



27 October 2010

Dear Shareholder

Annual General Meeting of members

My Directors and I have pleasure in inviting you to attend the Annual General Meeting of members of Digislide Holdings Limited. This Annual General Meeting is to be held on Tuesday, 30 November 2010 at Rendezvous Allegro, 55 Waymouth Street, Adelaide SA 5000 at 10.00 am (Adelaide time).

Enclosed herewith are the:

- Notice of Meeting setting out the items of business for consideration at the Meeting;
- Explanatory Memorandum; and
- Proxy Form.

The attached documents set out the business to be considered at this Annual General Meeting.

If you are attending the Meeting, please bring this letter with you to facilitate registration. If you are unable to attend, we encourage you to exercise your right to vote by completing the attached Proxy Form and posting or faxing the signed form back to the Company.

Individuals seeking to attend the Meeting on behalf of corporate Shareholders should bring with them a "representative authority" duly completed and executed by that corporate shareholder.

We look forward to seeing you at the Meeting.

Yours faithfully

Leon Milford
Interim Chairman

Digislide Holdings Limited

ACN 105 012 066

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

and

PROXY FORM

Date of Meeting

Tuesday 30 November 2010

Time of Meeting

10.00 am (Adelaide time)

Place of Meeting

Rendezvous Allegro, 55 Waymouth Street Adelaide SA 5000

TO BE VALID, FORMS OF PROXY FOR USE AT THE GENERAL MEETING
MUST BE COMPLETED AND RETURNED TO

REGISTRIES LIMITED

GPO BOX 3993

SYDNEY NSW 2001

Or

BY FAX TO + 61 2 9290 9655

NO LATER THAN 10.00 am ON SUNDAY, 28 NOVEMBER 2010

NOTICE OF GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the shareholders of Digislide Holdings Limited ACN 105 012 066 (**Company**) will be held at Rendezvous Allegro, 55 Waymouth Street Adelaide SA 5000 on Tuesday 30 November 2010 at 10.00 am (Adelaide time) to consider the following resolutions.

The attached Explanatory Memorandum contains information in relation to each of the resolutions and should be read in conjunction with this Notice of Annual General Meeting.

1. Ordinary business

1.1 Financial Statements and Reports

To receive and consider the Financial Statements for the financial year ended 30th June 2010 and the Directors' Report, Directors' declaration and Audit Report.

1.2 Resolution 1: Remuneration Report

To consider and, if thought fit, to adopt the Company's Remuneration Report for the financial year ended 30th June 2010 as set out in the Company's 2010 Annual Report.

In accordance with Section 250R of the Corporations Act 2001, the vote on this resolution is advisory only and does not bind the Directors or the Company.

1.3 Confirmation of appointment and re-election of Directors

Resolution 2: Confirmation of Appointment of Mr Grant Chapman as Director

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

"That Mr Grant Chapman, being a Director of the Company appointed by the Directors since the last AGM who retires in accordance with clause 47.1(a) of the Company's Constitution, being eligible, offers himself for election, is hereby elected as a Director of the Company".

Resolution 3: Re-election of Mr Malcolm Leahy as Director

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

"That Mr Malcolm Leahy, being a Director of the Company, who retires in accordance with clause 47.1(b) of the Company's Constitution and being eligible, offers himself for re-election, is hereby re-elected as a Director of the Company".

1.4 Issue of shares to Directors

Resolution 4: approval for the issue of shares to Mr Leon Milford, a Director

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

"That for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act 2001 and all other purposes, approval is given for the Company to issue 397,597 Shares (389,597 Shares at a notional price of \$0.1616 and 8,000 Shares at a notional price of \$1.25 per Share) to Mr Leon Milford or his nominee on the terms and conditions set out in the Explanatory Memorandum accompanying and forming part of this Notice of General Meeting".

Voting exclusion statement

A vote on this resolution 4 must not be cast (in any capacity) by or on behalf of:

- Mr Leon Milford: or
- An associate of Mr Leon Milford.

However, the above does not prevent the casting of a vote if:

- it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- it is not cast on behalf of Mr Leon Milford or an associate of Mr Leon Milford.

Resolution 5: approval for the issue of shares to Mr Grant Chapman, a Director

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

"That for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act 2001 and all other purposes, approval is given for the Company to issue 66,454 Shares at a notional price of \$0.1616 per Share to Mr Grant Chapman or his nominee on the terms and conditions set out in the Explanatory Memorandum accompanying and forming part of this Notice of General Meeting".

Voting exclusion statement

A vote on this resolution 5 must not be cast (in any capacity) by or on behalf of:

- Mr Grant Chapman: or
- An associate of Mr Grant Chapman.

However, the above does not prevent the casting of a vote if:

- it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- it is not cast on behalf of Mr Grant Chapman or an associate of Mr Grant Chapman.

Resolution 6: approval for the issue of shares to Mr Malcolm Leahy, a Director

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

"That for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act 2001 and all other purposes, approval is given for the Company to issue 345,581 Shares (329,581 Shares at a notional price of \$0.1616 and 16,000 Shares at a notional price of \$1.25 per Share) to Mr Malcolm Leahy or his nominee on the terms and conditions set out in the Explanatory Memorandum accompanying and forming part of this Notice of General Meeting".

