

Minutes of first meeting of creditors

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

Held via Zoom on 5 January 2023 at 11:00 AM AEST

Introduction

Mr Scott Langdon introduced himself and welcomed the creditors to the First Meeting of the Company. Mr Langdon stated the Company would be referred to as either 'Digital Surge' or 'the Company' for the remainder of the meeting.

Mr Langdon also introduced David Johnstone, his co-Administrator and co-Chairman, and Elyse Diamond of KordaMentha who were seated beside him.

Mr Langdon acknowledged the traditional owners of the land and paid his respects to the Elders past, present and emerging.

Mr Langdon declared the First Meeting open at 11:08 AM AEST / 12:08 PM AEDT and confirmed that, in accordance with Section 75-50(2) of the Rules, he and David Johnstone would be chairing the meeting.

The Chairperson virtually tabled the Notice of Appointment and Notice of Meeting as published on ASIC's Published Notices Website on 20 December 2022.

The Chairperson advised the meeting had been called pursuant to Section 436E of the Act following the appointment of Administrators on 8 December 2022.

The creditors were informed that, as advised in the Initial Report, Orders were granted by the Federal Court of Australia that allowed the meeting to be held within 18 business days after the Date of Appointment, which was an extension from eight days as prescribed by Section 436E of the Act. The Chairperson confirmed the Orders also modified the operation of the Act and the IPS such that there would be no COI during the administration of the Company.

The creditors were advised the purpose of the meeting was to provide an update on the administration process and work undertaken to date, and to allow creditors to submit questions to the Administrators when prompted to do so.

The Chairperson advised creditors could also remove the Administrators from office and appoint someone else as Administrator(s). The Chairperson noted that as no alternate nomination had been received, no resolution would be raised in this regard.

The Chairperson discussed some housekeeping to assist with the smooth running of the virtual meeting and noted the meeting would be recorded to assist with the preparation of the minutes.

The Chairperson advised the meeting would deal with procedural issues first, then provide an update on the administration of the Company. Creditors would then have an opportunity to submit questions to the Administrators.

The Chairperson advised the procedural requirements for the meeting were governed by the Act. Accordingly, the formal parts of the meeting must follow those requirements.

Time and place convenient

The Chairperson declared pursuant to Section 75-30 of the Rules, the meeting had been convened at a time and place convenient to the majority of creditors of the Company. The meeting was held entirely virtually and none of the persons entitled to attend the meeting were able to physically attend the meeting. In accordance with Section 75-75(6) of the Rules, the convenor of the meeting therefore elected that the notional physical address of the meeting was Level 5, Chifley Tower, 2 Chifley Square, Sydney NSW 2000.

Attendance, proxies and proofs of debt

The Chairperson advised given the quantity of attendees it was not practical to perform a roll call. The Chairperson advised there were approximately 200 creditors present.

The attendance register is attached to these minutes at Appendix A.

The Chairperson advised that, in accordance with Section 75-100 of the Rules, the Chairperson has the power to admit or reject a Proof of Debt for the purposes of voting. The Chairperson advised that all Proofs of Debt had been reviewed and admitted or rejected for voting purposes prior to the meeting.

Creditors were advised all creditors who duly registered and accessed the meeting would be deemed to have attended and be entitled to vote on any proposed resolutions, provided an adequate Proof of Debt had been submitted with substantiation, and a duly executed Proxy Form was submitted if required.

The Chairperson advised that Proofs of Debt and Proxy Forms should have been lodged prior to the meeting, that the forms were being used for voting purposes only and that this did not represent a formal admission or rejection of a debt or claim. The Chairperson confirmed he reserved the right to re-examine any documents should a voting dispute arise.

Quorum

It was noted that, in accordance with Section 75-105(2) of the Rules, a quorum was present.

Other matters

The Chairperson advised KordaMentha had no prior professional relationship with the Company. Involvement prior to the appointment was to prepare for the orderly conduct of the administration. The Chairperson virtually tabled the Declaration of Independence, Relevant Relationships and Indemnities in accordance with Section 436DA of the Act which was sent to all creditors on 13 December 2022.

Administration Process

The Chairperson provided the following outline of the requirements of a standard administration process, which is governed by the Act:

- The process is commenced by the director/s (or another party in other circumstances) of a company resolving that company is insolvent or likely to become insolvent.
- The appointed administrators then take control of the company and its assets.
- A first meeting of creditors is usually held within 8 business days of an administrators' appointment. Creditors can ordinarily vote at this meeting to replace the appointed administrators and create a COI.
- After a first meeting of creditors, administrators must investigate the affairs of the company in administration and provide a more substantial report to creditors on alternatives available for the company.
- A second meeting of creditors must then be held, within 25 business days of the appointment of administrators.
- Creditors at a second meeting can decide to end the administration and return control to the director, accept a DOCA or put the company into liquidation.

Regarding the administration of the Company specifically, the Chairperson noted:

- As detailed in the Initial Report to Creditors dated 13 December 2022, the period to hold the First Meeting was extended to 18 business days by a Court Order from the Federal Court of Australia, granted on 12 December 2022. This Order also modified the operation of the Act and the IPS such that there would be no COI during the administration of the Company. Therefore, no resolutions would be brought in this regard.
- The following are key reasons for no COI being sought in the administration of the Company:
 - There are over 30,000 Digital Surge customers who are likely creditors of the Company, and therefore could potentially form part of the COI. Given the large number of potential members and the disparate nature, the COI would not be representative of all creditors.
 - All customers and creditors will be kept up to date via the Administrators' direct written correspondence, the Administrators' website and other methods.
 - The speed to the Second Meeting. The Second Report will likely be sent on 17 January 2023, being two weeks from the First Meeting, with the Second Meeting to be held in three weeks. There is therefore limited utility for a COI.

- It is to the financial benefit of creditors to not have a COI, as the calling and running of COI meetings is often a costly and time-consuming process, with limited to no benefit to creditors.
- At this stage, despite the extended time frame granted to hold the First Meeting, there was no intention to extend the time to hold the Second Meeting for the Company. The Chairperson noted if this position changed, all creditors would be advised in writing.

Administrators' address

Attached as Appendix B is the presentation which should be read in conjunction with this address.

By way of an update on the Administration of the Company:

- John Mouawad, Scott Langdon and David Johnstone were appointed Administrators of the Company on 8 December 2022 after the Directors made the decision that the Company was, or was likely to become, insolvent as a result of the current circumstances.
- The Company was established in 2017 and is based in Brisbane. The Company currently provides a cryptocurrency trading platform to approximately 30,000 customers and has access to 300 different cryptocurrencies.
- The Company is an Australian private company, limited by shares, which is the most common company type in Australia.
- The Company was registered with AUSTRAC for anti-money laundering and counter terrorism purposes.
- The Company does not have an AFSL. As far as the Administrators are aware, the Company was not required to hold an AFSL.
- The platform used by customers is a licensed product and is licensed exclusively from DSX, which is a related party of the Company due to the Directors being common to both DSX and the Company.
- The Company has 13 full time employees.
- The Company had minimal trade creditors at the Date of Appointment.

Corporate structure

The Chairperson detailed the corporate structure of the Company referring to an illustration within the presentation (attached to these minutes as Appendix B).

The Company's organisational structure consists of two directors, four shareholders and four secured creditors. The Chairperson also noted that this was the most common company type in Australia.

The Chairperson noted the Administrators were currently undertaking a legal review of the registered security interests recorded against the Company.

Pre-administration timeline

The Chairperson referred to a timeline of key events and milestones from the Company's inception to the Date of Appointment. The Chairperson provided the following summary:

- The Company was founded in July 2017 and by December 2018 had 850 user accounts.
- By December 2019, the platform had just under 3,000 users.
- In March 2020, the Company's IP was sold to DSX as part of a restructuring exercise. The Administrators are reviewing this transaction and will provide more information about this in the Second Report.
- Following the sale to DSX, it is understood DSX invested considerable capital into the website, platform and mobile app.
- In December 2020 the website, platform and app were relaunched. At this time, the platform had just under 4,000 users.
- From January 2021 to May 2021, the platform saw material growth in the number of user accounts and the trading volume by user.
- By the end of 2021, the platform had over 36,000 registered users.
- By the end of 2022, the platform had over 62,000 registered users.
 - Approximately 22,000 of the 62,000 user accounts remain unverified by the individual customers.
 - At the Date of Appointment, there were approximately 24,000 user accounts that had an account with a balance greater than zero.

- The Company didn't appear to face any operational issues until the end of 2022 and entering administration appeared to be the result of the global FTX collapse.
- The FTX partnership with Digital Surge started in September 2022. The purpose of using the FTX arrangement was to offer better pricing to customers who were using the Digital Surge platform.
- Onboarding and test transactions with FTX were completed in late October 2022.
- Over the period 30 October 2022 to 9 November 2022, Digital Surge transferred funds to the FTX platform.
- On 11 November 2022, FTX Trading entered Chapter 11 Bankruptcy Proceedings in the United States.
- The Administrators understand that once the assets were unable to be withdrawn from the FTX platform, the Company no longer had the 1:1 ratio.
- Customer withdrawals from the Digital Surge platform were suspended on 16 November 2022, a week after the FTX collapse.
- The Directors then appointed the Administrators on 8 December 2022.

The Chairperson noted every customer should have view only access to their Digital Surge wallet on the platform. Withdrawals and trading were to remain suspended until the future of the Company is determined at the upcoming Second Meeting.

Administrators' actions since the Date of Appointment

The Chairperson outlined the actions that had been taken since the Date of Appointment.

