXTRAORDINARY GENERAL MEETING

1. Appointment of Proxy

I/We

of

being a member of Digislide Holdings Limited (Subject to Deed of Company Arrangement) entitled to attend and vote at the Extraordinary General Meeting to be held at 10.30 am (AEST) on Monday, 27 August 2012 at Grant Thornton, Level 1, 67 Greenhill Road, Wayville, South Australia 5034, and at any adjournment thereof (**the Meeting**), hereby

Appoint

Name of proxy

OR the Chair of the Meeting (**the Chair**) as your proxy

or failing the person so named or, if no person is named, the Chair of the Meeting, or the Chair's nominee, to vote in accordance with the following Direction to Vote, at the Meeting, and at any adjournment thereof.

2. Direction to Vote

You may direct your Proxy (which may be the Chair, if so appointed) on how to vote on Resolutions 1 to 13 (inclusive) by marking one of the boxes with an "X" for each Resolution. If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If the Chair is appointed as your proxy and no specific direction is given, you acknowledge that the Chair will exercise your proxy in favour of all the Resolutions, even if the Chair has an interest in the outcome of any of the Resolutions.

Voting Directions on Items of Business of the Meeting	For	Against	Abstain
Resolution 1: Consolidation Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2: First Placement- Shares and Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3: Second Placement- Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4: Acquisition of Relevant Interest	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5: Issue of First and Second Placement Securities to Mr Steinepreis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6: Issue of First and Second Placement Securities to Mr Ventouras	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7: Issue of First and Second Placement Securities to Mr Castleden	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8: Election of Director- Mr Steinepreis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9: Election of Director- Mr Ventouras	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10: Election of Director- Mr Castleden	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11: Change of company name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12: Adoption of New Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13: Section 195 Approval	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 14: Removal of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 15: Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signature of Member(s):		Date: 2012
Individual or Member 1	Member 2	Member 3
Sole Director/Company Secretary	Director	Director/Company Secretary

Contact Name: _____ Contact Ph (daytime): _____

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a Proxy):** A member entitled to attend and vote at the Meeting is advised:
 - they are entitled to appoint a proxy to attend and vote at the Meeting on their behalf;
 - a duly appointed proxy need not be a member of the Company; and
 - a member entitled to attend and cast two or more votes at the Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf.

(Appointment of the Chair as Proxy): A member may appoint the Chair as their proxy by marking the box at the beginning of the Proxy Form. If the Chair is appointed, a member may direct how the Chair is to vote by marking one of the boxes opposite each item of business, and they must vote as directed. If the appointed Proxy is the Chair and the member does not direct the Chair how they are to vote, the member will be taken to have directed the Chair to vote in favour of all the Resolutions, even if the Chair has an interest in the outcome of any of the Resolutions. By failing to nominate a proxy, a member will be taken to have appointed the Chair as their proxy and to have directed the Chair to vote in favour of all the Resolutions, even if the Chair has an interest in the outcome of any of the Resolutions.

(Appointment of a Third Party as Proxy): If the person to be appointed as a proxy is someone other than the Chair, that person's name or name of the office of that person must be written in the specified box on the Proxy Form. If this box is left blank, or the named proxy does not attend the Meeting, the Chair will be the member's proxy and the member will be taken to have directed the Chair to vote in favour of all the Resolutions, even if the Chair has an interest in the outcome of any of the Resolutions.

(Appointment of a Second Proxy): The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.

(Direction to Vote): A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked, the proxy may vote as they choose. If a member wishes to apportion their voting rights, they may do so by inserting a percentage or number of securities they wish to vote in the 'For', 'Against' or 'Abstain' boxes. The sum of the votes cast must not exceed their voting entitlement or 100%. If a person appointed as a proxy for a member who is entitled to vote (and such proxy is not chairing the Meeting) abstains from voting and the directions on the Proxy Form require that person to vote, the votes not exercised by that person will be given to the Chair to vote in accordance with the directions on the Proxy Form, even if the Chair has an interest in the outcome of any of the Resolutions.
2. **(Signing Instructions):**
 - **(Individual):** Where the holding is in one name, the member must sign.
 - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
 - **(Power of Attorney):** If you have not already provided the Company or registry (as the circumstances require) with a Power of Attorney, please attach a certified photocopy of the Power of Attorney to the Proxy Form when it is returned.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
3. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Meeting.
4. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return:
 - **(by post):** to Digislide Holdings Limited (Subject to Deed of Company Arrangement), Grant Thornton, GPO BOX 4736 Melbourne, Victoria 3001.
 - **(by facsimile):** to the Deed Administrators on fax number (03) 8320 2200; or
 - **(by email):** to the Deed Administrators at: Stephen.Dixon@au.gt.com,

so that it is received at least 48 hours before the Meeting.

Proxy forms received later than this time will be invalid.

ANNEXURE A – INDEPENDENT EXPERT'S REPORT

Stantons International Securities

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
AFS Licence No: 418019
www.stantons.com.au

11 July 2012

Digislide Holdings Limited
(Subject to Deed of Company Arrangement)
C/- Steinepreis Paganin
Level 4 Next Building
16 Milligan Street
PERTH WA 6000

Dear Sirs

RE: DIGISLIDE HOLDINGS LIMITED (ACN 105 012 066) MEETING OF SHAREHOLDERS PURSUANT TO SECTION 611 (ITEM 7) OF THE CORPORATIONS ACT 2001 ("FCA") AND LISTING RULE 10.11 OF THE LISTING RULES OF ASX LIMITED RELATING TO THE PROPOSAL TO ISSUE UP TO 190,000,000 ORDINARY SHARES AND THE ISSUE OF UP TO 60,000,000 FREE ATTACHING SHARE OPTIONS TO THE INVESTMENT GROUP

1. Introduction

1.1 We have been requested by the new Incoming Directors and representatives of the Investment Group (refer below) of Digislide Holdings Limited (Subject to Deed of Company Arrangement) ("Digislide" or "the Company") to prepare an independent expert's report to determine the fairness and reasonableness of the transactions referred to in resolution 4 and 5 to 7 as detailed in the Notice of Meeting ("the Notice") and Explanatory Statement to Shareholders accompanying the Notice to Digislide shareholders.