Voting exclusion statement

A vote on this resolution 6 must not be cast (in any capacity) by or on behalf of:

- Mr Malcolm Leahy: or
- An associate of Mr Malcolm Leahy.

However, the above does not prevent the casting of a vote if:

- it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- it is not cast on behalf of Mr Malcolm Leahy or an associate of Mr Malcolm Leahy.

Resolution 7: approval for the issue of shares to Mr Ian Mutton, a former Director

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

"That for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act 2001 and all other purposes, approval is given for the Company to issue 145,377 Shares at a notional price of \$0.1616 per Share to Mr Ian Mutton or his nominee on the terms and conditions set out in the Explanatory Memorandum accompanying and forming part of this Notice of General Meeting".

Voting exclusion statement

A vote on this resolution 7 must not be cast (in any capacity) by or on behalf of:

- Mr Ian Mutton: or
- An associate of Mr Ian Mutton.

However, the above does not prevent the casting of a vote if:

- it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- it is not cast on behalf of Mr Ian Mutton or an associate of Mr Ian Mutton.

1.5 Directors Fees FY 2011

Resolution 8: approval for aggregate fees payable to Directors

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

"That for the financial year ending 30 June 2011 the aggregate amount payable in respect of directors' fees be fixed at \$260,000 as outlined in the Explanatory Memorandum."

Voting exclusion statement

A vote on this Resolution 9 must not be cast (in any capacity) by or on behalf of:

- a director; or
- an associate of a director.

However, the above does not prevent the casting of a vote if:

- it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- it is not cast on behalf of a director or an associate of the director.

1.6 Issue of equity securities

Resolution 9: approval for issue of Convertible Notes

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

"That for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue and allot convertible notes of a total face value of \$500,000 on such terms and to such allottees as are specified in the Explanatory Memorandum accompanying and forming part of this Notice of General Meeting and for such Notes to be issued within 3 months of the date of this Meeting."

Voting exclusion statement

A vote on this Resolution 9 must not be cast (in any capacity) by or on behalf of:

- an allottee being Martin Place Securities and Multi Vendor Support Services Pty Ltd; or
- an associate of the allottees or.,
- a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities.

However, the above does not prevent the casting of a vote if:

- it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- it is not cast on behalf of a allottee or an associate of the allottee.

Resolution 10: approval for issue of Shares to parties related to Directors

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

"That for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act 2001 and all other purposes, approval is given for the Company to issue and allot up to 1,869,436 Shares at an issue price of \$0.113812 per Share and in the capital of the Company for the settlement of \$212,779.20 in trade payables owed to parties related to Mrs Luceille Outhred and Mr Grant Chapman and such securities to be issued within 1 month of the date of this meeting to such parties and in such proportions as are specified in the Explanatory Memorandum accompanying and forming part of this Notice of General Meeting."

Voting exclusion statement

A vote on this Resolution 10 must not be cast (in any capacity) by or on behalf of:

- Mrs Luceille Outhred or Mr Grant Chapman; or
- an associate of Mrs Luceille Outhred or Mr Grant Chapman.

However, the above does not prevent the casting of a vote if:

- it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- it is not cast on behalf of Mrs Luceille Outhred or Mr Grant Chapman or an associate of Mrs Luceille Outhred or Mr Grant Chapman.

The Company will disregard any votes cast by a 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 Shares, if the resolution is passed.

Resolution 11: approval for issue of Shares

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

"That for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue and allot up to 1,510,752 Shares at an issue price of \$0.113812 per Share in the capital of the Company for the settlement of \$171,953.80 in trade payables owed to certain parties and such securities to be issued within 3 months of the date of this meeting to such parties (allottees) as specified in the Explanatory Memorandum accompanying and forming part of this Notice of General Meeting."

Voting exclusion statement

A vote on this Resolution 11 must not be cast (in any capacity) by or on behalf of:

- an allottee; or
- an associate of the allottee.

However, the above does not prevent the casting of a vote if:

- it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- it is not cast on behalf of an allottee or an associate of the allottee.

The Company will disregard any votes cast by a 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 Shares, if the resolution is passed.

2. Shareholders who are entitled to vote

The Board has determined that for the purposes of voting at the Annual General Meeting, Shareholders will be taken to be those persons recorded on the Company's register of Shareholders as at 7.00 pm on Friday, 26 November 2010.

3. Proxy votes

In accordance with section 249L of the Corporations Act 2001 (Cth), Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company;
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

To be effective, a completed proxy form must be received by the Company no later than 10.00 am (Adelaide time) on Sunday, 28 November 2010 at the Company's share registry. Proxies may be lodged:

BY MAIL Share Registry – Registries Limited, GPO Box 3993, Sydney NSW 2001 Australia

BY FAX + 61 2 9290 9655

or

IN PERSON Share Registry – Registries Limited, Level 7, 207 Kent Street, Sydney NSW 2000 Australia

For the convenience of Shareholders a Proxy Form is enclosed, together with instructions for appointment of a proxy.