Regarding the statutory obligations of the Administrators:

- Attended to all statutory obligations, including notifying all possible creditors of the Administrators' appointment.
- Prepared for the First Meeting, which included processing and reviewing over 800 Proofs of Debt and Proxies.
- Commenced preparing the detailed Second Report which will be provided to all creditors prior to the Second Meeting.

Regarding engagement with stakeholders undertaken by the Administrators:

- Set up the dedicated Digital Surge email address and information page.
- Responded to over 700 direct creditor queries from the dedicated email address established by Administrators.
- Continually updated and distributed FAQ documents, so all creditors receive as much information as possible throughout the process.

Regarding the data of the Company:

- Engaged forensic technology experts to preserve Company data and to assist in the secure transfer of digital assets to an alternative secure custodian.
- Obtained access to, and taken control of, the Company's IT systems.

Regarding the securing of assets:

- Secured all available cash and digital assets that existed at the Date of Appointment.
- Transferred approximately \$29.7 million in digital assets to a secure alternative platform, Zerocap; a reputable Australian exchange.
- Obtained insurance for assets now held on Zerocap.
- Obtained control of all access and passwords to any wallets holding digital currency.
- Lodged a Proof of Debt and coordinated a meeting with the US Bankruptcy Trustees of FTX Trading to discuss the Company's claim in more detail.

Regarding the books and records of the Company:

- Written to multiple accountants and lawyers seeking provision of the Company's books and records which they may have in their possession.
- Reviewed the Report on Company Activities and Property submitted by the Directors and lodged it with ASIC.
- Liaised with forensic technology experts to preserve a copy of the electronic books and records of the Company.

Regarding the trading of the Company:

- Made the decision to continue to trade the business to provide more options for a potential restructure of the business or distribution of its assets.
- Reset all trading and operating procedures, so the authority and control of the business is with the Administrators.

Regarding legal matters:

- Sought Orders to amend the timing of the First Meeting and requirements regarding the COI to help save costs.
- Obtained legal advice on the crypto assets.
- Reviewed and assessed the terms and conditions each customer agreed to prior to commencement of trading crypto on the Digital Surge platform. The Administrators consider the digital assets were not property of the individual user, but property of Digital Surge and customers are therefore unsecured creditors of the Company.

Expression of interest campaign

The Chairperson provided an overview of the Administrators' EOI campaign:

- At the commencement of the administration, the Directors indicated that they were preparing a restructuring proposal via a DOCA for the Company.
- The Administrators have undertaken an EOI campaign to identify possible alternative buyers of the Company's assets or recapitalisation partners for the business.
- Initially, 12 parties indicated their interest in the campaign.
- Nine parties were provided with confidential information and invited to submit non-binding indicative offers by 30 December 2022.
- The Administrators have received a number of non-binding offers, excluding the Directors' DOCA, with final offers due on 9 January 2023.
- Due to the commercial sensitivity of the parties, the Administrators are unable to provide any further detail on who they are at this stage.
- The outcome of the EOI campaign will be included within the Second Report which will be issued to all creditors prior to the Second Meeting, which is currently scheduled to occur on 24 January 2023.
- The Administrators will continue to engage with each party that provides a final offer closely to understand their offer in detail, before assessing which offer the Administrators will recommend for creditors.
- Sufficient detail will be provided in the Second Report such that creditors can make an informed decision about how they wish to vote on the future of the Company at the Second Meeting.
- Creditors will be given details of the estimated outcome in a liquidation scenario compared to the best alternative option.

Business status at the Date of Appointment

The Chairperson provided an overview of the Company's assets that existed at the Date of Appointment, referring to various graphs within the presentation.

The Chairperson provided the following summary:

- The Company had approximately \$64.6 million of assets under management at the Date of Appointment. This amount was consisted of \$55.4 million in digital assets and \$9.2 million in cash. 58% of all assets were Bitcoin and Ethereum.
- \$28.6 million of the Company's assets were on the FTX Trading exchange. There is no indication that Digital Surge used customer money or cryptocurrency to invest and up until the FTX collapse, the Company appeared to have maintained the required 1:1 ratio.
- The majority of the Company's holdings in BTC, ETH, and XRP sit on the FTX Trading exchange.
- The majority of Digital Surge's dealings with FTX were through an entity called FTX Trading Limited.
- The Administrators have written to Sullivan & Cromwell, who are the lead bankruptcy lawyers handling the Chapter 11 Bankruptcy Proceedings of FTX Trading Limited in the United States, and submitted a claim on behalf of the Company in the US Bankruptcy proceedings for the full amount sitting on their exchange.
- The FTX collapse is highly complex and is playing out very publicly in the media. The Chairperson further noted it was likely to take months, or even years, for the FTX matter to reach any level of conclusion, and that it remains unknown if any return from FTX would be in digital assets or cash.

Next steps

The Chairperson then provided an overview of the Administrators' intended next steps, as follows:

- Complete preliminary investigations.
- Conduct a high-level analysis on the customers who withdrew their crypto immediately prior to withdrawals being placed on hold, with findings to be included in the Second Report.
- Critically assess and compare all reasonable offers received during the EOI campaign, detailing the best option for creditors in terms of guaranteed return in the Second Report.
- Complete the detailed Second Report.
- Hold the Second Meeting during which creditors will vote on the future of the Company.
- Continue to correspond with creditors via the dedicated Digital Surge email inbox and update the FAQ documents should it be necessary prior to the Second Report being issued.

Confirmation of Administrators

The Chairperson advised that pursuant to Section 436E of the Act, the creditors may replace the Administrators. As no nominations for any alternative administrator(s) were received, the appointment of Scott Langdon, John Mouawad and David Johnstone stood.

Questions and answers


The Chairperson advised creditors that the Q&A function would be opened for a period of five minutes for any remaining questions.

The Chairperson confirmed all questions submitted via the Q&A function would be answered in writing by the Administrators and creditors are encouraged to send any additional queries through to digitalsurge@kordamentha.com.

Closure of meeting

As there was no further business, the Chairperson declared the meeting closed at 11:43 AM AEST / 12:43 PM AEDT.

Signed as a true and correct record.



Scott Langdon
Chairperson



David Johnstone
Chairperson

Definitions

Term	Definition
Act	Corporations Act 2001
Administrators	Scott Langdon, John Mouawad and David Johnstone
AEDT	Australian Eastern Daylight Saving Time
AEST	Australian Eastern Standard Time
AFSL	Australian Financial Services Licence
ASIC	Australian Securities and Investments Commission
AUSTRAC	Australian Transaction Reports and Analysis Centre
COI	Committee of Inspection
Company, or Digital Surge	Digital Surge Pty Ltd (Administrators Appointed) ACN 620 473 109
Date of Appointment	8-Dec-22
Directors	The Directors of the Company
DOCA	Deed of Company Arrangement
DSX	DSX Pty Ltd
EOI	Expression of Interest
First Meeting	The first meeting of creditors of the Company, required under Section 436E of the Act, held virtually on 5 January 2023 at 11.00 AM AEST
Initial Report	The initial report by the Administrators, sent to creditors of the Company on 13 December 2022
IP	Intellectual property
IPS	Insolvency Practice Schedule (Corporations) 2016
Proof of Debt	Form 535 Proof of Debt form
Proxy Form	Appointment of Proxy Form
Q&A	Question and answer
Rules	Insolvency Practice Rules (Corporations) 2016
Second Meeting	The second meeting of creditors of the Company, required under Section 439A of the Act
Second Report	The report required to be prepared by the Administrators and issued to creditors of the Company, in line with Section 439A of the Act and Section 75-225 of the Rules.

Appendix A – Attendance register

Attendance Register of Digital Surge Pty Ltd First Meeting of Creditors
Held on 5 January 2023

Creditors

Creditor name	Proxy name (all General proxy)	Claimed amount (AUD)	Amount admitted from Company's records (AUD)
The Trustee for Moreton Family Superfund	Dean Moreton	56,174.85	55,491.47
Nicholas Oriti	No Proxy	5,541.76	5,341.47
ANDREW RICHARD THOMAS CUNNEEN	No Proxy	17,000.00	16,379.90
Tanyel Hassan	No Proxy	5,161.45	5,161.45
The Trustee for DK Tilley Family Super Fund	Darryn Tilley	75,237.69	74,994.06
Xuan Hoang	No Proxy	762.00	766.24
The Trustee for Lazzaro	Antonio Lazzaro	94,810.00	47,903.60
Steven Little	No Proxy	6,800.00	6,738.51
Adrian Dennien	No Proxy	89,297.00	88,314.77
Won Cho	No Proxy	11,250.00	10,987.35
The Trustee for Figures Superfund	James William Figures	2,490.79	2,456.36
Nicholas Brumer	No Proxy	192.04	193.83
ISHA INVESTMENTS AUSTRALIA PTY LTD	Bhavik Harshadbhai Kothari	58,556.18	65,103.95
The Trustee for M & S ROBERTS SUPERANNUATION FUND	Mark Roberts	19,358.41	19,334.43
Anthony Stinson	No Proxy	19,250.71	19,246.73
Willem Van Aswegen	Willem Wynand Van Aswegen	31,000.00	31,409.92
Mark Needham	No Proxy	850,118.00	840,280.47
TAVOLETTI SUPERANNUATION FUND	David Tavoletti	34,000.00	33,879.93
Lynda Hobby	No Proxy	10,098.99	9,523.18
SYNTHETEK INDUSTRIES PTY. LTD.	Andrei Dan Cadariu	11,117.40	11,117.40
JUJERT SUPERANNUATION FUND	Trevor Burdon	8,063.34	7,808.69
Christopher Meredith	No Proxy	6,000.00	5,333.89
Michael Jenner	No Proxy	13,691.00	13,749.68
APIRADEE PONGSATHABORDEE	No Proxy	11.84	11.84
Calvin La'Porte	No Proxy	56,000.00	54,622.95
KINGPROP PTY LTD	Ben King	1,671.52	1,688.21
Lisa Della Gatta	No Proxy	19,424.12	19,003.34
Trisha Roberts	No Proxy	259,999.82	259,999.82
Tausif Ali	No Proxy	22,935.88	4,956.71
Thao Truong	No Proxy	79,602.11	16,370.45
Rebecca Milla	No Proxy	996.95	997.41
Leontine Van Ocken	No Proxy	26,355.40	27,492.74
Slobodan Bubulj	No Proxy	6,000.39	5,976.60