Resolution 4 (a)(i) relates to the proposal for the Company to allot and issue up to 120,000,000 fully paid ordinary shares in the capital of the Company at an issue price of 0.1 cent per share to the Investment Group as noted below and in the Explanatory Statement to Shareholders accompanying the Notice to raise up to \$120,000 ("First Placement Shares"). Resolution 4 (a)(ii) relates to the proposal for the Company to allot and issue up to 60,000,000 share options which are free attaching to the First Placement Shares to the Investment Group with each option exercisable at 1.0 cent, on or before 31 December 2015. Resolution 4(a)(iii) relates to the proposal to allot and issue up to 70,000,000 fully paid ordinary shares in the Company at an issue price of 1 cent per ordinary share to the Investment Group to raise a further up to \$700,000. Resolution 4 (b) allows for those parties set out in the Explanatory Statement accompanying the Notice to acquire a relevant interest in issued voting shares in Digislide in excess of 20% of the total number of shares on issue in Digislide. Resolution 5 relates to the issue of up to 25,000,000 First Placement Shares, 12,500,000 free attaching First Placement Options and 20,000,000 Second Placement Shares to Roger Steinepreis (a new director of the Company (or his nominee)). Resolution 6 relates to the issue of up to 20,000,000 First Placement Shares, 10,000,000 free attaching First Placement Options and 10,000,000 Second Placement Shares to George Ventouras (a new director of the Company (or his nominee)). Resolution 7 relates to the issue of up to 15,000,000 First Placement Shares, free attaching 7,500,000 First Placement Options and 10,000,000 Second Placement Shares to Nick Castleden (a new director of the Company (or his nominee)).

1.2 Further details are noted below and in the Explanatory Statement to Shareholders of Digislide that accompanies the Notice. The Investment Group who are deemed related parties of the Company are as set out in the Explanatory Statement to Shareholders (Schedule 3) attached to and forming part of the Explanatory Statement to Shareholders and Notice. The Explanatory Statement to Shareholders refers to the Investment Group as the Syndicate.

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On 19 December 2011 the Company announced that capital raising initiatives, previously notified to the market, had proved unsuccessful and that the outstanding Convertible Notes and subsequent Statutory Demands the Company had received could not be discharged. Accordingly the Board had no option but to put the Company into Voluntary Administration.

On 3 January 2012, Michael James Humphris and George Divitkos were appointed as joint and several administrators of the Company pursuant to Section 436C of the Corporations Act (Deed Administrators) following suspension from trading of the Company's securities on the official list of ASX. These joint Administrators replaced Messrs Peter Macks and Timothy Clifton of PPB Advisory who were appointed on 19 December 2011 pursuant to Section 436A of TCA.

Following a Creditors meeting on 10 May 2012, the Deed Administrator and the Company entered into an Initial Deed of Company Arrangement ("DOCA"). In May 2012 preliminary agreement was reached between the Company, the Administrators and Blueknight Corporation Pty Ltd ("Blueknight") to sign a DOCA. Blueknight has acted in its capacity as a nominee company of various parties involved in the negotiation and Recapitalisation Proposal (the Investment Group). The creditors of the Company met on 10 May 2012 to approve the entering into DOCA. Pursuant to the terms of the draft DOCA and the draft Recapitalisation Proposal of Blueknight of 7 April 2012, the Deed Administrator has accepted a proposal by the Investment Group (as represented by Blueknight) for the restructuring and recapitalisation of the Company, including the settlement of all creditor claims. The DOCA was executed on 31 May 2012.

Digislide listed on ASX on 24 August 2009. Its principal business is the design, development and commercialisation of complex projection products. Digislide's strategy is to licence manufacturers to produce miniature projection systems for embedding in mobile and/or hand held communication devices such as mobile phones, PDA's and notebook computers and its tactical focus has been to design hand held projectors which component and interface with 5 of the biggest selling devices; Apple's iPHONE and iPOD, Nintendo's Wii, Sony's Playstation Suite and Microsoft's X Box (all trade mark registered).

- 1.3 As part of the DOCA, and Recapitalisation Proposal put forward by Blueknight, the shareholders are being asked to approve the following resolutions:
- i) the consolidation of the capital of the Company on the basis that every 2 shares be consolidated into 1 share (resolution 1 (a)). The existing number of shares on issue is purported to be 68,790,993 and this will reduce to approximately 34,395,497. In terms of resolution 1(b) the number of existing share options are also to be reduced on a 1 for 2 basis (and the exercise price increased by 2 times). The existing number of options will reduce from 7,813,386 to 3,906,693.
 - ii) an initial raising constituting the issue of up to 120,000,000 shares (on a post consolidated basis) at an issue price of 0.1 cents each to raise \$120,000 (resolution 2) (First Placement Shares);
 - iii) issue up to 60,000,000 share options (on a post consolidated basis) at a nil cost to acquire shares (with an exercise price of 1.0 cent each and an expiry date of 31 December 2015) (the free attaching First Placement Options) (resolution 2);
 - iv) the issue of up to 170,000,000 shares (on a post consolidated basis) at an issue price of 1 cent each to raise an initial up to \$1,700,000 (the Second Placement Shares) (resolution 3);
 - v) the issue of up to 120,000,000 First Placement Shares, 60,000,000 free attaching First Placement Options, 70,000,000 Second Placement Shares to the Investment Group and for the acquisition of a relevant interest in the issued voting shares by the Investment Group in excess of the threshold prescribed by Section 606(1) of TCA (resolution 4);
 - vi) the issue of up to 25,000,000 First Placement Shares, 12,500,000 free attaching First Placement Options and 20,000,000 Second Placement Shares to Roger Steinepreis (a new director of the Company (or his nominee) (resolution 5) (part of the shares and options being issued under resolution 4);