By order of the Board

Jeff King
Company Secretary

Dated: 27 October 2010

EXPLANATORY MEMORANDUM TO NOTICE OF ANNUAL GENERAL MEETING

Introduction

This Explanatory Memorandum has been prepared for the information of the Shareholders of the Company to assess Resolutions 1 to 11 to be put at the Annual General Meeting of the Company on Tuesday, 30 November 2010 at 10.00 am (Adelaide time).

The resolutions are ordinary resolutions and accordingly require approval by a simple majority of Shareholders present at the meeting and entitled to vote on the resolution by show of hands or on a poll.

This Explanatory Memorandum should be read in conjunction with the Notice of Annual General Meeting.

Capitalised terms in this Explanatory Memorandum are defined in its Glossary.

1. Notice requirements and disclosures for Resolutions

1.1 Financial Statements and Reports

The Financial Report, Directors' Report, Directors Declaration and Auditor's Report for the Company for the year ended 30 June 2010 will be laid before the Annual General Meeting

Whilst shareholders will be provided the opportunity to ask questions there is no requirement for the Shareholders to approve these reports.

1.2 Resolution 1: Remuneration Report

The Company remuneration arrangements for the Directors, including the Managing Director, are set out in the Directors' report (refer remuneration report) which forms part of the Annual Report for the year ended 30 June 2010.

The Corporations Act requires a resolution to be put to shareholders for adoption of the remuneration report. This resolution is advisory only and the vote by Shareholders does not bind the Company or the Directors.

1.3 Resolution 2: Confirmation of appointment of Mr Grant Chapman as Director

In accordance with Clause 47.1(a) of the Company's Constitution Mr Grant Chapman retires, and being eligible, offers himself for election as a Director of the Company. Mr Chapman is currently a non-executive director of the Company.

1.4 Resolution 3: Re-election of Mr Malcolm Leahy as Director

In accordance with Clause 47.1(b) of the Company's Constitution Mr Malcolm Leahy retires, and being eligible, offers himself for election as a Director of the Company. Mr Leahy is currently a non-executive director of the Company.

1.5 Resolutions 4 to 7: Approval for the issue of shares to Directors

Background and reason for the issue

Shareholder approval is being sought in Resolutions 4 to 7 to grant a total of 955,009 Shares to the following directors:

- (i) 397,597 Shares are to be issued to Mr Leon Milford (or his nominee);
- (ii) 66,454 Shares are to be issued to Mr Grant Chapman (or his nominee);
- (iii) 345,581 Shares are to be issued to Mr Malcolm Leahy (or his nominee); and
- (iv) 145,377 Shares are to be issued to Mr Ian Mutton (or his nominee).

The purpose of the issue of the shares is to pay these directors their fees for services rendered to the Company for the financial year to 30 June 2010 in lieu of cash.

The issue of Shares as remuneration for Directors and senior executives is an established practice of many public companies and in the case of the Company has the benefit of conserving cash.

Potential Benefits of issue of Shares

If the Shares are issued pursuant to Resolutions 4 to 7, the Company considers the following benefits arise:

- (a) each director has a vested fiduciary interest in the affairs of the Company which will be financially reinforced by the issue. As Shares are a performance-based incentive, they will have that incentive to ensure that the Company is able to create a successful and profitable business. The consequential increase in shareholder value and the market price of the Shares of the Company will benefit all Shareholders and should have a corresponding increase in the value of these Shares;
- (b) the issue of Shares to each director is a non-cash form of remuneration, thus conserving the Company's cash reserves. Details of cash remuneration payable to each director for the financial year to 30 June 2010 are as follows:

▪ Mr Leon Milford	\$72,959
▪ Mr Grant Chapman	\$10,739
▪ Mr Malcolm Leahy	\$73,260
▪ Mr Ian Mutton	\$23,493
- (c) the current shareholding of the Directors who are to be issued with Shares are as follows:

▪ Mr Leon Milford	100,000 Shares (held directly)
▪ Mr Grant Chapman	Nil
▪ Mr Malcolm Leahy	625,178 (held directly) and 243,211 (held indirectly)

- (d) Mr Ian Mutton is a former Director having resigned on 3 March 2010
- (e) The notional issue price for fees payable in respect of the financial year ended 30th June 2010 has been determined through the calculation of the VWAP for the last 5 trading days to the 30 June 2010. The price for these Shares has been calculated as \$0.1616 per Share.
- (f) The notional issue price for fees payable relating to prior years services is the same as that approved by Shareholders at last years Annual General Meeting being \$1.25 per share. This applies to \$10,000 of fees due to Mr Leon Milford and \$20,000 of fees due to Mr Malcolm Leahy.
- (g) The Company is not aware of any adverse tax consequences arising from the payment of fees to Directors by way of issue of Shares as consideration nor is it aware of an opportunity costs foregone as a consequence of this issue

Potential Costs of the issue of Shares

The potential cost to the Company of the issue of an aggregate of 955,009 Shares is that there will be a dilution of the issued Share capital.

Based on 52,941,417 Shares currently on issue, if the Shareholders approve the issue of these 955,009 Shares, there would be a dilution of approximately 1.8% (with a corresponding conservation of \$180,451 of cash).