Creditor name	Proxy name (all General proxy)	Claimed amount (AUD)	Amount admitted from Company's records (AUD)
George Meacham	No Proxy	5,738.00	5,873.00
Melvin Kurgat	No Proxy	27,000.00	27,293.67
Cherlyn Wilson	No Proxy	589.48	574.00
Xunzhen Quan	No Proxy	3,550.60	3,466.42
Jason Barron	No Proxy	234.73	234.75
Lloyd Rodger	Lloyd Rodger	107,561.37	106,237.10
David Della Gatta	No Proxy	6,089.59	6,035.58
YOTAM ROSENBAUM	No Proxy	5,704.79	5,752.81
Ivan Aerlic	No Proxy	94,018.35	93,068.18
Petar Bubulj	No Proxy	843.83	834.36
Lucja Nowowiejski	No Proxy	5,186.90	5,317.35
Marco Aerlic	No Proxy	77,210.12	76,441.46
Samuel Keast	No Proxy	3,784.67	3,727.71
Vincent Mulby	No Proxy	109,040.47	109,040.47
Victor Li	No Proxy	284.00	285.22
The Trustee for HODL TO THE MOON Superfund	Christopher Freeman	40,637.45	40,139.72
The Trustee for Bozic Superfund	Peter Bozic	143,716.00	144,537.78
The Trustee for de la haye superannuation fund	Kevin De La Haye	172,701.17	124,589.89
Debojyoti Sarker	No Proxy	9,716.17	9,779.56
The Trustee for A & N Sirandasu Madangopal Superfund	Arun Kumar Sirandasu Madang	9,461.46	9,550.13
Anthony Nucifora	No Proxy	2,872.82	2,956.96
Ryan Pousson	No Proxy	773.61	769.07
Frances Abella	No Proxy	4,692.62	4,705.49
Suman Munshi	No Proxy	55,071.62	55,241.95
The Trustee for SOCH Partners Superfund	Sony Thomas Mammen	75,000.00	75,156.03
The Trustee for Betts Family super fund	Marcus Betts	160,757.41	160,295.32
Paul Cole	No Proxy	67.08	76.24
The Trustee for Rice & Chess Super	Mathew Koshy	10,497.46	10,497.46
Petr Grabec	Chairperson	688.89	688.89
Brett Johnson	No Proxy	49,332.76	14,150.32
Nicolas Mondou	Nicolas Mondou	192,012.30	109,421.66
Reagan Hunt	No Proxy	712.78	720.47
The Trustee for AGEAI Super Fund	Andrew Easton	36,571.66	36,571.66
Navodita Purohit	No Proxy	38,682.01	37,616.14
atyendra agarwal	No Proxy	130.97	131.91
The Trustee for HOPKINS SUPERFUND	Timothy James Hopkins	26,926.79	27,264.91
The Trustee for Ashbridge Superfund	Mark Ashbridge	88,000.00	41,867.96

Creditor name	Proxy name (all General proxy)	Claimed amount (AUD)	Amount admitted from Company's records (AUD)
The Trustee for A GARCIA Superfund	Raul Ernesto Arrioja Garcia	52,744.56	51,444.24
The Trustee for Woodhart Superfund	Adrian Woodhart	14,951.84	14,951.84
The Trustee for Lumie Super Fund	Khanh Nguyen Ma	50,131.16	56,028.45
The Trustee for Binstone Superfund	Binbin Yi	29,987.61	29,493.48
The Trustee for Lim Superfund	Tony Lim	31,547.00	31,452.82
Paula Brocklesby	No Proxy	34,304.78	34,397.81
The Trustee for Brocklesby Family Superannuation Fund	Paula Brocklesby	68,360.34	68,472.28
Vijay Dole	No Proxy	44,000.00	16,657.81
Emma White	No Proxy	101.21	100.25
Janine Pousson	No Proxy	759.37	762.56
Salvador Caldwell	No Proxy	9,172.97	4,575.51
Ellen O'Shaughnessy	No Proxy	2,380.88	2,368.25
Leigh Willmer	Jen Willmer	15,068.73	15,621.48
Tara Hopley	No Proxy	824.65	835.38
David Harney	No Proxy	33,272.75	33,272.75
Leanne Chan	No Proxy	892.22	875.56
The Trustee for Michael Magyar Retirement Fund	Michael Magyar	129,414.20	128,888.01
Brody Smith	No Proxy	1,470.92	1,457.09
Beverley Voigt	No Proxy	12,838.33	12,834.11
Matthew Phillips	No Proxy	5,470.70	5,513.14
Matthew Phillips	No Proxy	483.38	491.48
The Trustee for Parry Superfund	Andrew Parry	82,068.00	80,555.48
The Trustee for Bhatta SMSF	Swagato Bhatta	88,306.23	88,306.23
Dionne Del Rae	No Proxy	5,223.95	5,223.95
Nathan Harris	No Proxy	359.77	355.52
John Bowra	No Proxy	5,748.60	5,674.79
The Trustee for MJ & LM Sullivan Superfund	Mark Sullivan	10,004.35	10,013.49
Linda Frakes	No Proxy	724.90	713.84
Zen Zeino	No Proxy	5,586.76	5,686.10
Thomas Rattigan	Thomas Rattigan	174,810.48	172,461.14
Omar El-Mohamad	No Proxy	54,000.00	41,549.45
JONATHON HUNT-MASON	No Proxy	700.00	702.11
Alissa Bruce	No Proxy	38,749.42	32,493.26
Dhanu River	No Proxy	130,608.24	130,608.06
The Trustee for Antevasi Superfund	Chairperson	30,649.91	30,648.51
Nobin Thomas	No Proxy	10,921.65	11,021.39
Roberto Cea	No Proxy	8,004.00	2,367.21

Creditor name	Proxy name (all General proxy)	Claimed amount (AUD)	Amount admitted from Company's records (AUD)
Angela Morton	No Proxy	21,886.78	21,729.73
Martin Eugarde	No Proxy	712.60	695.38
Ryan Lovett	No Proxy	149.14	149.14
Derrick Lamond	No Proxy	2,441.09	2,656.92
The Trustee for Bonham SMSF	Cameron Bonham	36,045.39	35,717.73
Jeremiah Tormey	No Proxy	2,647.15	2,678.95
Donatien Thorez	No Proxy	6,654.33	6,707.87
Monique Hinchy	No Proxy	6,127.79	6,127.79
The Trustee for CFO Superfund	Robert Clark	12,049.53	12,130.49
Simon Ting	No Proxy	17,500.62	17,500.62
Charles Mohun	No Proxy	8,695.99	8,695.99
Lear Tromp	No Proxy	22,448.76	17,192.63
Isaac Tomlinson	No Proxy	385.98	385.98
The Trustee for Mavic Superfund	Matthew Buttigieg	78,309.05	78,309.05
Min Kwak	No Proxy	18,200.00	6,775.54
The Trustee for Matilda's Family Trust	Michael Ward	1,691.97	1,686.85
Megan Graham	No Proxy	12,658.05	12,537.19
Francis von Knorring	No Proxy	22,000.00	21,908.21
Mark Waden	No Proxy	23,015.36	22,624.00
Hugh Clayton	No Proxy	3,999.85	3,999.85
Bobby Hidayat	No Proxy	34,452.20	34,230.89
Nikhil Grover	No Proxy	5,040.34	5,040.34
Geerthan Selvendrakumaran	No Proxy	15,704.01	9,579.86
Brenton Kennedy	No Proxy	2,146.23	2,146.23
Theo Lambropoulos	No Proxy	16,000.00	15,876.22
The Trustee for Gill Investments Superfund	Anthony Gill	52,000.00	53,177.73
Taylor Murrin	No Proxy	3,622.32	3,622.32
Christian Versluys	No Proxy	6,879.05	6,879.05
Katharina Gottwald	No Proxy	7,242.56	7,242.56
Iulian Mocanu	No Proxy	3,727.78	3,727.78
MARCUS WILLIAM RICHARDSON	No Proxy	12,334.87	12,488.45
Malena Parrilla	No Proxy	752.00	752.07
Rafay Kazi	No Proxy	14,236.91	14,065.65
Luzhen Huang	No Proxy	15,097.84	15,097.84
Boyd Callahan	No Proxy	16,443.00	16,391.43
The Trustee for RSTS Superfund	Richard Smith	16,000.00	15,945.04
ANDREA GEHRIG	No Proxy	55,726.00	55,203.79