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- vii) the issue of up to 20,000,000 First Placement Shares, 10,000,000 free attaching First Placement Options and 10,000,000 Second Placement Shares to George Ventouras (a new director of the Company (or his nominee) (resolution 6) (part of the shares and options being issued under resolution 4);
 - viii) the issue of up to 15,000,000 First Placement Shares, 7,500,000 free attaching First Placement Options and 10,000,000 Second Placement Shares to Nick Castleden (a new director of the Company (or his nominee) (resolution 7) (part of the shares and options being issued under resolution 4);
 - ix) the re-election of Roger Steinepreis (resolution 8), George Ventouras (resolution 9) and Nick Castleden (resolution 10) as Directors of the Company (they were appointed as directors on 3 July 2012)
 - x) change the name of the Company to DGI Holdings Limited (resolution 11);
 - xi) the adoption of a new Constitution (resolution 12); and
 - xii) obtaining Section 195 (of the Corporations Act) approval to allow the completion of all of the proposals included in the Notice (resolution 13); and
 - xiii) removal of the current auditors of the Company and with effect from the close of the meeting, appoint BDO Audit (WA) Pty Ltd as the Company's new auditors (resolution 14 and resolution 15).
- 1.4 The new Directors of the Company believes they can introduce a number of potential acquisitions and strategic relationships that will assist in expanding the Company's existing core business that is outlined in section 1.2 of the Explanatory Statement to Shareholders attached to the Notice. Further, the new Directors of the Company believe they may be able to introduce other transactions in sectors unrelated to the Company's current core business activities.
- 1.5 On 27 March 2012 the Joint and Several Administrator announced that three of the existing four directors of the Company, Mr Malcolm Leahy, Mr Leon Milford and Mr Hedley Chapman tendered their resignation with respect to their directorships effective 8 March 2012. It is proposed that the remaining Director of Digislide, Luceille Outred, will resign prior to the meeting of shareholders and three representatives of the Investment Group are to be appointed as Directors of the Company. The Incoming Directors are Roger Steinepreis, George Ventouras and Nick Castleden (they were appointed on 3 July 2012). Further details on the Incoming Directors are set out in section 6 of the Explanatory Statement to Shareholders and are the subject of resolutions 8 to 10. We are not required to report on the proposals under resolutions 1 to 3 and 8 to 15 but do note that resolutions 1 to 10 are interdependent on each other. However, we note that certain shares and share options being issued to the Investment Group form part of the First Placement Shares, free attaching First Placement Options and Second Placement Shares being issued under either resolution 2 or 3. Further details on the Company's history are referred to elsewhere in this report and the Explanatory Statement to Shareholders.
- 1.6 The Investment Group's collectively will pay \$575,000 to the Trustees of the Creditors Trust in satisfaction of the DOCA and will be repaid out of the capital raisings noted in resolutions 2 and 3. On completion of the Recapitalisation Proposal, there will be no residual creditors of the Company or potential recovery from former creditors against the Company.
- 1.7 For the purposes of Chapter 2E of the TCA, Roger Steinepreis, George Ventouras and Nick Castleden are each a related party of the Company by virtue of the fact that they are Incoming directors of Digislide Holdings Limited (to be renamed DGI Holdings Limited) and are Investment Group members.
- 1.8 Under the DOCA, arrangements have been made with all creditors (secured and unsecured) for the settlement of their debts (as full and final settlement). Furthermore, upon successful completion of the DOCA, the Company would:

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- Be released from the DOCA;
- Apply to be requoted on the ASX;
- Have approximately \$1,145,000 cash funds; and
- Retain all plant and equipment and its intellectual property comprising, patents, designs, trademarks and any contractual rights or licences ("Retained Assets").

1.9 Under Section 606 of TCA, a person must not acquire a relevant interest in issued voting shares in a company if because of the transaction, that persons or someone else's voting power in the company increases:

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

Under Section 611 (Item 7) of the Act, Section 606 does not apply in relation to any acquisition of shares in a company by resolution passed at a general meeting at which no votes were cast in favour of the resolution by the acquirer or the disposer or their respective associates. An independent expert is required to report on fairness and reasonableness of the transaction pursuant to a Section 611 (Item 7) meeting.

1.10 Following the consummation of the resolutions relating to the share structure of the Company, the following table depicts the new share structure of the Company:

	No. of ordinary shares on issue prior to resolution 1	No. of shares on issue after resolution 1	Maximum No. of Shares to be issued pursuant to resolution 2	Maximum No. of Shares to be issued pursuant to resolution 3	Maximum No. of 1.0 cent Options to be issued pursuant to resolution 2	No. of existing options on issue post consolidation but prior to issue of options pursuant to resolution 2	Total shares on issue after issue of all shares and exercise of options subject to resolutions 2 and 3 and after exercise of existing options
Roger Steinepreis	-	-	25,000,000	20,000,000	12,500,000		57,500,000
George Ventouras	-	-	20,000,000	10,000,000	10,000,000		40,000,000
Nick Castleden	-	-	15,000,000	10,000,000	7,500,000		32,500,000
Michael Pollak and Jonathan Payer	-	-	60,000,000	30,000,000	30,000,000		120,000,000
The Investment Group	-	-	120,000,000	70,000,000	60,000,000		250,000,000
Other parties not forming part of the Investment Group as noted in Schedule 3 to the Explanatory Statement	-	-	-	100,000,000	-		100,000,000
Total Investment Group and other new shareholders	-	-	120,000,000	170,000,000	60,000,000		350,000,000
Existing Shareholders	68,790,993	34,395,497	-	-	-		34,395,497
Existing Option holders	-	-	-	-	-	3,906,693	3,906,693
Total	68,790,993	34,395,497	120,000,000	170,000,000	60,000,000	3,906,693	388,302,190

We have been advised there are currently 68,790,993 pre-consolidated shares on issue together with the following pre-consolidated Options:

- 350,000 Options exercisable at \$1.00 each and expiring on 24 August 2014
- 3,000,000 Options exercisable at \$0.25 each and expiring on 24 September 2012
- 913,000 Options exercisable at \$0.16022 each and expiring in compliance with the terms of the ESOP
- 1,800,000 Options exercisable at \$0.25 each and expiring on 15 October 2012.
- 900,000 Options exercisable at \$0.25 each and expiring on 15 October 2012
- 450,000 Options exercisable at \$0.25 each and expiring on 30 November 2012
- 106,366 Options exercisable at \$0.17685 each and expiring on 11 March 2014

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- 115,385 Options exercisable at \$0.13509 each and expiring on 18 March 2014
- 178,635 Options exercisable at \$0.04635 each and expiring on 8 July 2014

In addition there are the following pre consolidated convertible notes:

- \$160,000 Issued on 9 December 2008, maturing on 25 August 2011 and convertible at \$0.75 per share
- \$273,000 Issued on 4 August 2009, maturing on 25 August 2011 and convertible at \$1.25 per share
- \$100,000 Issued on 6 August 2009, maturing on 25 August 2011 and convertible at \$1.25 per share
- \$2,500,000 Issued on 24 September 2010, maturing on 24 September 2011 and convertible at \$0.20 per share
- \$1,500,000 Issued on 15 October 2010, maturing on 15 October 2011 and convertible at \$0.20 per share
- \$750,000 Issued on 9 December 2011, maturing on 9 December 2011 and convertible at \$0.20 per share

The 388,302,190 shares noted above have assumed that all of the existing Convertible Notes are not converted into ordinary shares prior to the issue of any shares under resolutions 2 and 3 but form part of the unsecured creditors. The total number of shares on issue after the consummation of resolution 2 and 3 would be 324,395,497 (before exercise of the 60,000,000 Share Options to the Investment Group) and 384,395,497 (after exercise of the 60,000,000 Share Options proposed to be issued to the Investment Group). Assuming the exercise of the existing post consolidation share options totalling 3,906,693, the total shares on issue would be 388,302,190. The total Investment Group will have a controlling interest in approximately 58.57% of the expanded issued capital of Digislide before the exercise of the 60,000,000 Share Options and approximately 65.04% after the exercise of 60,000,000 Share Options (but before the exercise of the 3,906,693 options) granted to the Investment Group members as noted in Schedule 3 to the Explanatory Statement to Shareholders.

The fully paid ordinary shareholding interests of the Investment Group if it is assumed that 120,000,000 Shares will be issued pursuant to resolution 2 and 170,000,000 Shares will be issued pursuant to resolution 3 would be as follows:

	Ignoring Options %	Including Options Exercised by Related Parties %
Roger Steinepreis	13.87	14.96
George Ventouras	9.25	10.41
Nick Castleden	7.71	8.45
Michael Pollak and Jonathan Pager	27.74	31.22
The Investment Group	58.57	65.04
Third Parties to be nominated by the Investment Group and in conjunction with a broker and pursuant to a prospectus	30.83	26.01
	<u>89.40</u>	<u>91.05</u>

- 1.11 ASX Limited ("ASX") Listing Rule 10.11 requires a company to obtain shareholder approval by ordinary resolution prior to the issue of securities to a related party of the Company.

Pursuant to resolutions 5 to 7 it is proposed that Shares and Share Options will be issued to certain parties noted in Schedule 3 to the Explanatory Statement who are deemed to be related parties under ASX listing rules. Further, certain allottees identified in Schedule 3 forming part of the Explanatory Statement to Shareholders are related parties of the Incoming Directors of the Company due to being potential future controllers of the Company. For this reason, approval for the issue of the shares and share options to these parties is required pursuant to ASX Listing Rules 7.1 and 10.11.

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For the purpose of this meeting, a “related party” includes:

- a director;
- an entity over which a director has control;
- an entity that controls a public company;
- an entity that is acting in concert with a related party; and
- an entity which believes, or has reasonable grounds to believe, that it is likely to become a related party in the future.

Schedule 2 –“Associates and Voting Power” sets out associates and related parties. For the purposes of this report, the Investment Group are represented to act in concert with each other. Post the consummation of resolutions 2 to 7, the Investment Group may not be acting in concert together.

1.12 Therefore, an independent expert’s report pursuant to the Section 611 (Item 7) of the Act and/or ASX Listing Rule 10.11 is required to report on the fairness and reasonableness of the transactions pursuant to resolutions 4 to 7. The Investment Group (via Blueknight) has requested Stantons International Audit and Consulting Pty Ltd (trading as Stantons International Securities) to prepare an independent expert’s report to assist the shareholders of Digislide in determining as to whether they vote for or against resolutions 4 to 7 as outlined in the Notice.

1.13 There are eleven other resolutions (resolutions 1 to 3 and resolutions 8 to 15) being put to the shareholders of Digislide. We are not reporting on the fairness and reasonableness of such resolutions. This report specifically addresses resolutions 4 to 7 only. However, we note that resolutions 1 to 3 and 5 to 10 are all part of the recapitalisation process of Digislide and resolutions 1 to 10 are interdependent upon each other. Effectively, the 120,000,000 First placement Shares and 60,000,000 free attaching First Placement Options being issued under resolution 2 are being approved for issue also under resolution 4 (a) (1) and (ii). Resolutions 14 and 15 relate to the removal and appointment of auditors respectively.

1.14 Apart from this introduction, the report considers the following:

- Summary of opinion
- Implications of the proposals
- Future directions of Digislide
- Basis of technical valuation of Digislide
- Premium for control
- Fairness and reasonableness of the proposals
- Conclusion as to fairness and reasonableness
- Sources of information
- Appendix A and Financial Service Guide

2. Summary of Opinion

2.1 In determining the fairness and reasonableness of the transactions pursuant to resolutions 4 to 7, we have had regard to the guidelines set out by the Australian Securities and Investments Commission (“ASIC”) in its Regulatory Guideline 111 “Content of Expert Reports”. Regulatory Guide 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness). The concept of “fairness” is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the “target” and irrespective of whether the consideration is scrip or cash. An offer is “reasonable” if it is fair. An offer may also be reasonable if, despite not being “fair”, there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer. It also states that, where an acquisition of shares by way of an allotment is to be approved by shareholders pursuant to Section 611 (Item 7) of TCA, it is desirable to commission a report by an independent expert stating whether or not the proposal is fair and reasonable, having regards to the proposed allottees and whether a premium for potential control is being paid by the allottees. Although the proposals with the Investment Group are not in relation to a takeover offer, we have noted the above matters and definitions for readers to have an understanding of fairness and reasonableness referred to in this report.

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Accordingly, our report relating to resolutions 4 to 7 is concerned firstly with the fairness and reasonableness of the proposals with respect to the existing non-associated shareholders of Digislide (not associated with the Investment Group) and secondly whether the price payable for potential control includes a premium for control.2.2

In our opinion:

The proposals as outlined in resolutions 4 to 7 that would allow the Investment Group (that include the Related Parties as noted in Schedule 3 to the Explanatory Statement to Shareholders) to acquire up to 190,000,000 shares and 60,000,000 Share Options in Digislide and acquire a relevant interest in the voting shares of the Company by those parties set out in the Explanatory Statement are, on balance, fair and reasonable to the non associated shareholders of Digislide.