The approval for the issue of Shares by Shareholders under these Resolutions excludes the issue of Shares from the calculation of the 15% limit under the ASX Listing Rule 7.1 with regards to the further issue of securities by the Company over the next 12 months.

The Shares referred to in the Resolutions will be issued for nil cash consideration and within one month after the date of this Annual General Meeting.

The closing price of the Company's shares quoted on the ASX over the past 4 months has ranged from a low of 8 cents on 11 October 2010 to a high of 24 cents on 21 July 2010, with a closing price of 8 cents on 11 October 2010.

Appendix C sets out the pro-forma capital structure of the Company in the event shareholders approve these and other resolutions for the issue of securities as detailed in this Explanatory Memorandum.

Requirement for Shareholder approval

Shareholder approval is required for the purposes of the following provisions of the ASX Listing Rules and the Corporations Act 2001, in particular, approval is sought under the following provisions of those instruments.

ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires that a listed company not issue securities to a Director without the approval of Shareholders by ordinary resolution. ASX Listing Rule 10.13

states that a notice of meeting must include in relation to the issue of securities to a Director and in accordance with that provision, the following information is provided in relation to resolutions 4 to 7:

- (a) the maximum number of securities to be issued by the Company is 955,009 Shares to be allocated as follows:
 - (i) 397,597 Shares are to be issued to Mr Leon Milford (or his nominee);
 - (ii) 66,454 Shares are to be issued to Mr Grant Chapman (or his nominee);
 - (iii) 345,581 Shares are to be issued to Mr Malcolm Leahy (or his nominee);
 - (iv) 145,377 Shares are to be issued to Mr Ian Mutton (or his nominee),
- (b) if the Resolutions are passed, the Shares will be issued and allotted no later than one month after the date of this Annual General Meeting (or such later date as permitted by any waiver or modification of the ASX Listing Rules) and it is expected that allotment will occur on the same date;
- (c) the Shares will be issued in lieu of remuneration otherwise payable to each Director for services to the Company in respect of the financial year to 30 June 2010 and in lieu of unpaid remuneration in respect of the prior financial year ended 30 June 2009, and no other consideration will be received by the Company for the issue of these Shares.

For the financial year to 30 June 2010, the fees payable to Mr Leon Milford were \$62,959, Mr Grant Chapman were \$10,739, Mr Malcolm Leahy were \$53,260, and Mr Ian Mutton were \$23,493.
- (d) the Shares are to be issued as fully paid ordinary Shares and will rank equally with the Company's other existing Shares. If Shareholder approval is not given for the issue of the Shares, the Company will have to pay the cash consideration otherwise due to each Director, and
- (e) voting exclusion statements are included in the Notice of General Meeting.

ASX Listing Rules 7.1 and 7.2 exception 14

ASX listing Rule 7.1 restricts an issue of securities in excess of 15% of the share capital of the Company in the preceding 12 month period without Shareholder approval, subject to limited exceptions.

Therefore, without shareholder approval, these Shares to be issued to Directors in lieu of remuneration, cannot be issued.

Listing Rule 7.2, exception 14 states that Listing Rule 7.1 does not apply so long as the issue is approved under Listing Rule 10.11. Accordingly, if approval is given under Listing Rule 10.11 to the issues under Resolutions 4 to 7, approval is not required under Listing Rule 7.1 and the issue will not count as part of the Company's 15% placement capacity.

Chapter 2E of the Corporations Act 2001

Chapter 2E of the corporations Act 2001 regulates the provision of financial benefits to related parties by a public company. Section 208 of the Corporations Act 2001 prohibits a public company giving a financial benefit to a related party unless one of a number of exceptions applies.

A “financial benefit” is defined by the Corporations Act 2001 in broad terms and includes a public company issuing securities.

For the purposes of this meeting, a “Related Party” (as defined in section 228 of the Corporations act 2001) includes a director of the Company. Accordingly, the proposed issue of Shares to the Directors under Resolutions 4 to 7 involves the provision of a financial benefit to a Related Party of the Company.

Shareholder approval under Chapter 2E of the Corporations Act 2001 is not required if the financial benefit may be characterised as reasonable remuneration of a Related Party under section 211 of the Corporations Act 2001.

The Board (excluding the participation of that Director who is the beneficiary of the approval sought under the relevant Resolution) has reasonably formed the view that the issue of Shares proposed to be made under Resolutions 4 to 7 constitute reasonable consideration in lieu of cash remuneration for the Director, having regard to the circumstances, roles and responsibilities of that person, the Company and its published remuneration policy and the accepted best practice for Director and executive remuneration.

Accordingly, the Board believes that Shareholder approval for the purpose of Chapter 2E of the Corporations Act 2001 is not strictly necessary. Nevertheless, the Directors have determined to seek Shareholder approval for the purposes of Chapter 2E of the Corporations Act 2001 for the issue of the Shares to the relevant Directors.

Directors Recommendations

In relation to Resolutions 4 to 7, each Director, other than the Director to whom the Shares are to be issued:

- recommends that Shareholders vote in favour of resolutions 4 to 7 for the reasons set out above; and
- confirms he/she has no interest in the outcome of the relevant Resolution.