Creditor name	Proxy name (all General proxy)	Claimed amount (AUD)	Amount admitted from Company's records (AUD)
ANDREW JAMES MILLEN	No Proxy	15,184.47	15,184.47
Olga Kuzovina	No Proxy	40,224.79	40,224.79
The Trustee for Catherine Adamson SMSF	No Proxy	13,539.45	1,136.89
Samantha Gloster	No Proxy	2,473.05	2,473.05
Ashley Crosswell	No Proxy	19,909.25	19,927.68
Nader Abdulrahman	No Proxy	8,780.00	8,850.76
Soumitra Chakraborty	No Proxy	360.00	429.21
AMMAR MUHAMMAD	No Proxy	36,400.00	21,295.01
David Elliott	No Proxy	1,000,000.00	25,265.33
Joanne Pike	No Proxy	4,402.69	4,402.69
Richard Francia	No Proxy	1,500.00	1,333.73
MIT ARORA	No Proxy	62,649.00	64,217.23
KAREN MC CONALOGUE	No Proxy	13,791.98	13,924.76
Paul De Lacy	No Proxy	29,704.77	29,184.22
Andrew Jenkins	No Proxy	12,511.00	13,769.46
Benjamin Davenport	No Proxy	46,325.22	15,356.59
Krushna Bala	No Proxy	8,117.83	7,898.22
BOB XINYANG CHEN	No Proxy	2,598.37	2,529.18
HUGH ROBERT BEALE CAMPBELL	No Proxy	13,602.39	13,602.39
Lucas Gasparinatos	No Proxy	14,445.76	14,445.76
Shlomo Shellim	Shlomo Shellim	86,672.00	85,684.71
Thaivini Sathiyaseelan	No Proxy	9,597.05	9,517.69
Megan Zentgraf	Megan Zentgraf	43,428.45	41,124.24
John Beezley	No Proxy	5,680.42	5,685.68
Andrew Howard	No Proxy	1,403.53	1,372.84
Jason Marden	No Proxy	61,504.21	61,504.21
HINK PTY LTD	Andy Olsson	350,000.00	356,610.93
Jose Galarza	Jose Ignacio Galarza	100,962.43	101,774.32
Marius Landman	No Proxy	50,000.00	32,103.01
Bernard McKean	No Proxy	56,582.03	33,951.61
CHARLOTTE KENDRICK GALLOWAY	No Proxy	5,584.64	5,645.52
John Smeh	No Proxy	2,030.73	2,021.45
Christopher Low	No Proxy	14,000.00	10,942.71
Geoffrey Broomby	No Proxy	23,000.00	22,652.44
Trent Headlam	Trent Headlam	8,140.18	8,140.18
Chisato Zaniowska	No Proxy	25,125.26	25,269.11
Matthew Pampling	No Proxy	4,152.29	4,774.39

Creditor name	Proxy name (all General proxy)	Claimed amount (AUD)	Amount admitted from Company's records (AUD)
Evan Giannakis	No Proxy	54,924.93	53,361.47
David Hassan	David Hassan	59,019.94	58,922.48
Yeh Yong	No Proxy	108.18	108.29
The Trustee for Briesse Superfund	Chairperson	10,086.97	9,864.25
Diwakara Halanaik	Diwakara Halanaik	55,568.54	55,104.82
Diana Viera Platero	No Proxy	120,000.00	100,802.88

Permitted attendees who are potentially creditors of the Company

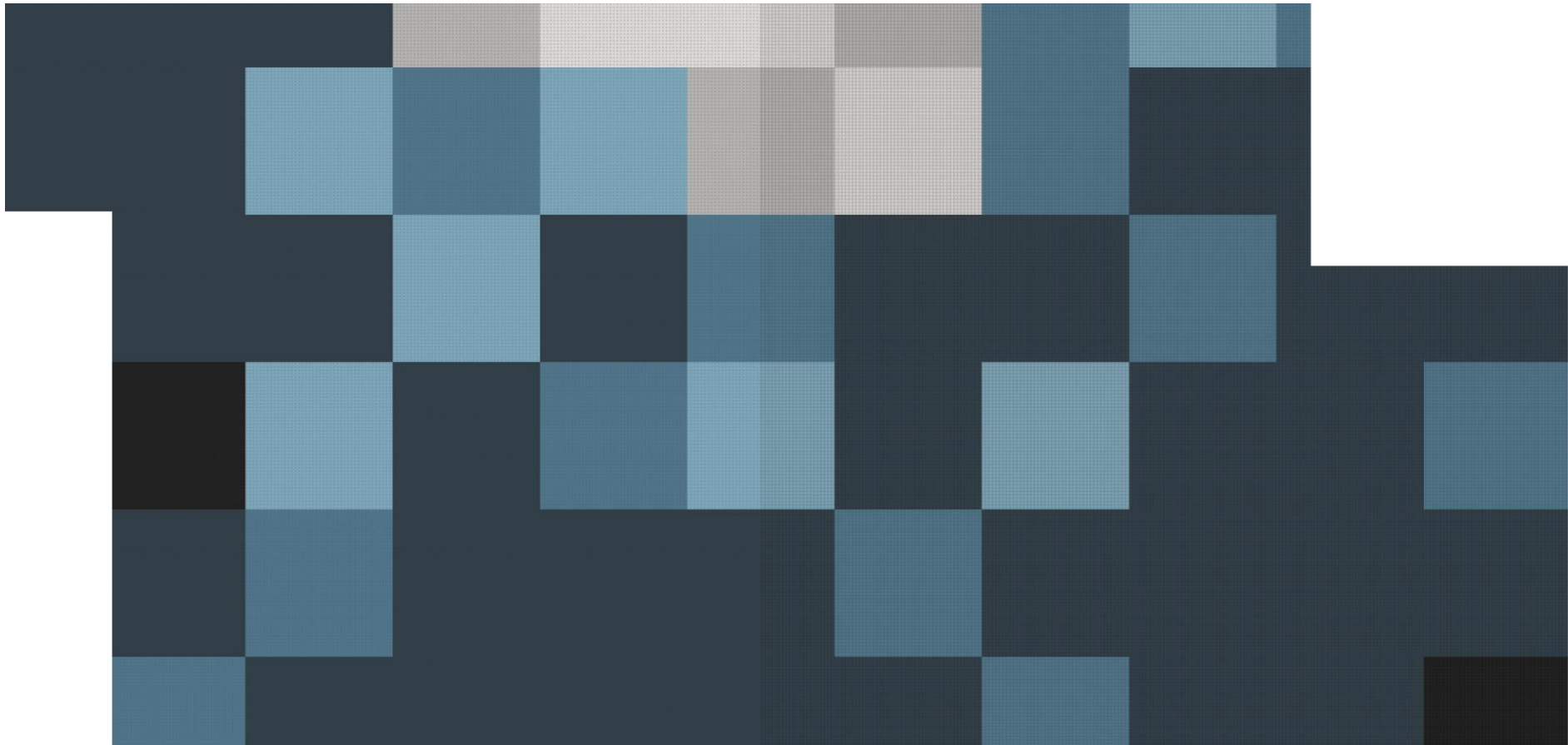
Creditor name	Identified in Company records?	Value of claim in Company records
Alex Senior	Yes	19,613.00
Mostafa Safipour	Yes	4,074.70
Andrew Larter	Yes	33,915.26
LFST PTY LTD ATF LANGBEIN SUPERFU	Yes	-
Josh Lehman	Yes	21,814.21
Oliver Dsouza	Yes	26,563.43
Julius Effendy	Yes	46,850.94
Daryl Ofstie	Yes	1,360.10
Reece Jongenelis	Yes	10,983.11
Tania Schneider	Yes	203,113.15
Tinh Ky Vu	Yes	83,984.58
Leigh Willmer	Yes	60,371.94
William and Helen Kirkland ATF Katalla	No	
DLMP Pty Ltd	Yes	43,031.13
Michael Everett	Yes	0.02
Marion Rae	No	
Christopher Armstrong	Yes	132,500.81
Bonekamp Superfund	Yes	18,255.23
Alex Tandler	Yes	110,594.99
S&Z Trust	Yes	67,407.11
MERRITT SUPER	Yes	233,074.67
The Trustee for SK LT SMSF	Yes	23,614.10
The Trustee for P&L Forever More Super	Yes	17,001.87
The trustee for THE LINDS SUPERFUND	Yes	17,458.45
Tony Calabro	Yes	3,954.20
Pattarinee Vongthongsri	No	
Tao Wu	Yes	28,322.11
David Johns	Yes	107,407.68
WTichbon Super fund	Yes	61,624.96
Adam Hanson	Yes	25,986.10
Neeraj Arora	Yes	6,100.21
OX Trader Pty Ltd	Yes	5,380.06
Fourwinds Superfunds	Yes	11,259.71
Daren Horwood	No	
Imraan Syed	Yes	75,452.81
Aleksei Oleshov	Yes	998,928.35
Phil Samandar	Yes	7,812.37
Bibin Thomas	Yes	12,102.24
Edwin Edwards	Yes	73,182.82
Craig Tomney	Yes	15,346.76
Paul Mariotti	Yes	86,397.49
Helen Tanner	Yes	2,145.40
The Trustee for DALton Superfund	Yes	101,713.21
Tommy Lai	Yes	1,408.70
Chandrakant Patel	Yes	52,846.45
Gilbert Winters	Yes	21,447.09
Sercan Demir	Yes	97,129.10
SEM CORPORATION PTY LTD ATF Whisl	Yes	98,481.46
David Collier	Yes	1,346.74
Whiteman Superfund	Yes	116,708.86
Caleb Gupta	Yes	7,248.80
Guy Pousson	Yes	340.86
Gavin S	Yes	5,211.09
Martyna Ambrozaite	Yes	1,898.89

Creditor name	Identified in Company records?	Value of claim in Company records
Marius Landman	Yes	64,900.36
Ruwini Taleyratne	No	
Filipe Lim	Yes	2,500.45
Erick Sgarbi	Yes	65,814.86
Chun Man Tsui	Yes	32,237.02
Wyckoff Pty Ltd	Yes	31,622.27
YUNJIE GAO	No	
P Gladwish	No	
Adam Ader	Yes	94,158.19

Observers

First Name	Last Name	Observer organisation
Jonathan	Hidayat	Piper Alderman
Michael	Bacina	Piper Alderman
Rebecca	Harrison	Civic Partners

Appendix B – Meeting presentation



First Meeting of Creditors

Digital Surge Pty Ltd (Administrators Appointed)
(‘the Company’ or ‘Digital Surge’)

5 January 2023

The meeting is being held via an online Zoom platform to allow as many creditors as possible to attend.