The opinions expressed above are to be read in conjunction with the more detailed analysis and comments made in this report.

3. Implications of the Proposals

- 3.1 Prior to the recapitalisation proposals the subject of resolutions 1 to 15, the total number of shares on issue in Digislide was 68,790,993. If all the resolutions are consummated, the Investment Group as a group will own approximately 58.57% of the capital of the Company (as depicted in paragraph 1.10). If the 60,000,000 Share Options proposed to be issued pursuant to resolution 2 are exercised, then the Investment Group as a group may own up to approximately 65.04% of the expanded issued ordinary capital of the Company. The potential shareholdings of each Related Party are set out in Schedule 3 forming part of the Explanatory Statement to Shareholders attached to the Notice.

It is estimated that the cost of the reconstruction process (legal fees, corporate fees, expert's report, capital raising fees and other) will be around \$100,000.

- 3.2 Following the consummation of all resolutions, Digislide's unaudited consolidated pro-forma Statement of Financial Position is expected to disclose:

	Notes	Assets and Liabilities as per Report as to Affairs as noted in Administrator's Report to Creditors of 2 May 2012 \$	Unaudited Pro- forma Consolidated Balance Sheet after recapitalisation proposals under resolutions 1 to 13 \$
Current Assets			
Cash assets	1	-	1,145,000
Receivables		577,933	-
Inventories		20,000	-
Total Current Assets		<u>597,933</u>	<u>1,145,000</u>
Non Current Assets			
Intangibles		Not known	-
Plant and equipment		33,600	-
Total Non Current Assets		<u>33,600</u>	<u>-</u>
Total Assets		<u>611,533</u>	<u>1,145,000</u>
Current Liabilities			
Participating Priority Creditors		1,240,109	-
Secured creditors		5,008,794	-
Total Liabilities		<u>6,248,903</u>	<u>-</u>
Net Assets (Liabilities)		<u>(5,637,370)</u>	<u>1,145,000</u>

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Notes	Assets and Liabilities as per Report as to Affairs as noted in Administrator's Report to Creditors of 2 May 2012 \$	Unaudited Pro- forma Consolidated Balance Sheet after recapitalisation proposals under resolutions 1 to 13 \$
Equity (estimated)		
Issued capital	24,584,059	26,304,059
Reserves	116,130	116,130
Accumulated losses	(30,337,559)	(25,275,189)
Total Equity (Deficiency)	(5,637,370)	1,145,000

Total equity per share based on 324,395,497 shares on issue after recapitalisation is approximately 0.35 cents.

The last audited financial statements for the Digislide Group available were the accounts for the year ended 30 June 2011. However since that date, the Digislide Group companies have been placed into Administration. The issued capital, reserves and accumulated losses at date of Administration has not been disclosed by the Administrators but we have taken the 30 June 2011 audited figures for issued capital and reserves and adjusted them for share issues post 30 June 2011 and to the date of the Administration. We have been advised and from a reading of the Report to Creditors dated 2 May 2012 that there is a deficiency in shareholders' funds and participating priority and participating unsecured creditors would not be paid out in full. The Deed Administrator also considers that, in the absence of Digislide being recapitalised under a DOCA proposal, the likely value of a Digislide share is nil as the unsecured creditors of Digislide would not be paid out in full. In view of the above, it is reasonable to assume that the book value of a Digislide share prior to the recapitalisation proposal put forward by the Investment Group is nil.

The interest in the Retained Assets to be retained has not been independently valued for the purposes of the pro-forma statement of financial position. The assets would be subject to an impairment test under the Australian equivalents of International Financial Reporting Standards ("A-IFRS") and the new Directors considers that the current values to be minimal for the purposes of accounting under A-IFRS although no formal valuation has been made by the Incoming Directors. The Incoming Directors have committed new working capital to spend on assessing the viability of the Retained Assets. For the purposes of this report, we have ascribed nil value in the absence of an independent valuation but note that the Retained Assets may have some value in the future but not enough to conclude that the current value of a share in FRR has any value.

Note

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

Cash assets:	\$
Opening balance	-
Placement of 120,000,000 Shares at 0.1 cent each	120,000
Placement of 170,000,000 Shares at 1.0 cent each	1,700,000
Payment to Creditors Trust Deed/Reimburse Investment Group representatives	(575,000)
Payment for costs of share issue and other costs	(100,000)
Closing balance	<u>1,145,000</u>

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2. The movement in the issued capital is reconciled as follows:

Issued Capital:	\$
Opening balance	24,584,059
Placement of Shares at 0.1 cent each	120,000
Placement of Shares at 1.0 cent each	1,700,000
Capital raising costs	(100,000)
Closing balance	<u>26,304,059</u>

3.3 We are advised by a representative of the Investment Group that following the proposal to issue Share Options pursuant to resolution 2, the number of Share Options on issue will be 63,906,693. The 60,000,000 free attaching First Placement Share Options under resolution 2 will be exercisable at 1.0 cent each on or before 31 December 2015 and there will be 3,906,693 existing post consolidated share options with the following terms:

- 175,000 Options exercisable at \$2.00 each and expiring on 24 August 2014;
- 1,500,000 Options exercisable at \$0.50 each and expiring on 24 September 2012;
- 456,500 Options exercisable at \$0.32044 each and expiring in compliance with the terms of the ESOP;
- 900,000 Options exercisable at \$0.50 each and expiring on 15 October 2012;
- 450,000 Options exercisable at \$0.50 each and expiring on 15 October 2012;
- 225,000 Options exercisable at \$0.50 each and expiring on 30 November 2012;
- 53,183 Options exercisable at \$0.35370 each and expiring on 11 March 2014;
- 57,693 Options exercisable at \$0.27018 each and expiring on 18 March 2014; and
- 89,317 Options exercisable at \$0.9270 each and expiring on 8 July 2014.

3.4 It is proposed that Roger Steinepreis, George Ventouras and Nick Castleden will be appointed as Board members as noted in resolutions 8 to 10 respectively in the Explanatory Statement to Shareholders.