The Directors confirm that this Notice of General Meeting and Explanatory Memorandum contains all information, that is known to the Company and its Directors, that is reasonably required by Shareholders in order to decide whether or not it is in the Company's interest to pass these Resolutions.

1.6 Resolution 8: approval for aggregate fees payable to Directors

Listing Rule 10.17 requires Shareholders to approve the quantum of fees to be paid to Directors. This has not been done by the Company for some time and the Directors

resolved to put such a resolution to Shareholders. The effect of the resolution is to set the maximum of the amount payable as Director's fees at \$260,000 per annum. This does not include any amounts payable to the Managing Director. The current fees payable to non executive directors are \$160,000 per annum. With the expansion of the Company's activities, the Board is intending to appoint up to an additional 2 non-executive directors. The passing of this resolution equates to a 4% increase in the maximum fees payable to directors, from the current limit of \$250,000.

1.7 Resolutions 9 and 11: approval for the issue of equity securities

Background and reason for the issue

On 11 October 2010, Digislide announced to the ASX that further to the comments made in the Financial Statements of the Company for the year ended 30th June 2010, Digislide Holdings Limited ("Digislide") advises that it has completed the first tranche of the two phase capital raising initiative, aimed at funding the Company with additional working capital through to breakeven.

Digislide advised that it has agreed terms with two financiers who have provided the Company with \$500,000 by way of subscription to Notes. The terms for the Notes are set out in Appendix A. A summary of the key terms are as follows:

1. the total face value of the 10 Notes is \$500,000.00, comprising 10 x \$50,000 Notes;
2. interest payable on each Note is 15% per annum;
3. each Note will be issued with an attaching issue of 300,000 Options, exercisable at \$0.25 per option with an expiry date of 24 month from date of issue, total 3.0 million Options (terms of which are set out in Appendix B);
4. each Note is convertible into Shares in the capital of Digislide at a conversion rate of \$0.20 per Share;
5. the term of the Note(s) is 12 months from date of issue; and
6. if the Note is paid out earlier than the 12 months, interest for the term will be 5%.

Pursuant to Resolution 9, Shareholders are asked to approve the issue and allotment of the Notes and attaching Options to these two financiers.

In addition, Digislide has come to an arrangement with several parties (some of whom are related to Directors – refer section 1.8 below) who have requested the settlement of their trade account with the Company in Shares. In consideration for the discharge of \$171,953.80 in trade payables to unrelated parties, Digislide will issue 1,510,752 Shares, such Shares to be issued at \$0.113812 per Share, being the VWAP of Shares over the last 5 trading days to the 30 September 2010, to these parties who are persons to whom section 708 of the Corporations Act apply.

Therefore, pursuant to Resolution 11, Shareholders are asked to approve the issue and allotment of the 1,510,752 Shares as consideration for the full settlement of debts totalling \$171,953.80 owed by the Company to these (unrelated) parties, who are listed in Appendix D, section 2.

Appendix C sets out the pro-forma capital structure of the Company in the event shareholders approve the various resolutions approving the issue of equity securities to be put to Shareholders at this Meeting.

It should be noted that, with respect to the 3 million attaching Options, if the Options are exercised at a time when the market price of the Company's shares is greater than the exercise price of the Options, there will be a detriment insofar as the Company will be required to issue Shares at a price lower than it might otherwise have been able to otherwise.

Using the Black and Scholes option valuation model, the value of attaching Options to these Notes to be issued is calculated as follows:

Number of Options to be issued	3,000,000
Exercise price per Option	25 cents
Length of exercise period	2 years
<i>Theoretical valuation: Black and Scholes model</i>	
Share price used (as at 11 October 2010)	8 cents
Risk free interest rate (referenced against the 10 year bond rate)	6.25%
Volatility	119%
Derived theoretical value per Option	3.13 cents

The closing price of the Company's shares quoted on the ASX over the past 4 months has ranged from a low of 8 cents on 11 October 2010 to a high of 24 cents on 11 June 2010, with a closing price of 8 cents on 11 October 2010.

The model computes a theoretical value of \$93,752 for these 3 million attaching Options.

As noted above, further details of the terms and conditions of the Options to be issued are set out in Appendix B to this Explanatory Memorandum.

Requirement for Shareholder approval

Shareholder approval is required for the purposes of the following provisions of the ASX Listing Rules, in particular, approval is sought under the following provision:

ASX Listing Rules 7.1

ASX Listing Rule 7.1 restricts an issue of securities in excess of 15% of the share capital of the Company on issue in the preceding 12 month period without Shareholder approval, subject to limited exceptions.

The proposed issue of these equity securities, comprising Notes and Shares, if issued without Shareholder approval, will be counted towards the 15% limit under ASX Listing Rule 7.1.

Obtaining this shareholder approval would also give the Company the capacity to issue further capital by refreshing the Company's 15% threshold, should it wish to do so during the next 12 months without having to seek further Shareholder approval.