- The meeting is being recorded to assist with preparing minutes.
- The recording will not be made publicly available.
- Today's presentation will be appended to the minutes.
- All attendees will be muted throughout the duration of the meetings.
- There will be an opportunity to ask questions at the end of the meeting, via the Zoom Q&A function.
- All documents discussed today can be found at www.kordamentha.com/creditors and <https://publishednotices.asic.gov.au/>

If you have any technical difficulties, please contact digitalsurge@kordamentha.com for assistance.
We will be monitoring this email inbox closely during the meeting.

Opening of meeting

- Meeting called pursuant to section 436E of the Corporations Act to be declared open.

Chairperson

- Chairperson to be declared, in accordance with section 75-50(2) of the Insolvency Practice Rules.

Time and place convenient

- Chairperson to table copy of advertisement of Notice of Appointment and Notice of meeting published on ASIC's Published Notices Website on 20 December 2022.
- Chairperson to declare that, pursuant to section 75-30 of the Insolvency Practice Rules, the meeting has been convened at a time and place convenient to the majority of creditors of the Companies.
- Chairperson to state that the time and place of the meetings be the location of the Administrators' office, being KordaMentha, Level 5, Chifley Tower, 2 Chifley Square, Sydney NSW 2000.

Attendance/admission of proxies

- Not practical to conduct a roll call. All Proxy Forms and Proof of Debt forms have been considered.
- We have recorded an attendance register of all proxies received. We will attach this to the meeting minutes, which will be lodged with ASIC within 10 business days after the end of the meeting.
- Every creditor who seeks to vote should have lodged their proof of debt and any applicable proxies or powers of attorney prior to the meeting.
- Proofs of debt and appointment of proxies accepted by the Administrators for voting purposes should not be taken as an acceptance or a rejection of a claim. The Administrators reserve the right to re-examine any documents should a voting dispute arise.
- In the event a difference arises between the amount recorded by the Company and the amount claimed by creditors, the Chairperson will treat the claim as disputed to enable the relevant creditors to reserve all of their rights with respect to those claims.

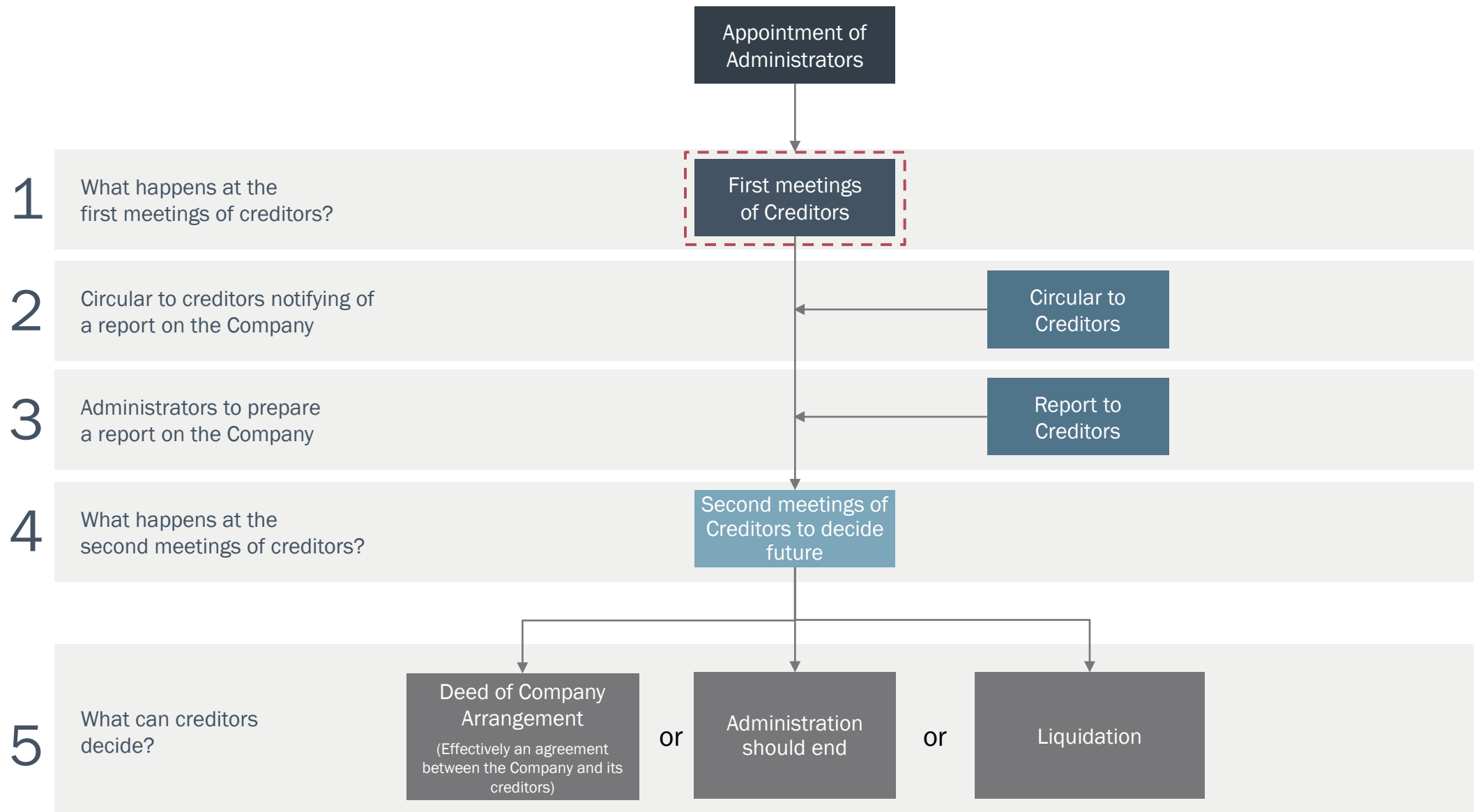


Entitlement to vote and voting requirements

- In accordance with section 75-85(3) of the Rules, an Administrator has the right to admit creditor claims wholly or in part based on the particulars available.
- In accordance with section 75-85(4) of the Rules, a creditor cannot vote in respect of a debt which was unliquidated, contingent or whose value had not been ascertained unless a just estimate of its value has been made.
- I have the power to admit or reject a proof of debt for the purposes of voting in line with section 75-100 of the Rules and I note that proofs of debt had been reviewed and admitted or rejected for voting purposes prior to the meetings.
- In relation to customer claims, the Administrators have not adjudicated all proof of debt claims received to date.
- For the purpose of this meeting, I will admit each proof of debt received from customers for voting purposes to the value outstanding in accordance with the Company's books and records as at appointment date. This approach is taken with the intention of achieving a fair and equitable meeting today for all potential creditors of the Companies. It does not compromise your claim in the Administration. All proofs of debt will be adjudicated by the Administrators in due course.
- Employee and trade creditors have been admitted to the substantiated value of their claims.



Administration process



Administrators' address

Digital Surge Pty Ltd (Administrators Appointed)