4. Future direction of Digislide

4.1 We have been advised by a representative of the Investment Group and as outlined in the Explanatory Statement to Shareholders that:

- the short term intention is to complete the recapitalisation process;
- at the time of preparation of this report they are not aware of any proposals currently contemplated whereby Digislide will acquire any property or assets from the Incoming Directors or the Investment Group members or where Digislide is to transfer any of its property or assets to the Incoming Directors or any of the Investment Group members;
- it is intended that the Board of Directors of Digislide will change in the near future as noted above and further new directors may be appointed in the event of any significant new acquisition;
- no dividend policy has been set and is not proposed to be set until such time as the Company is profitable and has a positive cash flow; and
- in addition to continuing to develop and commercialise the Company's existing Digislide business (the Retained Assets) the new Directors will also consider the acquisition and developments of any other investments, both within the digital imaging industry and in market segments unrelated to the digital imaging industry, as identified by the Company and subject always to compliance with the Listing Rules.

5. Basis of Technical Valuation of Digislide

5.1 Allotment of Shares

5.1.1 In considering the proposals as outlined in resolutions 4, 5, 6, and 7 we have sought to determine if the acquisitions of a relevant interest in the voting shares of Digislide by the Investment Group (including the Related Parties) is fair and reasonable to the existing non-associated shareholders of Digislide.

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- 5.1.2 The proposals pursuant to resolutions 4, 5, 6, and 7 would be fair to the existing non-associated shareholders if the values of the considerations being offered by the Investment Group are greater than the current implicit value of the shares and options of Digislide immediately prior to the transactions. Accordingly, we have sought to determine a theoretical value that could reasonably be placed on Digislide shares and options for the purposes of this report.
- 5.1.3 The valuation methodologies we have considered in determining the current technical value of an Digislide share are:
- Capitalised maintainable earnings/discounted cash flow
 - Takeover bid - the price which an alternative acquirer might be willing to offer
 - Adjusted net asset backing and windup value
 - The weighted market value price of Digislide shares
- 5.2 Capitalised maintainable earnings/discounted cash flows
- 5.2.1 As noted above, Digislide has a deficiency in working capital and cannot produce a positive cash flow from its existing business undertakings and is under a DOCA. Due to Digislide's current state of affairs, the lack of a profit history arising from business undertakings and the immediate lack of a reliable future cash flow from a business activity, we have considered these methods of valuation not to be relevant for the purposes of this report (also refer paragraph 3.2 above).
- 5.3 Takeover bid
- We have been advised by Investment Group representatives that they do not believe that there would be any existing Digislide's shareholder or proposed shareholder that has an interest in taking over the Company by way of a formal takeover bid. However, we note that under the proposed recapitalisation process, the Investment Group as a whole would own up to approximately 58.57% of the expanded issued capital of the Company (approximately 65.04% if all 60,000,000 Share Options are exercised but before the exercise of the 3,906,693 options).
- 5.4 Net asset backing and windup value
- 5.4.1 As noted above under paragraph 3.2, Digislide is insolvent and under a DOCA. Probably on a wind up there would be a deficiency in funds and the unsecured creditors may receive no return. The shares would be of little commercial value.
- 5.4.2 Purely based on the pro forma book value of a reconstructed Digislide, the net assets would be disclosed at approximately \$1,145,000 which would be equivalent to approximately 0.35 cents per share, assuming 324,395,497 shares would be on issue after the recapitalisation process. This compares with the current value of a Digislide share of nil cents.
- 5.5 Weighted average market price of Digislide shares
- 5.5.1 As the Company is suspended from the ASX, we do not believe it is appropriate to value a Digislide share based on prior quoted prices of Digislide shares on the ASX.
- 5.6 After taking into account the matters referred to in the preceding paragraphs, we are of the view that the current theoretical value of a Digislide share (prior to the recapitalisation process) is nil cents.
- 5.7 If the recapitalisation process is finalised, the cash value of a Digislide share immediately post the recapitalisation process would approximate 0.35 cents per share.
- 5.8 Share Options
- 5.8.1 The Company will issue 60,000,000 free attaching First Placement Share Options at nil cost to certain members of the Investment Group in conjunction with the issue of up to 290,000,000 Shares. Using a Black Scholes option pricing model, results in the value of one Share Option to be issued of 0.519 cents.

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The basic assumptions used were:

▪ Assumed market value of an Digislide share (Assumed equal to issue price relating to Shares to be issued under resolution 2	1.0 cent
▪ interest rate	2.30%
▪ volatility factor	75%
▪ exercise price	1.0 cents
▪ option term (options expire 31 December 2015) (Assumed will be issued no later than 30 September 2012)	39 months

There is no need under Australian Equivalents of International Accounting Standards ("A-IFRS") to account for the issue of the 60,000,000 Share Options. It is noted that if the free attaching First Placement Share Options are exercised, the Company would receive a total of \$600,000.

6. Premium for Control

- 6.1 Premium for control for the purposes of this report has been defined as the difference between the price per share that a buyer would be prepared to pay to obtain a controlling interest in the Company and the price per share at which the same person would be required to pay per share which does not carry with it control of the Company.
- 6.2 Under the Act, control may be deemed to occur when a shareholder or group of associated shareholders control more than 20% of the issued capital. In this case, the Investment Group (including the Related Parties) would hold up to approximately 58.57% of the expanded post-consolidated issued capital of Digislide (and approximately 65.04% if all 60,000,000 Share Options are exercised).
- 6.3 The Digislide shares that are proposed to be issued to the Investment Group are deemed to be theoretically worth around nil cents. Of the amount raised, approximately \$100,000 will initially be paid as costs relating to the recapitalisation, \$575,000 will be used to place funds into the Creditors Trust Fund, \$450,000 will be used to review and for the development of the existing business, \$315,000 to review other new projects and \$280,000 remains as working capital. In our opinion, it is possible that the Investment Group (including the Related Parties and associates) are paying a premium for control, however, the non associated shareholders of Digislide are benefiting in that the theoretical value of a Digislide share rises from nil cents (with significant liabilities) to a company with a theoretical cash backed value of approximately 0.35 cents per share and all significant liabilities extinguished.

7. Fairness and Reasonableness of the Proposals

We have set out below some of the advantages, disadvantages and other factors pertaining to the proposals, pursuant to resolutions 4 to 7 and the recapitalisation proposals generally.

