

Digital Surge Pty Ltd (Administrators Appointed) ACN 620 473 109 ('the Company')

20 December 2022 | Third Frequently Asked Questions | Company assets and EOI campaign

John Mouawad, Scott Langdon and David Johnstone were appointed Voluntary Administrators of the Company on 8 December 2022 pursuant to section 436A of the Corporations Act 2001 ('the Administrators').

The Administrators have prepared this Frequently Asked Question ('FAQ') sheet to provide answers to common questions and provide information on the voluntary administration process and your position as customers and creditors of the Company.

The purpose of this FAQ is to address some of the creditors' queries in relation to the Company's assets and the Expression of Interest campaign. This is the third FAQ prepared by the Administrators and should be read in conjunction with our first two FAQs. Our previous FAQs have been uploaded to www.kordamentha.com/creditors/digital-surge-pty-ltd.

This FAQ sheet has been prepared using the information available at the time of issue.

1 Assets

What was the value and type of digital assets under management at the date of appointment?

Based on the Administrators' investigations, the Company had \$55.4 million of digital assets (in AUD equivalent) as at the date of appointment (8 December 2022). Of this, approximately 52% (by value in AUD equivalent) were deposited with the FTX group of companies. 48% of the digital assets were not held with the FTX group of companies at the date of our appointment, as summarised in Table 1 below.

Table 1: Digital assets available at appointment date

Digital asset	Books and records value as at 8 December 2022 (\$ AUD equivalent)	Balance held at 8 December 2022 (\$ AUD equivalent)	Balance available (%)
BTC	19,315,422	6,285,771	33%
ETH	12,777,717	5,337,577	42%
XRP	4,825,845	636,793	13%
ADA	1,847,107	1,847,107	100%
DOGE	1,456,984	444,506	31%
MATIC	1,031,238	866,375	84%
Other	14,186,035	11,382,855	80%
Total	55,440,348	26,800,985	48%

We note values of digital assets are volatile and Table 1 is an estimate only.

What assets have been secured by the Administrators?

The Administrators have secured \$26,800,985 (AUD equivalent) of the digital assets controlled by the Company. To date, the Administrators have prioritised securing and transferring the Company's digital assets to a secure custodian. This is largely complete with only a few assets remaining to be transferred.

We have also secured in \$4,625,922 in cash (AUD).

What assets remain with FTX?

The Report on Company Activities and Property provided by the Directors estimates the value of assets remaining with the FTX group of companies to be \$33,000,000 (AUD equivalent). Most of these assets were deposited on-chain to FTX Trading Limited.



From the information available to us at the time of issuing this FAQ, we estimate the value of assets remaining with the FTX group of companies to include \$3,600,000 of fiat currency and \$28,639,363 of digital assets (AUD equivalent, based on digital asset prices as at the date of appointment).

The value and type of digital assets remaining with FTX Trading Limited is estimated below.

Table 2: Digital assets held by FTX Trading Limited

Digital asset type	Digital asset value held by FTX Trading Limited (\$)	% of assets in the books and records held by FTX Trading Limited
BTC	13,029,651	67%
ETH	7,440,140	58%
XRP	4,189,052	87%
DOGE	1,012,478	69%
MATIC	164,862	16%
Other	2,803,180	20%
Total	28,639,363	52%

We note values of digital assets are volatile and Table 2 is an estimate only.

Have the Administrators contacted FTX in relation to the Company's claim?

Yes. The Administrators have written to the US bankruptcy legal advisors, Sullivan & Cromwell LLP, to lodge a Proof of Debt in relation to the funds deposited on-chain to FTX Trading Limited and to request updates on the US bankruptcy proceedings. We will continue to update creditors of the Company throughout the administration in relation to the Company's claim in the FTX US bankruptcy proceedings.

Prior to our appointment, the Company also lodged a Proof of Debt with the Administrators of FTX Express Pty Limited and FTX Australia Pty Limited for \$3,600,000.

Are there any additional assets available to the Administrators?

The Administrators are in the process of reviewing the Company's books and records to identify any other assets that would be available to creditors. Our initial investigations have not identified any material assets outside the digital assets listed above in Table 1. Any update to this position will be communicated in future correspondence to creditors.

Can I trade the digital assets secured by the Administrators?

As a result of the administration, customers are unable to trade on the Digital Surge platform until further notice. The digital assets secured by the Administrators will continue to remain frozen during the administration process. Further updates will be provided to customers as the administration progresses.

Can I withdraw the digital assets secured by the Administrators?

No, customers' accounts were frozen by the Company on 16 November 2022 and will continue to remain frozen during the administration.

2 Expression of interest campaign

When will I find out more details about the Expression of Interest campaign?

The initial Expression of Interest Campaign closes at 5:30pm (AEST) Tuesday, 20 December 2022. The Administrators will review interested parties who have submitted an EOI and invite credible parties into a due diligence phase. Interested parties will be invited to submit a Deed of Company Arrangement ('DOCA') to propose a recapitalisation or purchase the business prior to the second meeting of creditors.

The Administrators will assess any offers and report to creditors prior to the second meeting of creditors. Our report will include a recommendation to creditors and a financial comparison of any DOCA proposals against a liquidation scenario. Creditors will vote on the Company's future at the second meeting of creditors.

Thank you for your patience during this process. Should you have further queries, please submit them via email to digitalsurge@kordamentha.com.

Yours sincerely



Scott Langdon
Voluntary Administrator



John Mouawad
Voluntary Administrator



David Johnstone
Voluntary Administrator