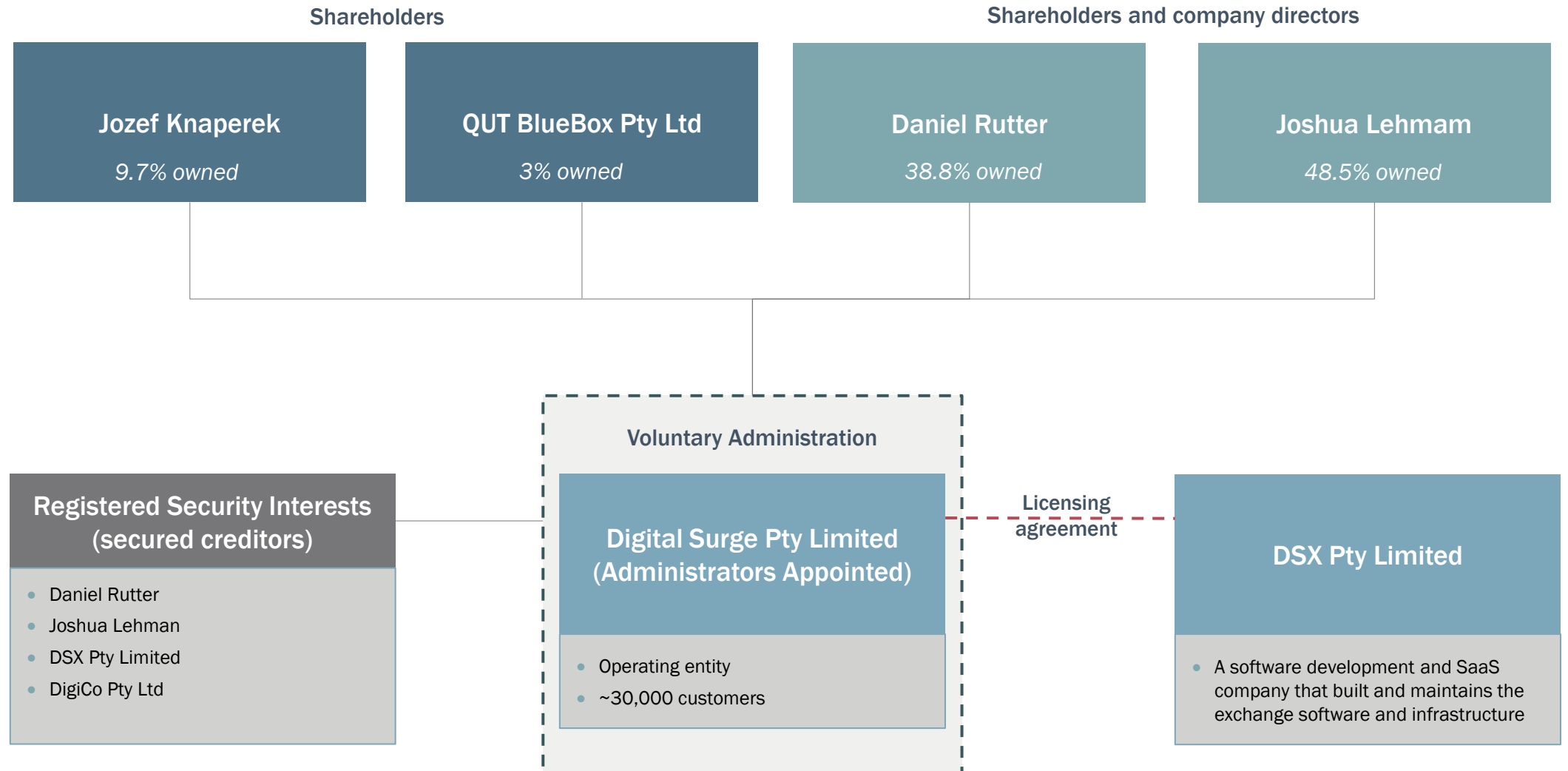
- John Mouawad, Scott Langdon and David Johnstone were appointed Administrators to Digital Surge Pty Ltd on 8 December 2022.
- Digital Surge was established in 2017 and currently services ~30,000 customers and offers the buying and selling of over 300 cryptocurrencies.
- The Company was registered with AUSTRAC.
- Customers and cryptocurrency trading is managed via the Digital Surge platform which is licensed from DSX Pty Ltd, a related party of the directors.
- Digital Surge Pty Ltd has 13 full time employees based in Brisbane.
- It is owned by four shareholders including the two Directors who have majority shareholdings.
- Digital Surge has ~11 total trade creditors with minimal amounts outstanding.



Organisational Structure

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Digital Surge Pty Ltd (Administrators Appointed)

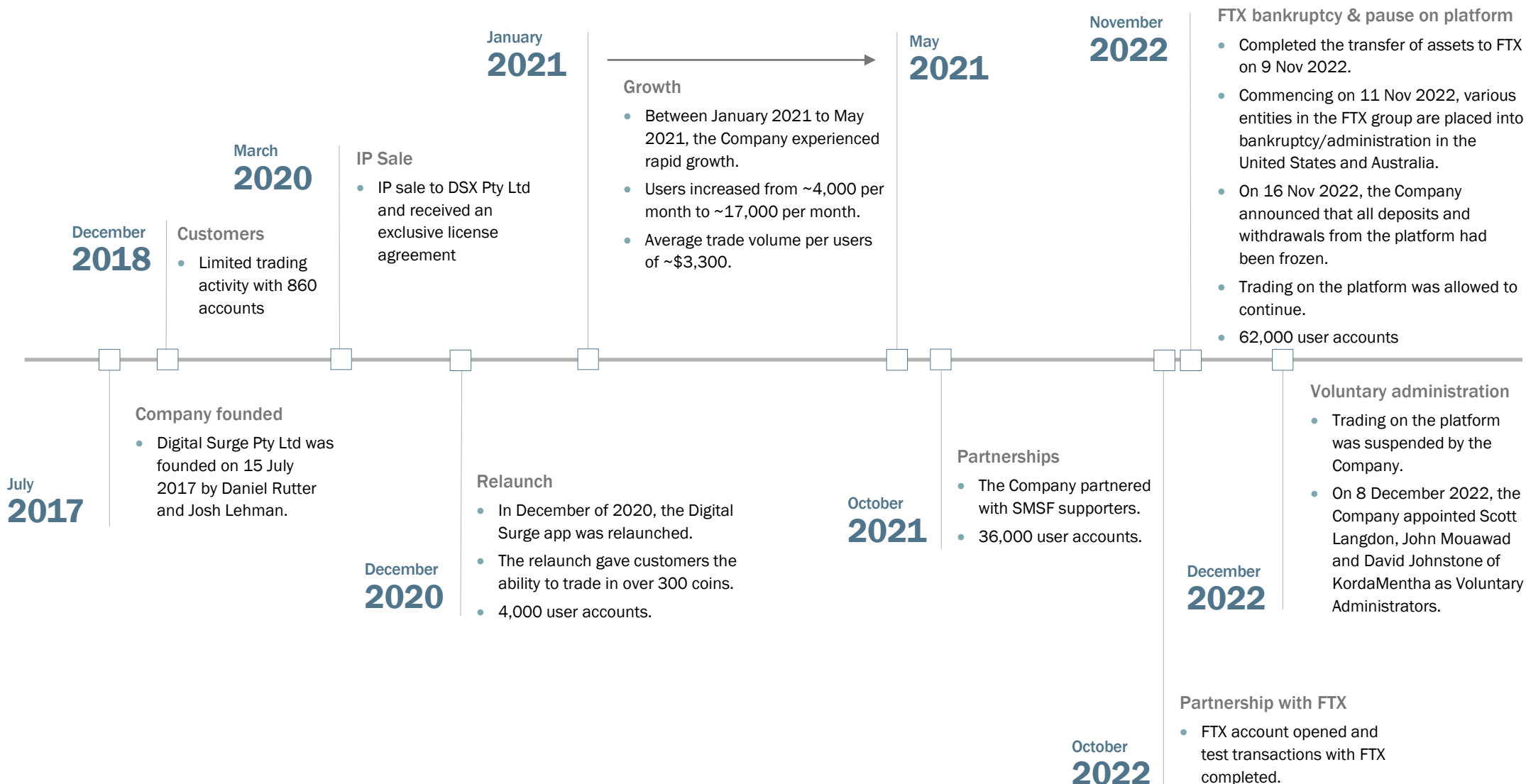


• Based on ASIC records

Pre-administration timeline

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Digital Surge Pty Ltd (Administrators Appointed)





Statutory obligations

- Attended to statutory lodgements and notifications.
- Provided initial report to creditors on 13 December 2022.
- Distributed notices to customers (~60,000) and non-customer creditors (16).
- Issued notifications to the ATO and state tax authorities.
- Reviewed Proofs of Debts and Proxy Forms for today's meetings.
- Prepared for today's meetings.
- Commenced preparation of report for the Second Meeting.



Stakeholder engagement

- Established dedicated email addresses.
- Responded to 700+ queries from creditors via email.
- Issued three FAQs to creditors and customers.
- Received and responded to various media enquiries.
- Ongoing engagement with employees and non-customer creditors.



Data

- Forensically acquired all available data relating to the Company.
- Received copy of assets and customers data on appointment.
- Received administrator access to accounting software used by the Company.

Digital Surge Pty Ltd (Administrators Appointed)



Securing assets

- Froze all pre-appointment fiat bank accounts and swept cash to administration account.
- Administrators control ~\$4.5m cash.
- Secured digital assets by transferring most digital assets to a secure and insured custodian.
- Some assets remain on Binance (with Administrators controlling passwords).
- No digital assets have been converted to cash.
- Issued a Proof of Claim to US Bankruptcy Trustee.



Leased property

- Notified landlord of our appointment.
- Continually assessed the options for office lease going forward.



Books and Records

- Requested books and records from Company Directors and advisors (e.g. lawyers and accountants).
- Received Report on Company Activities and Property from Directors.
- Undertook a forensic image of the company's digital books and records.

Administrators' actions since appointment

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Digital Surge Pty Ltd (Administrators Appointed)



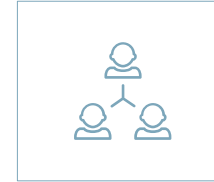
Trading

- Made the decision to continue operations of the business to aid in restructuring options.
- Notified suppliers of appointment and assessed go-forward supplier arrangements and contacted parties accordingly.
- Continue employment contracts in place with all employees.
- Implemented controls relating to trading costs.
- Regular meetings with all employees.



Legal

- Reviewed and responded to correspondence in relation to various legal matters.
- Engaged with legal advisors regarding legal matters including obtaining Orders relating to the First Meetings of Creditors.



Customer / Company relationship

- Prior to trading on the Company's exchange, every customer agrees to the terms and conditions.
- Based on the Company's terms and conditions alone, our current view is customers are unsecured creditors of the Company.

Digital Surge Pty Ltd (Administrators Appointed)

The following steps have been undertaken by the Administrators in relation to the Expression of Interest ('EOI') campaign, with a view to achieving the best possible outcome for all creditors of the Companies.

