ASX ANNOUNCEMENT

29 April 2016

March 2016 Quarterly Report

Roll-out of AirPocket accelerates in the quarter as DigitalX transitions to become a major disruptor in the global remittance industry

Highlights

- Company's growth to a blockchain-based software solutions group is progressing well with the commercial launch of AirPocket expected in June 2016.
- Strategic partnership with one of the Latin America's largest telcos will give 100 million mobile phone users access to AirPocket
- MOU with one of Mexico's largest payment companies is expected to significantly expand the DigitalX's reach into the remittance industry
- The Company will be seeking further partnership agreements in Latin America and other emerging markets
- Phase 2 beta testing results highlight the strong appetite for the AirPocket App
- DigitalX remains in a strong financial position with no debt and US$2.5m in cash, bitcoin and receivables at 31st March 2016
- Cash burn is forecast to fall as development costs for AirPocket won't be repeated and the Company winds up its bitcoin mining operations

DigitalX Limited (ASX: DCC) (the "Company" or "DigitalX") today announced its quarterly report for the quarter ended 31 March 2016.

The Company continues to morph from bitcoin mining to become a disruptor in the global payments market with its secure, low cost and instant blockchain-based money transfer app, AirPocket, utilising its bitcoin related experience.

Operational Overview

AirPocket

DigitalX's money transfer division is at an inflection point after the Company began to secure strategic partnership agreements in the March quarter.

The partnership agreement with one of Latin America's largest telecommunications groups allows consumers in North America the choice to use DigitalX's AirPocket app to top-up and pay mobile phone accounts of more than 100 million mobile subscribers in Latin America.

DigitalX will receive an 11% commission, alongside standard rate fee's, on the value of transfers that will range between US$2 and US$70.

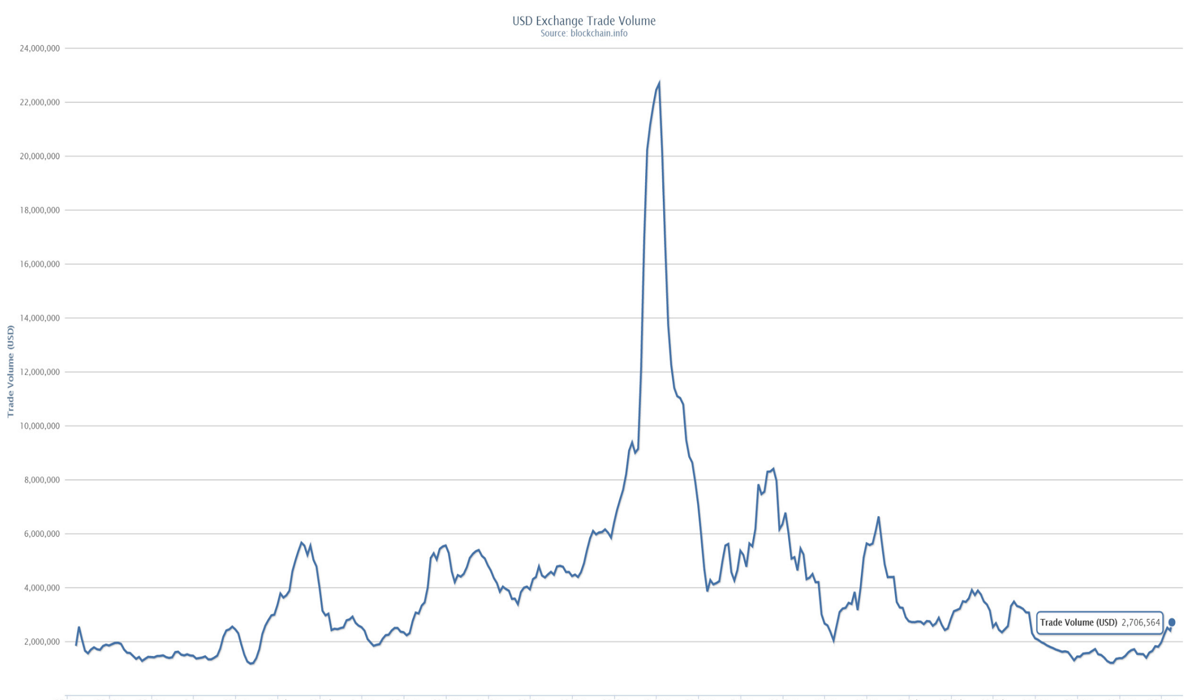
DigitalX also signed a Memorandum of Understanding ("MOU") with one of Mexico's leading payment providers, which, subject to the entry into formal documentation, will allow customers to use the AirPocket app to transfer money from the US to Mexico to be withdrawn in Mexican Pesos. The US-Mexico remittance corridor is one of the world's largest and was estimated to be worth US$25 billion in 2014 by the World Bank.