ASX Listing Rule 7.3

ASX Listing Rule 7.3 requires the following information to be given to Shareholders and approval is sought from Shareholders for the issue of these equity securities pursuant to Resolutions 9 and 11 on the following terms:

- (a) the maximum number of equity securities that the Company will issue are as follows:
 - (i) Notes of face value of \$500,000 are convertible to 2,500,000 Shares; and
 - (ii) 1,510,752 Shares.
- (b) the equity securities will be issued and allotted within 3 months of the date of this General Meeting as required by Listing Rule 7.3.2 or such later date as permitted by any ASX waiver;
- (c) the issue price of the equity securities are;
 - (i) 10 x \$50,000 Notes, convertible at conversion rate of \$0.20s per Share; and
 - (ii) \$0.113812 per Share (being the VWAP of Shares over the last 5 trading days to the 30 September 2010);
- (d) the allottees of the Notes are:
 - (i) Martin Place Securities – 5 x \$50,000 Notes; and
 - (ii) Multi Vendor Support Services Pty Ltd – 5 x \$50,000 Notes
- (e) the allottees of Shares are detailed in Appendix D, section 2;
- (f) the Shares were issued on the same terms and conditions as the Company's existing Shares; the Notes are issued on terms set out in this Explanatory Memorandum in Appendix A; and
- (g) the equity securities are issued to provide working capital to the Company and for the reasons noted in this paragraph 1.7 of this Explanatory Memorandum.

1.8

Resolution 10: Approval for the issue of Shares to parties related to Directors

As noted in section 1.7 above, Digislide has come to an arrangement with several parties who have requested the settlement of their trade account with the Company in Shares in the capital of the Company. Some of these parties are related to Mrs Luceille Outhred and Mr Grant Chapman, who are Directors of the Company.

Pursuant to Resolution 10, Shareholders are asked to approve the issue and allotment of the 1,869,436 Shares to these (related) parties, who are listed in Appendix D, section 1, as full consideration for the settlement of \$212,779.20 in debts owed to them by the Company.

Appendix C sets out the pro-forma capital structure of the Company in the event shareholders approve these and other resolutions for the issue of securities as detailed in this Explanatory Memorandum.

Potential Benefits of issue of Shares

If the Shares and Options are issued pursuant to this Resolution 10, the Company considers the following benefits arise:

- (a) Mrs Luceille Outhred and Mr Grant Chapman have a vested fiduciary interest in the affairs of the Company which will be financially reinforced by the issue. As Shares are a performance-based incentive, they will have that incentive to ensure that the Company is able to create a successful and profitable business. The consequential increase in shareholder value and the market price of the Shares of the Company will benefit all Shareholders and should have a corresponding increase in the value of these Shares;
- (b) the issue of Shares to parties related to Mrs Luceille Outhred and Mr Grant Chapman are a non-cash form of debt settlement (for a total sum of \$212,779.20), thus conserving the Company's cash reserves;
- (c) the current shareholding of the Directors who related parties are to be issued with Shares are as follows:
 - Mrs Luceille Outhred 196,581 Shares and 350,000 Options (held directly) and 7,853,958 Shares (held indirectly)
 - Mr Grant Chapman Nil
- (d) the notional issue price for Shares are \$0.11382 per Share (being the VWAP of Shares over the last 5 trading days to the 30 September 2010); and
- (e) the Company is not aware of any adverse tax consequences arising from the payment of fees to Directors by way of issue of Shares as consideration nor is it aware of an opportunity costs foregone as a consequence of this issue.

Potential Costs of the issue of Shares

The potential cost to the Company of the issue of 1,869,436 Shares is that there will be a dilution of the issued share capital.

Appendix C sets out the pro-forma capital structure of the Company in the event Shareholders approve this and other resolutions for the issue of securities as detailed in this Explanatory Memorandum.

The closing price of the Company's shares quoted on the ASX over the past 4 months has ranged from a low of 8 cents on 11 October 2010 to a high of 24 cents on 21 July 2010, with a closing price of 8 cents on 11 October 2010.

The granting of approval for the issue of Shares by Shareholders under this Resolution excludes the issue of Shares from the calculation of the 15% limit under ASX Listing Rule

7.1 with regards to the further issue of securities by the Company over the next 12 months.

The Shares are to be issued within one month from the date of this Meeting.

Requirement for Shareholder approval

Shareholder approval is required for the purposes of the following provisions of the ASX Listing Rules and the Corporations Act 2001, in particular, approval is sought under the following provisions of those instruments.

ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires that a listed company not issue securities to a Director without the approval of Shareholders by ordinary resolution. ASX Listing Rule 10.13 states that a notice of meeting must include in relation to the issue of securities to a Director and in accordance with that provision, the following information is provided in relation to Resolution 10:

- (a) the maximum number of securities to be issued by the Company is 1,869,436 Shares to be allocated to those parties who are listed in Appendix D, section 1;
- (b) if the Resolutions are passed, the Shares will be issued and allotted no later than one month after the date of this Annual General Meeting (or such later date as permitted by any waiver or modification of the ASX Listing Rules) and it is expected that allotment will occur on the same date;
- (c) the Shares will be issued in lieu of cash otherwise payable to these parties in respect of debts owed to them by the Company;
- (d) the Shares are to be issued as fully paid ordinary Shares and will rank equally with the Company's other existing Shares. If Shareholder approval is not given for the issue of the Shares, the Company will have to pay the cash consideration of \$212,779.20 otherwise due to these parties; and
- (e) voting exclusion statements are included in the Notice of General Meeting.