01

The Administrators sought EOI for the business and its assets on 13 December 2022.

02

12 parties responded and 9 were provided with information to issue a Non-Binding Indicative Offer ('NBIO') by 30 December 2022.

03

The Administrators received NBIOs and have provided parties with further information. Final offers are due Monday, 9 January 2023.

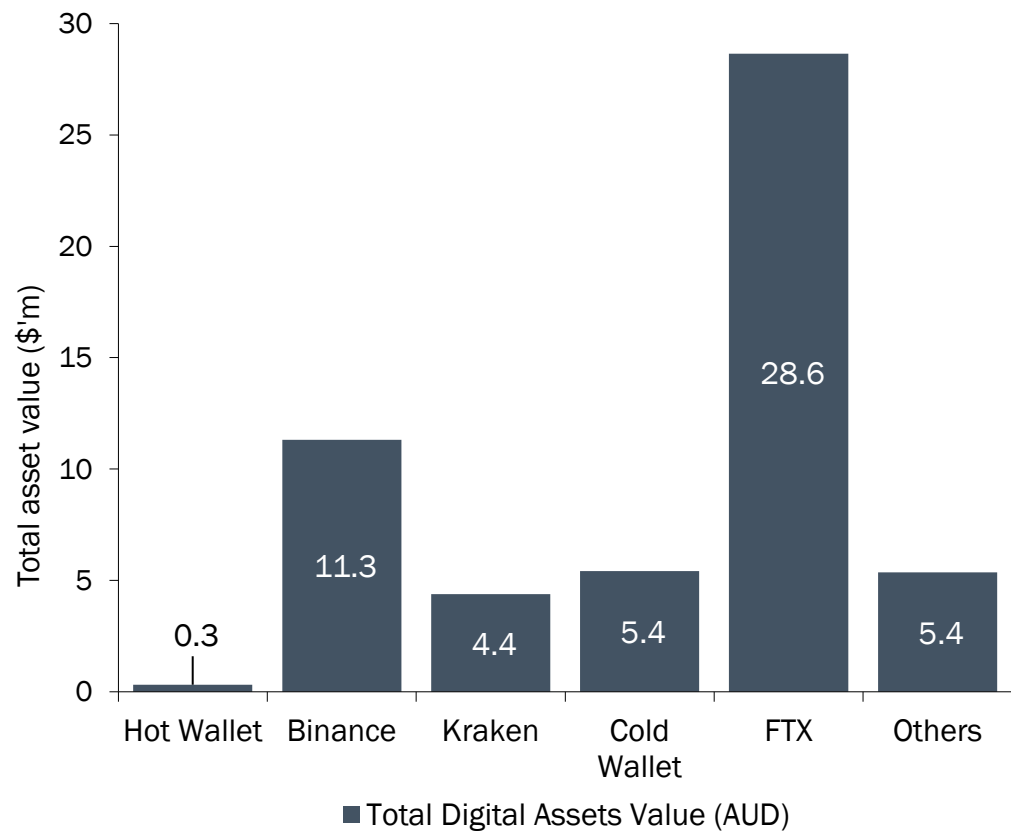
The Administrators will send a report to creditors, summarising our recommended transaction, by Tuesday, 17 January 2023. Creditors will vote on the future of the Company at the second meeting of creditors, to be held on Tuesday, 24 January 2023 unless additional time is sought to deal with the restructuring options.

Business status at appointment

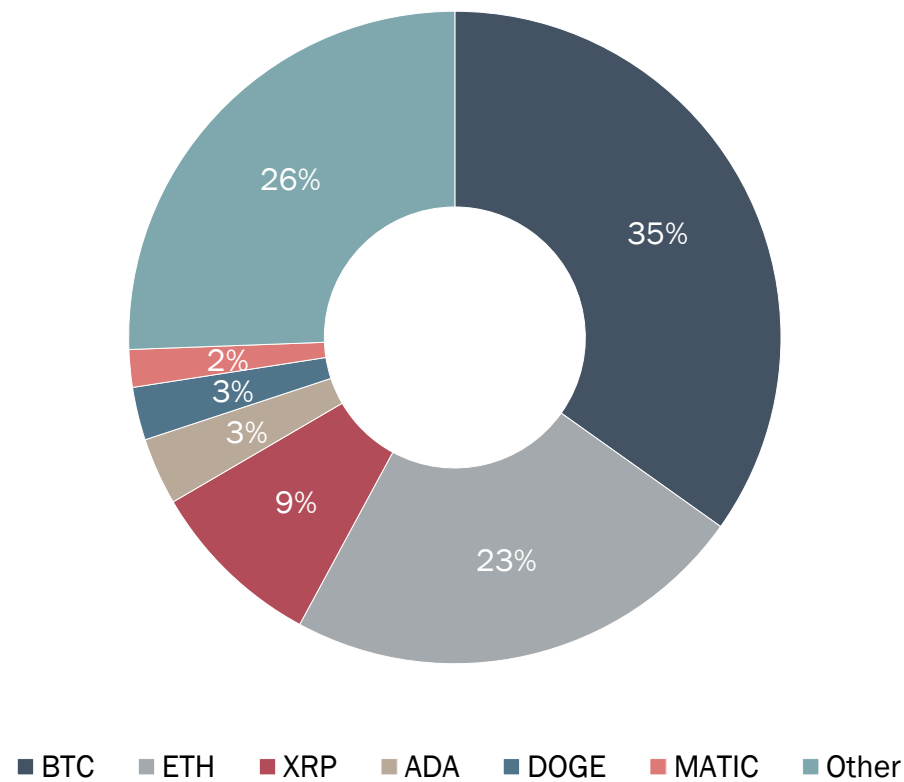
Digital Surge Pty Ltd (Administrators Appointed)

Our investigations of the customers ledger thus far indicate that the Company held \$55.4 million of digital assets and \$9.2 million of cash at appointment date (total of \$64.6 million). 58% of digital assets held by the Company were a combination of Bitcoin and Ethereum.

Digital Assets location on appointment



Breakdown of Digital Assets at appointment



Note: all dollar amounts are in AUD. All figures are best estimates based from the records obtained from the Company and investigations undertaken thus far.

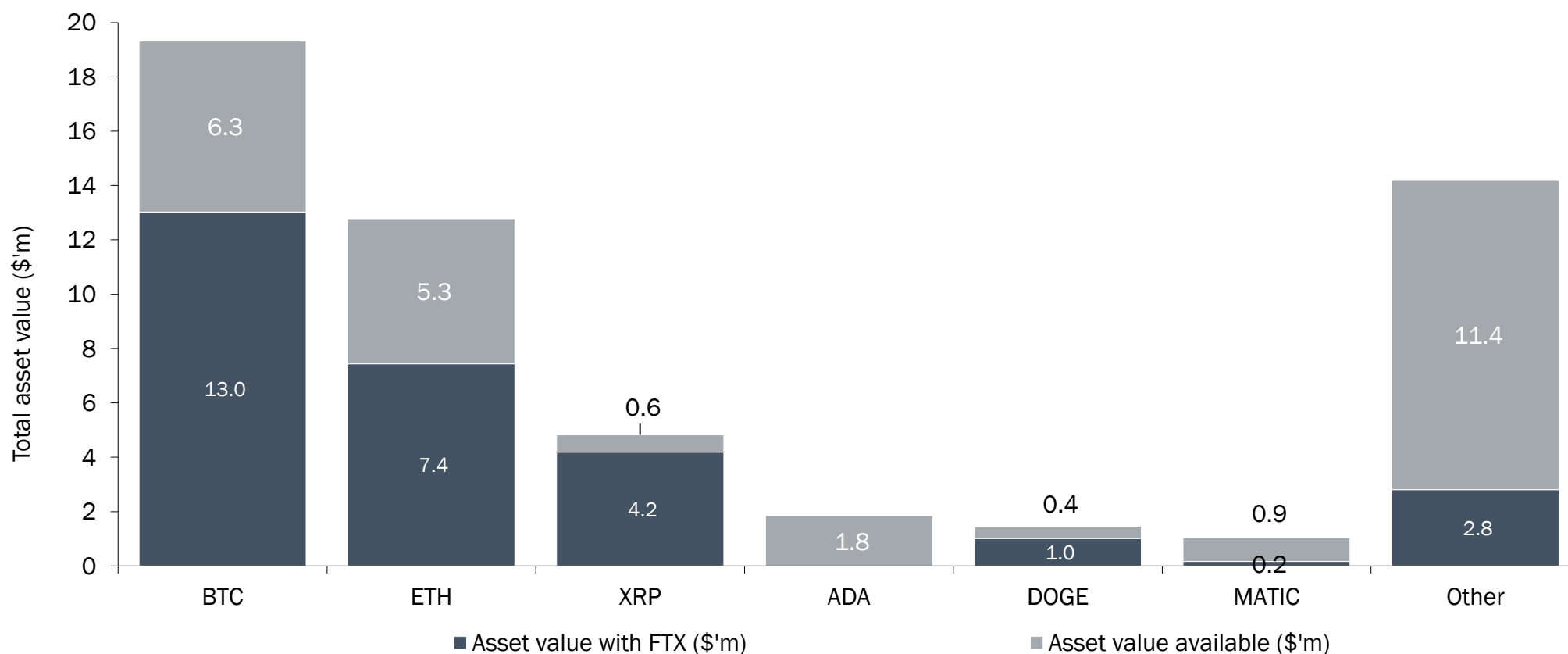
Business status at appointment

KordaMentha

Digital Surge Pty Ltd (Administrators Appointed)

\$28.6 million of digital assets (52% of total digital assets) and \$3.6m of cash (40% of cash in customers' ledgers) were held by the FTX group of companies on appointment date. The remaining 48% of digital assets is held by the Administrators.

