



MACRO ENERGY

Macro Energy Limited ABN 59 009 575 035

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ASX Announcement

30 April 2014

March 2014 Quarterly Update

Highlights

- Execution of agreement to acquire Digital CC Holdings (“digitalBTC”) – first mover into the digital currency sector
- The formal acquisition of digitalBTC is on track to be completed in late May 2014
- Strategic supply agreements signed for provision of industry leading Bitcoin mining hardware (Bitfury) and mining software (Cloudhashing)
- digitalBTC received first instalment of Bitfury state of the art mining hardware in April, with second instalment due to be received in May 2014
- digitalBTC mining and trading operations generating ongoing revenue

Acquisition of Digital CC Holdings

On 13 March 2014, Macro Energy Limited (“Macro” or the “Company”) announced that it has entered into a Share Purchase Agreement to complete a reverse takeover acquisition of Digital CC Holdings Pty Limited (“DCC”), trading as digitalBTC (“digitalBTC”). digitalBTC is an innovative digital currency company presently operating in Bitcoin mining and digital currency trading, whilst developing retail consumer products including mobile applications.

To implement this initiative, Macro has entered into a conditional Share Purchase Agreement (“SPA”) to acquire 100% of the issued capital of DCC from its shareholders. A Notice of Meeting was issued on 8 April and sets out in detail the terms of the SPA and other conditions to be satisfied for completion of the transaction, which includes shareholder approval at the General Meeting to be held on Friday 9 May 2014.

Transaction Highlights

- digitalBTC will be the first digital currency focussed company listed on the ASX
- Digital currencies are evolving to revolutionise the way people make transactions, quickly and at low cost
- Experienced management team with proven business track records
- Capital Raising oversubscribed – firm commitments executed for a \$9.1m capital raising

Digital Currencies and Bitcoin

- Bitcoin is a peer-to-peer payment system and digital currency, with approximately 66,000 transactions occurring daily at a total trade value of \$55m, on a rolling twelve month basis (refer <http://blockchain.info/stats>). Across the major US\$ Bitcoin exchanges, in excess of US\$20m in value is regularly traded every 24 hours. Use of other digital currencies is also fast growing.

- Digital currencies, such as Bitcoin, are continually evolving new technologies and applications which are set to revolutionise the way people make transactions. Over 66,000 merchants now accept Bitcoin. digitalBTC is exceptionally well placed to take advantage of this disruptive revolution and will investigate further strategic opportunities within the digital currency sector.

Overview of digitalBTC

- An innovative digital currency company, with **current operations that are cash flow positive** and focus on Bitcoin, as Bitcoin accounts for the significant majority of the digital currency market
- digitalBTC strategy encompasses:
 - **Established Bitcoin mining revenues**, with strategic agreements with key Bitcoin mining partners, hardware manufacturers and industry participants.
 - **Established trading desk and market making revenues**, undertaken across a range of Bitcoin exchanges, backed by management experienced in physical commodities trading.
 - **Development of retail consumer products** to develop digital currency mobile applications, again backed by management expertise and experience in the development, delivery and monetisation of mobile and consumer applications and software.
- digitalBTC's Bitcoin mining and trading operations which are currently cash flow positive, will support the future development of retail consumer targeted software and applications.
- **Well-credentialed management team behind digitalBTC**, headed by Zhenya Tsvetnenko, and with experience in digital marketing, software and application development, commodities trading and Bitcoin mining.
- Following completion of the transaction, digitalBTC will be the first ASX listed company offering exposure to the Bitcoin system and will gain significant advantage from the robust corporate transparency, governance and compliance required by the ASX listing.
- Long term growth to be delivered through development of consumer applications for the Bitcoin space, with **significant market growth expected as digital currencies mature and gain widespread adoption as a system of payment.**

A capital raising of approximately \$9.1 million will be completed as part of the terms of the acquisition. The funds raised will support expanded Bitcoin trading and mining activities, alongside development of the digital currency retail mobile applications. DJ Carmichael is the sole bookrunner to the raising, and was closed heavily oversubscribed.

Execution of Strategic Supply Agreements & Operations Underway

During quarter the Company announced that digitalBTC had executed two significant contracts with strategic suppliers in the digital currency sector, with Bitfury and Cloudhasing. These contracts have enabled digitalBTC to fast-track the development of its Bitcoin mining operations to complement its trading operations that have been underway since late 2013. In addition digitalBTC continues to develop retail products in anticipation for delivery of its initial products in 2H 2014.

A detailed operations update on the Bitcoin mining and trading performance of digitalBTC is expected to be announced to the market shortly.

digitalBTC's CEO, Mr Alex Karis, said he believed that the digital currency sector was primed for exponential growth in the use and demand for digital currencies globally.

"We've been working to fortify our relationships in both Bitcoin mining and trading, as well as efforts to capitalise on the growth and take up of digital currencies. More and more merchants are accepting digital currencies, such as Bitcoin, every day and I believe this will only continue to grow in the months ahead. As part of our efforts to participate in this growth, we are actively evaluating a large number of strategic partnerships and investment opportunities that will complement our consumer based products. digitalBTC is excited about these relationships and what the future holds for each business segment," said Mr Karis.

www.digitalBTC.com

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For Further information, please contact:

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digitalBTC

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Media

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Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

Macro Energy Limited

ABN

59 009 575 035

Quarter ended ("current quarter")

31 March 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) staff costs	(130)	(250)
(b) advertising and marketing	-	-
(c) exploration expenses	(26)	(271)
(d) leased assets	-	-
(e) other working capital	(93)	(182)
1.3 - Dividends received	-	-
1.4 Interest and other items of a similar nature received	17	45
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	9	9
Net operating cash flows	(223)	(649)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(223)	(649)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (security deposit)	-	(220)
Net investing cash flows	-	(220)
1.14 Total operating and investing cash flows	(223)	(869)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	2,611
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (cost of capital)	(28)	(108)
Net financing cash flows	(28)	2503
Net increase (decrease) in cash held	(251)	1634
1.21 Cash at beginning of quarter/year to date	3,319	1,421
1.22 Exchange rate adjustments to item 1.21	(11)	2
1.23 Cash at end of quarter	3,057	3,057

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	118
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	
	Directors Fees	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	3,057	3,319
4.2 Deposits at call		
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.23)	3,057	3,319

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 30 April 2014
(Director)

Print name: Brett Lawrence

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.