Advantages

- 7.1 The passing and consummation of resolutions 2, 3 and 4 together with the completion of the DOCA would result in a net cash injection of approximately \$1,145,000 into the Company and having the Company with no or minimal liabilities, compared with the current position whereby the Company is in a net liability position.
- 7.2 If the proposals per resolutions 2, 3 and 4 are consummated together with the completion of the DOCA, the book value backing of a Digislide share rises from nil cents to approximately 0.35 cents (refer paragraph 5.4.2 of this report).
- 7.3 If resolutions 2, 3 and 4 are passed together with the completion of the recapitalisation process, the Company's existing shareholders are offered more liquidity to sell their shares on the ASX.
- 7.4 The Incoming Directors bring expertise to the Company in that Messrs Roger Steinepreis, George Ventouras and Nick Castleden have all had experience as directors/managers or consultants of listed,

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unlisted public and private companies. Further details on the directors are outlined in the Explanatory Statement to Shareholders in Section 6. They will also seek new business opportunities in the projection industry. The market may take a positive stance on any new acquisitions and may improve the share price that will be an advantage to all shareholders. The Directors and parties related to the Directors have or are planning to establish relationships in the projection market and other markets (related and unrelated). As a result, the Company may have improved access to markets which will increase its ability to pursue growth opportunities.

- 7.5 The 60,000,000 free attaching First Placement Options to be issued for a nil cost have been valued using the Black Scholes option valuation methodology with the key assumptions of an exercise price of 1 cent, a share price of 1 cent, an interest rate of 2.30%, an issue date of 30 September 2012 and a volatility factor of 75%. The value ascribed is 0.519 cents each for a total value of approximately \$311,400 of which up to approximately \$311,400 relate to the free attaching First Placement Share Options to be issued to the Investment Group members. The 60,000,000 free attaching First Placement Share Options, if exercised by the Investment Group would result in an inflow of funds to Digislide of \$600,000. The exercise price of the 60,000,000 free attaching First Placement Share Options is 1.0 cent each. The trading price of a Digislide share at the date of exercise of the Share Options would probably be in excess of 1.0 cent before Share Option holders exercised the free attaching First Placement Share Options.
- 7.6 In the absence of the proposals under resolutions 2, 3, and 4 or some other unidentified recapitalisation proposal, there is a high chance that the Company would be placed into liquidation.

Disadvantages

- 7.7 A significant shareholding (initially approximately 89.40% in the Company is being given to the Investment Group as a group along with other new investors (the Investment Group approximately 58.57%)). However, we note that Digislide will be recapitalised with approximately \$1,145,000 in cash (before any commitments on funding existing and any new business) will have no significant debt and will have the opportunity to exploit the Retained Assets and consider acquisition of other assets.
- 7.8 Digislide would only have approximate cash of \$1,145,000 after the consummation of the recapitalisation process is complete. Further fundraisings may be required to be undertaken in the near future. If further shares are issued, the percentage share holding of the existing shareholders of Digislide may be diluted down even further. However as noted above, the shares in Digislide prior to the recapitalisation process is considered to be of nil value.
- 7.9 The existing Retained Assets and any new businesses acquired in the future may not be commercially successful and the Company may incur new losses. Conversely, they may be successfully exploited and may lead to an increase in the value of an Digislide's share which may be worth more than the Investment Group (including the Related Parties) and other new investors are to pay for the up to 290,000,000 shares to be subscribed for.
- 7.10 The number of shares rises from 34,395,497 post consolidation shares to 324,395,497 shares if resolutions 2 and 3 are passed and consummated (and 385,395,497 shares if all 60,000,000 free attaching Share Options are exercised but excluding the existing 3,906,693 post consolidation options).

Other

- 7.11 The Investment Group, if the recapitalisation proceeds could control between approximately 58.57% and 65.04% of the expanded issued capital of Digislide, depending on how many proposed Share Options are exercised (but excluding the exercise of any of the 3,906,693 existing options). Some significant voting control is passing to the Investment Group as a whole although it is noted that individual members of the Investment Group post the passing and consummation of resolutions 1 to 13 may not be acting in concert. The Investment Group (that includes the Related Parties) are in effect paying a premium for deemed control (greater than 20%) in that the cash being paid to Digislide arguably has a greater value than the shares and options in Digislide being received as consideration. However all shareholders benefit in that Digislide is paying a consideration (shares

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worth nil whilst Company is under a DOCA) that is considered less than the value of the cash being received.

8. Conclusion as to Fairness and Reasonableness

8.1 The proposals as outlined in resolutions 4 to 7 that would allow the Investment Group (that include the Related Parties as noted in Schedule 3 to the Explanatory Statement to Shareholders) to acquire up to 290,000,000 shares and 60,000,000 Share Options in Digislide and acquire a relevant interest in the voting shares of the Company by those parties set out in the Explanatory Statement are, on balance, fair and reasonable to the non associated shareholders of Digislide.

9. Sources of Information

9.1 In making our assessment as to whether the proposals pursuant to resolutions 4 to 7 are fair and reasonable, we have reviewed relevant published available information and other unpublished information of Digislide, which is relevant in the current circumstances. In addition, we have held discussions with a representative of the Investment Group and the Incoming Directors about the present state of affairs of Digislide. Statements and opinions contained in this report are given in good faith, but in the preparation of this report, we have relied in part on information provided by Incoming Directors of Digislide and that information disclosed in the draft Explanatory Statement to Shareholders.

9.2 Information we have received includes, but is not limited to:

- Discussions with a representative of the Investment Group, the new Directors and the solicitors who prepared the Notice and Explanatory Statement to Shareholders;
- Shareholding details of Digislide;
- June 2012 drafts of the Notice of the Meeting to Shareholders and Explanatory Statement to Shareholders of Digislide;
- Annual Report of Digislide for the 12 months ended 30 June 2011;
- Correspondence with Solicitors preparing the Notice relating to Digislide;
- Announcements to the ASX by Digislide from 1 January 2010 to 5 July 2012;
- ASX information on Digislide;
- The Administrator's Reports to Creditors pursuant to Section 439A of TCA for Digislide of 2 May 2012 and various notices of meeting to the creditors;
- The Deed of Company Arrangement between the Company and the Deed Administrator; and
- The Creditors' Trust Deed between the Company and the Administrator.