Digital assets held by Administrators vs. locked with the FTX group of companies



Note: all dollar amounts are in AUD. All figures are best estimates based off the records obtained from the Company and investigations undertaken thus far.

Digital Surge Pty Ltd (Administrators Appointed)

The following steps will be undertaken by the Administrators, with a view to achieving the best possible outcome for all creditors of the Companies.

01

Continue to investigate the events leading to administration and the conduct of the Company.

02

Assess final offers from interested parties to seek the best possible outcome for creditors.

03

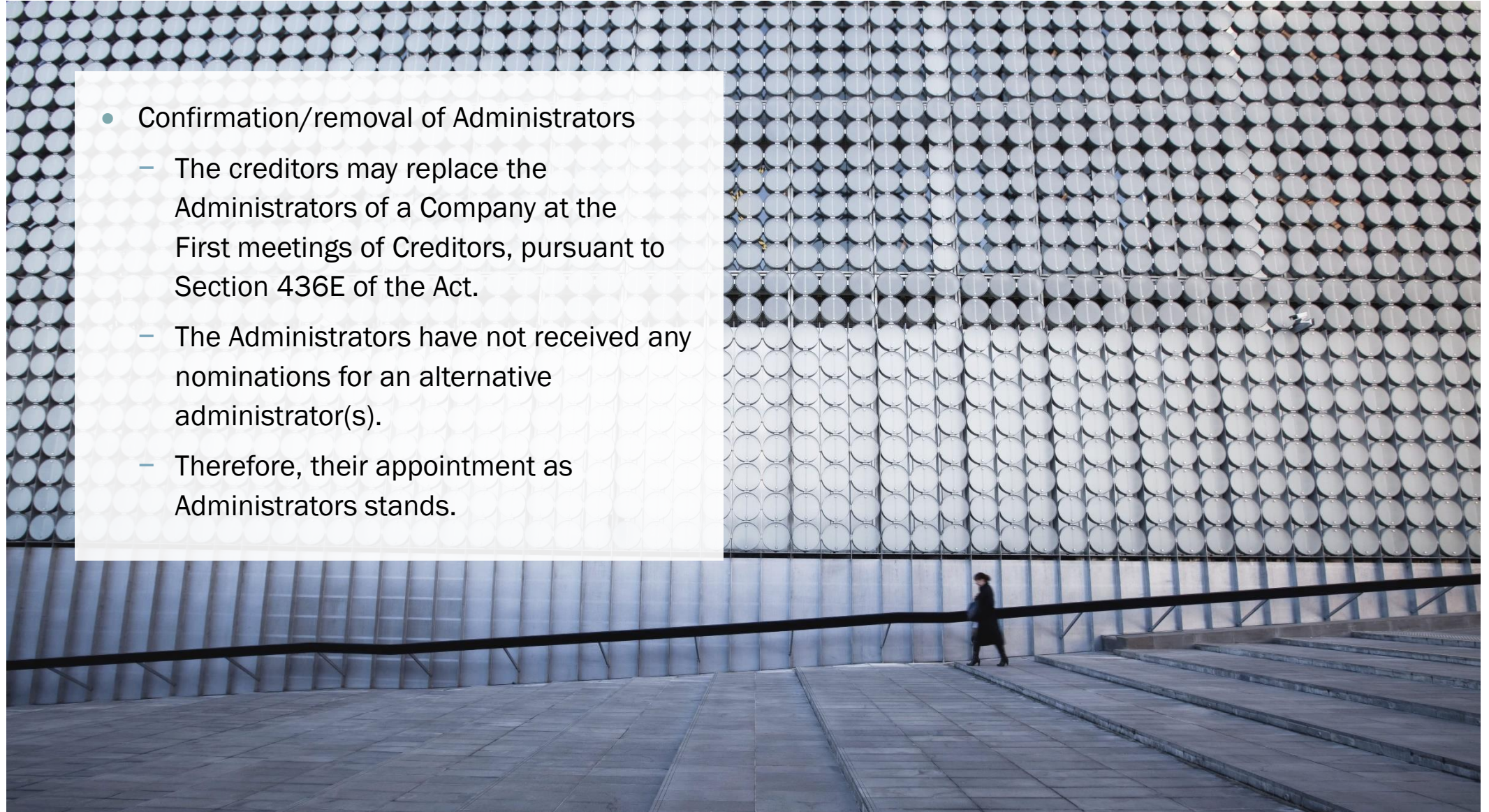
Include findings of our investigations and our recommended transaction in a report to be sent prior to the Second Meeting of Creditors (to be sent by 17 January 2023).

04

Hold the Second Meeting of Creditors to allow creditors to vote on the future of the Company (to be held by 24 January 2023).

We will regularly communicate with you and all of the stakeholders.

- Confirmation/removal of Administrators
 - The creditors may replace the Administrators of a Company at the First meetings of Creditors, pursuant to Section 436E of the Act.
 - The Administrators have not received any nominations for an alternative administrator(s).
 - Therefore, their appointment as Administrators stands.



Questions

Only creditors who have submitted a proof of debt are permitted to ask questions.

For those creditors with a question:

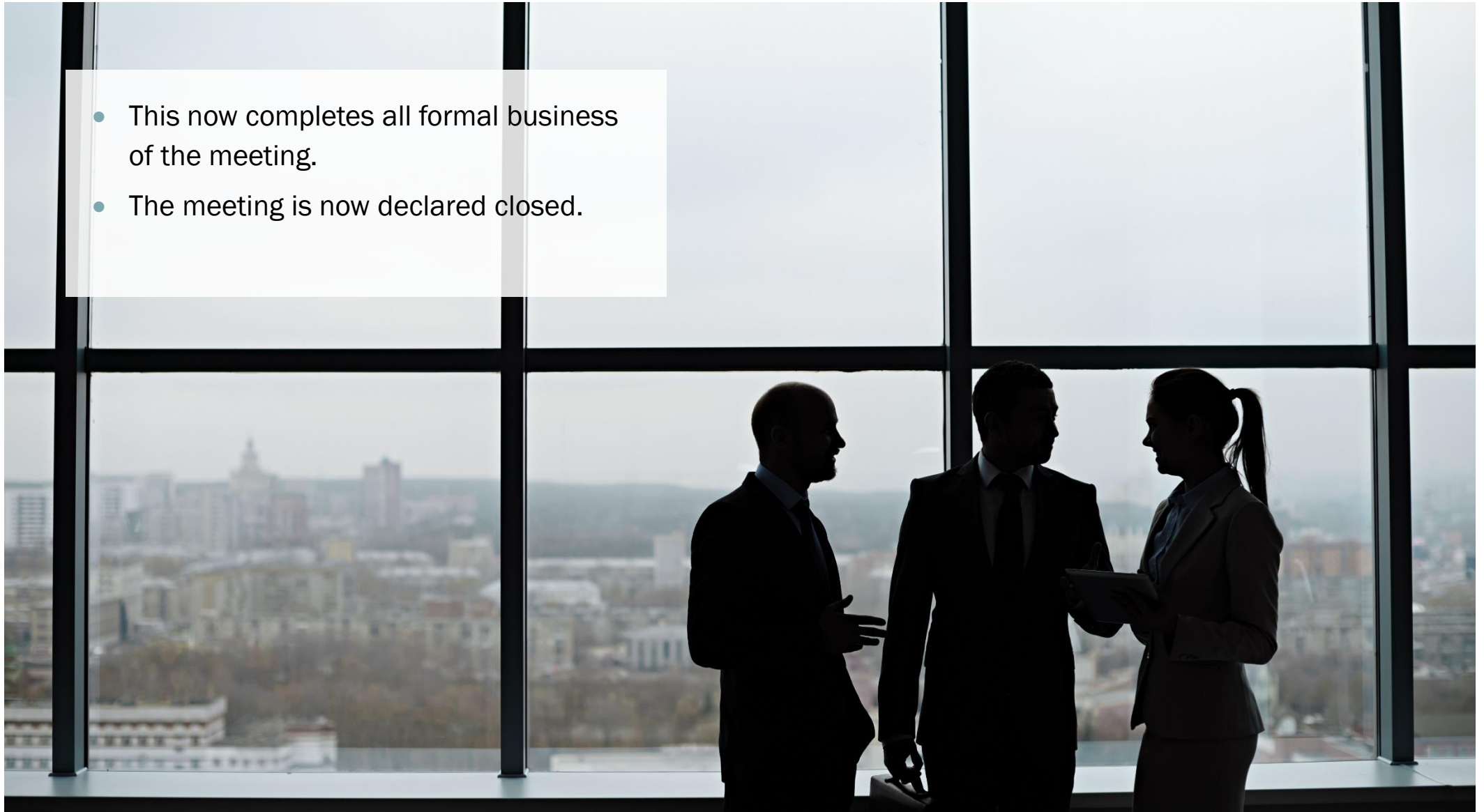
- Please submit your question via the Q&A function.
- Common questions submitted will be answered via an FAQ posted to our website.
- Individual questions will be answered by email.

Closure of meeting

KordaMentha

Digital Surge Pty Ltd (Administrators Appointed)

- This now completes all formal business of the meeting.
- The meeting is now declared closed.



The logo graphic consists of two overlapping light gray rectangular blocks. The block on the left is wider and shorter, while the block on the right is narrower and taller, creating a stepped effect.

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