ASX Listing Rules 7.1 and 7.2 exception 14

ASX listing Rule 7.1 restricts an issue of securities in excess of 15% of the share capital of the Company in the preceding 12 month period without Shareholder approval, subject to limited exceptions.

Therefore, if these Shares are to be issued without Shareholder approval, they will be counted towards that 15% limit.

Listing Rule 7.2, exception 14 states that Listing Rule 7.1 does not apply so long as the issue is approved under Listing Rule 10.11. Accordingly, if approval is given under Listing Rule 10.11 to the issues under Resolution 10, approval is not required under Listing Rule 7.1 and the issue will not count as part of the Company's 15% placement capacity.

Chapter 2E of the Corporations Act 2001

Chapter 2E of the corporations Act 2001 regulates the provision of financial benefits to related parties by a public company. Section 208 of the Corporations Act 2001 prohibits a public company giving a financial benefit to a related party unless one of a number of exceptions applies.

A "financial benefit" is defined by the Corporations Act 2001 in broad terms and includes a public company issuing securities.

For the purposes of this meeting, a "Related Party" (as defined in section 228 of the Corporations act 2001) includes a party (entity) related to a director of the Company. Accordingly, the proposed issue of Shares to these (related) parties under Resolution 10 involves the provision of a financial benefit to a Related Party of the Company.

Directors Recommendations

In relation to Resolution 10, each Director, other than Mrs Luceille Outhred and Mr Grant Chapman:

- recommends that Shareholders vote in favour of Resolution 10 for the reasons set out above; and
- confirms he has no interest in the outcome of the relevant Resolution.

The Directors confirm that this Notice of General Meeting and Explanatory Memorandum contains all information, that is known to the Company and its Directors, that is reasonably required by Shareholders in order to decide whether or not it is in the Company's interest to pass this Resolution.

2. Glossary of terms

In this Notice of General Meeting and Explanatory Memorandum and any associated documents the following terms have the following meaning:

Board	Board of Directors of Digislide
Corporations Act	the Corporations Act 2001 (Cth)
Company or Digislide	Digislide Holdings Limited (ACN 105 012 066)
Constitution	the Constitution of Digislide, as amended from time to time
Director	a Director of Digislide
equity securities	Means a Share, a Note or an Option
Explanatory Memorandum	means the explanatory memorandum set out in this document
Notice of Annual General Meeting	means the Notice of Annual General Meeting set out in this document
Meeting	This Annual General Meeting of members of Digislide to be held on 30 November 2010
Note	a convertible note whose holder is entitled to convert the face value into Shares and issue on terms set out in Appendix A
Notice	the notice dated 27 October 2010 convening the Meeting
Optionholder	The holder of an Option
Share	a fully paid ordinary share in the capital of Digislide
Shareholder	the registered holder of one or more Shares
VWAP	volume weighted average share price

Appendix A: Note terms

1. The face value each Note is \$50,000.
2. Interest payable on each Note is 15% per annum.
3. Each Note will be issued with 300,000 Options (terms of which are set out in Appendix B) attaching thereto.
4. each Note is convertible into Shares in the capital of Digislide at a conversion rate of \$0.20 per Share.
5. the term of each Note is 12 months from date of issue.
6. if a Note is paid out earlier than the 12 months, interest for the term will be 5%.
7. The Notes have no rights of entitlement or participation if the Company makes any pro rata, rights issue, bonus issue or other equivalent offer or invitation of Shares or other securities to the holders of Shares.
8. The holder of Notes must convert the Notes into Shares before any applicable record date to have any such entitlement or participation rights.
9. Until the Notes are converted, if there is a reorganisation of the issued capital of the Company, the Notes are to be treated in the manner set out in ASX Listing Rule 7.21 (or other applicable Listing Rules of the ASX from time to time) being that the number of Notes will be reorganised so that the holder of Notes will not receive a benefit that holders of Shares do not receive and so that the holders of Shares will not receive a benefit that the holder of Notes does not receive.

Appendix B: Option terms

1. Each Option entitles the holder to subscribe for and be allotted one Share. The exercise price of each Option is \$0.25.
2. If not previously exercised, the Options expire on a date being 24 months from date of issue (the **Expiry Date**).
3. The Options are exercisable at any time prior to the Expiry Date.
4. The Options are exercised by notice in writing to the Company accompanied by payment of the exercise price as detailed in (1) above.
5. The Options are not transferable, except to a spouse of the Optionholder, or a company wholly owned by the Optionholder and his or her spouse, or pursuant to a court order and no application will be made to the ASX for Official Quotation of the Options.
6. Shares allotted and issued pursuant to the exercise of an Option will be allotted and issued not more than 10 business days after receipt of a properly executed notice of exercise of the Option and payment of the requisite application moneys.
7. All Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's fully paid ordinary shares. The Company will apply for Official Quotation by ASX of all Shares issued upon exercise of the Options within three business days after the date of allotment of those Shares.
8. There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered or made to shareholders during the currency of the Options. However, the Company will send a notice to each Optionholder at least nine business days before the record date for any proposed issue of capital. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
9. There are no rights to a change in exercise price, or in the number of Shares over which the Options can be exercised, in the event of a bonus issue by the Company prior to the exercise of any Options.
10. In the event of any reorganisation of the issued capital of the Company on or prior to the Expiry Date, the rights of an Optionholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of the reorganisation.
11. The Company will, at least 20 business days before the Expiry Date, send notices to the Optionholders stating the name of the Optionholder, the number of Options held and the number of securities to be issued on exercise of the Options, the exercise price, the due date for payment and the consequences of non-payment.