9.3 Our report includes Appendix A and Financial Services Guide attached to this report.

Yours faithfully

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J.P. Van Dieren - FCA
Director

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APPENDIX A

AUTHOR INDEPENDENCE

This annexure forms part of and should be read in conjunction with the report of Stantons International Audit and Consulting Pty Ltd trading as Stantons International Securities dated 11 July 2012, relating to resolutions 4 to 7 outlined in the Notice of Meeting of Shareholders of Digislide.

At the date of this report, Stantons International Securities does not have any interest in the outcome of the proposals. There are no relationships with Digislide other than acting as an independent expert for the purposes of this report. There are no existing relationships between Stantons International Securities and the parties participating in the transactions detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated not to exceed \$9,000 (excluding GST). The fee is payable regardless of the outcome. With the exception of that fee, neither Stantons International Securities nor John P Van Dieren have received nor will or may they receive any pecuniary or other benefits, whether directly or indirectly for or in connection with the making of this report. Stantons International Securities and Stantons International Audit and Consulting Pty Ltd or any directors of Stantons International Audit and Consulting Pty Ltd do not hold any securities in Digislide. There are no pecuniary or other interests of Stantons International Securities that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities and Mr J Van Dieren have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice. Stantons International Securities has prepared other independent expert reports for parties associated with the Investment Group.

QUALIFICATIONS

We advise Stantons International Securities is the holder of an Investment Advisers Licence (No 418019) under the Corporations Act relating to advice and reporting on mergers, takeovers and acquisitions involving securities. A number of the directors of Stantons International Audit and Consulting Pty Ltd are the directors and authorised representatives of Stantons International Securities. Stantons International Securities and Stantons International Audit and Consulting Pty Ltd (also trading as Stantons International) have extensive experience in providing advice pertaining to mergers, acquisitions and strategic and financial planning for both listed and unlisted companies and businesses.

Mr John P Van Dieren, FCA, the person responsible for the preparation of this report, has extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuations and financial aspects thereof, including the fairness and reasonableness of the consideration offered. The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the tasks they have performed.

DECLARATION

This report has been prepared at the request of the Incoming Directors and the Investment Group in order to assist the shareholders of Digislide to assess the merits of the proposals (resolutions 4 to 7) to which this report relates. This report has been prepared for the benefit of the Digislide shareholders and those persons only who are entitled to receive a copy for the purposes of Section 611 (Item 7) of the Corporations Act 2001 and ASX Listing Rule 10.11 and does not provide a general expression of Stantons International Securities opinion as to the longer term value of Digislide or the Digislide Business and Retained Assets. Stantons International Securities does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of Digislide or any of its subsidiaries. Neither the whole, nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities to the form and context in which it appears.

Stantons International Securities

DISCLAIMER

This report has been prepared by Stantons International Securities with due care and diligence. However, except for those responsibilities which, by law cannot be excluded, no responsibility arising in any way whatsoever for errors or omission (including responsibility to any person for negligence) is assumed by Stantons International Securities (Stantons International Audit and Consulting Pty Ltd), their directors, employees or consultants for the preparation of this report.

DECLARATION AND INDEMNITY

Recognising that Stantons International Securities may rely on information provided by Blueknight, its officers and other parties (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities experience and qualifications), Blueknight has agreed:

- (a) to make no claim by it or its officers against Stantons International Securities (and Stantons International Audit and Consulting Pty Ltd) to recover any loss or damage which Digislide may suffer as a result of reasonable reliance by Stantons International Securities on the information provided by Blueknight and the other parties; and
- (b) to indemnify Stantons International Securities (and Stantons International Audit and Consulting Pty Ltd) against any claim arising (wholly or in part) from Blueknight or any of its officers providing Stantons International Securities any false or misleading information or in the failure of Blueknight and its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities.

A draft of this report was presented to the Incoming Directors and the Investment Group for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter. Whilst the Deed Administrators have viewed a draft of this report, neither the Deed Administrators, their professional advisers and BDO Business Recovery & Insolvency (NSW-Vic) Pty Ltd or its employees are responsible for comments in this report. The Deed Administrators do not accept any responsibility for any disclosures in or failure to include any disclosures in this report. The information contained in this report has not been verified independently by the Deed Administrators, their professional advisers and BDO Business Recovery & Insolvency (NSW-Vic) Pty Ltd or its employees who expressly disclaim responsibility for the accuracy or completeness of the information in the report.

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**FINANCIAL SERVICES GUIDE
FOR STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International Securities)
Dated 11 July 2012**

1. Stantons International Securities (ABN 84 144 581 519 and AFSL Licence No 418019) ("SIS" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.
2. Financial Services Guide

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

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No: 418019;
- remuneration that we and/or our staff and any associated entities receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and notes)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Stantons International Securities

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

6. Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. Referrals

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

8. Associations and relationships

SIS is ultimately a wholly owned division of Stantons International Audit and Consulting Pty Ltd a professional advisory and accounting practice. From time to time, SIS and Stantons International Audit and Consulting Pty Ltd (also trading as Stantons International) and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

9. Complaints resolution

9.1 Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons International Securities
Level 2
1 Walker Avenue
WEST PERTH WA 6005

Telephone: 08 9481 3188
Facsimile: 09 9321 1204

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

9.2 Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited ("FOSL"). FOSL is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOSL are available at the FOSL website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
PO Box 3
MELBOURNE VIC 8007

Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399

ANNEXURE B – NOMINATION OF AUDITOR

Digislide Holdings Limited
(Subject to Deed of Company Arrangement)

4th July 2012

Dear Sir

NOTICE OF NOMINATION OF AUDITOR – Digislide Holdings Limited (Subject To Deed Of Company Arrangement)

I, Lucille Annette Outhred (aka Luceille Annette Outhred) of 34 Marian Place, Prospect, South Australia, being a member of Digislide Holdings Limited (Subject to Deed of Company Arrangement) (**Company**), nominates that BDO Audit (WA) Pty Ltd be appointed as the new auditor of the Company.

This is to be taken to be as notice pursuant to section 328B(1) of the Corporations Act 2001 (Cth).

Regards



Lucille Annette Outhred