27 October 2010

Dear Shareholder

Annual General Meeting of members

My Directors and I have pleasure in inviting you to attend the Annual General Meeting of members of Digislide Holdings Limited. This Annual General Meeting is to be held on Tuesday, 30 November 2010 at Rendezvous Allegro, 55 Waymouth Street, Adelaide SA 5000 at 10.00 am (Adelaide time).

Enclosed herewith are the:

- Notice of Meeting setting out the items of business for consideration at the Meeting;
- Explanatory Memorandum; and
- Proxy Form.

The attached documents set out the business to be considered at this Annual General Meeting.

If you are attending the Meeting, please bring this letter with you to facilitate registration. If you are unable to attend, we encourage you to exercise your right to vote by completing the attached Proxy Form and posting or faxing the signed form back to the Company.

Individuals seeking to attend the Meeting on behalf of corporate Shareholders should bring with them a "representative authority" duly completed and executed by that corporate shareholder.

We look forward to seeing you at the Meeting.

Yours faithfully

Leon Milford
Interim Chairman

FOR ALL ENQUIRIES CALL:
(within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

FACSIMILE
+61 2 9290 9655

ALL CORRESPONDENCE TO:
Registries Limited
GPO Box 3993
Sydney NSW 2001
Australia



Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction on the form. Securityholders sponsored by a broker should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

YOUR VOTE IS IMPORTANT

FOR YOUR VOTE TO BE EFFECTIVE IT MUST BE RECORDED BEFORE 9:30am (ADST) SUNDAY 28th November 2010

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 Appointment of Proxy

Indicate here who you want to appoint as your Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chairman of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 Voting Directions to your Proxy

You can tell your Proxy how to vote

To direct your proxy how to vote, place a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

STEP 3 Sign the Form

The form must be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders must sign

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below not later than 48 hours before the commencement of the meeting (ie 9.30 am ADST Sunday, 28 November 2010). Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxies may be lodged using the reply paid envelope or:

BY MAIL - Share Registry - Registries Limited, GPO Box 3993, Sydney NSW 2001 Australia

BY FAX - + 61 2 9290 9655

IN PERSON - Share Registry - Registries Limited, Level 7, 207 Kent Street, Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

STEP 1 - Appointment of Proxy

I/We being a member/s of **Digislide Holdings Limited** and entitled to attend and vote hereby appoint

☐ the Chairman of the Meeting (mark with an 'X') **OR**

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy at the **Annual General Meeting of Digislide Holdings Limited to be held at Rendevoz Allegro, 55 Waymouth Street, Adelaide SA 5000 on Tuesday the 30th of November 2010 at 10am (Adelaide time)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit

☐ If the Chairman of the Meeting is appointed as your proxy or may be appointed by default, and you do not wish to direct your proxy how to vote in respect of resolutions 4 and/or 8, please mark this box. By marking this box, you acknowledge that the Chairman of the Meeting may vote as your proxy even if he has an interest in the outcome of resolution 4 and votes cast by the Chairman of the Meeting for those resolutions, other than as proxy holder, will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called. The Chair intends to vote all undirected proxies in favour of the resolution.

STEP 2 - Voting directions to your Proxy – please mark ☒ to indicate your directions**Ordinary Business**

		For	Against	Abstain*
Resolution 1	To adopt the Remuneration Report	☐	☐	☐
Resolution 2	Confirmation of Appointment of Mr Grant Chapman as a Director	☐	☐	☐
Resolution 3	Re-election of Mr Malcolm Leahy as a Director	☐	☐	☐
Resolution 4	Approval for the issue of shares to Mr Leon Milford, a Director	☐	☐	☐
Resolution 5	Approval for the issue of shares to Mr Grant Chapman, a Director	☐	☐	☐
Resolution 6	Approval for the issue of shares to Mr Malcolm Leahy, a Director	☐	☐	☐
Resolution 7	Approval for the issue of shares to Mr Ian Mutton, a Director	☐	☐	☐
Resolution 8	Approval for aggregate fees payable to Directors	☐	☐	☐
Resolution 9	Approval for issue of Convertible Notes	☐	☐	☐
Resolution 10	Approval for issue of equity securities to parties related to Directors	☐	☐	☐
Resolution 11	Approval for issue of Shares	☐	☐	☐

In addition to the intentions advised above, The Chairman of the Meeting intends to vote undirected proxies in favour of each of the items of business.

*If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3 - PLEASE SIGN HERE This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.**Individual or Securityholder 1****Securityholder 2****Securityholder 3**

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

Contact Name

Contact Daytime Telephone Date / / 2010