DigitalX also successfully completed the expanded Phase 2 beta test for AirPocket conducted in the United States and Dominican Republic confirming the Company's view that the app is ready for large scale commercial deployment. The tests were conducted on both iOS and Android platforms.

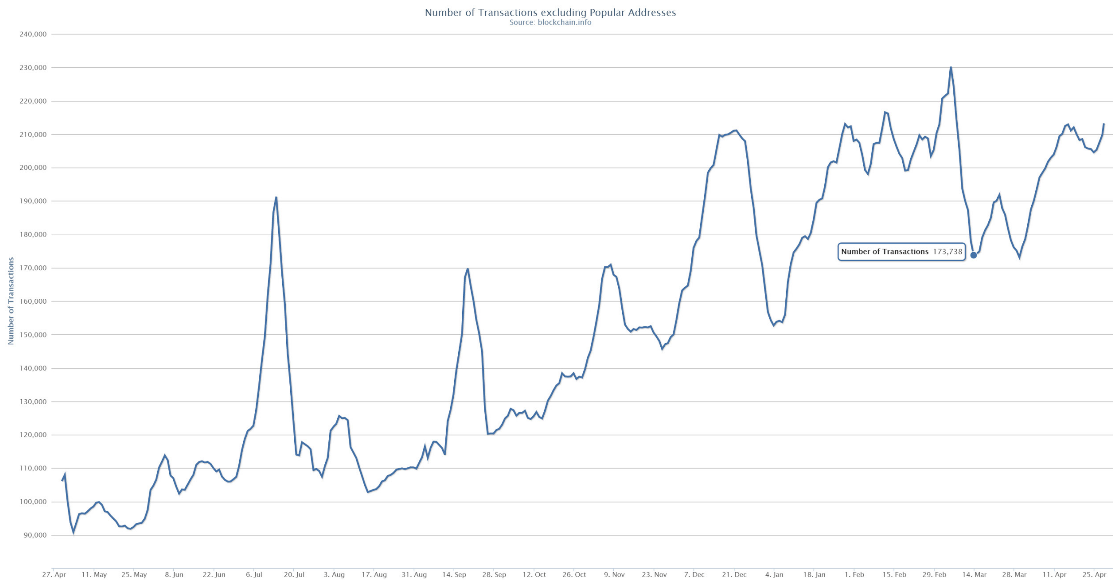
The app received an overwhelmingly positive response during the testing. Around 85% of respondents rated the app as "fast and efficient" while a similar number said it was "easier to receive money" using the app than through traditional money transfer companies.

Trading Activity

Trading activity in the quarter produced ~$5.7m in revenue and helped to offset the cash burn from AirPocket development and integration costs and the winding down of mining. DigitalX Direct revenue was $2.42m for the quarter, a fall of 35% from the prior quarter. The performance of DigitalX Direct and Liquidity Operations was reflective of the low volume seen across USD exchanges globally, which fell 61% over the same period. The platform has seen renewed interest since the end of the quarter in line with global exchange volume.



While exchange volume fell in part due to decreased volatility in price, the total number of bitcoin transactions did increase over the period, highlighting greater use of the secure, efficient and decentralised Bitcoin Blockchain. The Company is increasingly confident that the focus on blockchain technology will lead to significant shareholder returns over the medium to long term.



Corporate Overview

Summary of Working Capital Position

DigitalX Ltd had total working capital including net receivables of US$2.5m at the end of the March Quarter. The cash burn over the quarter was due to the development of AirPocket, the conclusion of the second beta trial and losses from the mining division. Mining commitments conclude 22 May 2016 and the company expects less cash burn over the current quarter.

Outlook

The company is in discussions with potential strategic partners in the USA and Latin America for the AirPocket app and is confident this will lead to the Company securing an important foothold into the US$600 billion global remittance industry. The company sees the remittance space as only the tip of the iceberg in terms of the application of its blockchain technology. Technical development has already begun to further enhance the functionality of AirPocket past simple money transfer operations.

DigitalX's Executive Chairman, Zhenya Tsvetnenko, commented: "The last quarter has seen a growing recognition that the blockchain is the most secure and efficient online transaction system. It is not only the banks but stock exchanges like the ASX that are looking to adopt the technology in their operations. It is only a matter of time before the blockchain comes into the mainstream and DigitalX is in pole position as a first mover in the money transfer space to benefit from this trend. We are excited for the potential of blockchain technology that will enable further uses cases for the AirPocket App beyond money transfer."

-ENDS-

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About DigitalX

DigitalX is a Blockchain-based software solutions group disrupting the payments industry. Its products allow consumers to make secure and cost-effective money transfers worldwide. Partners can use DigitalX's technology to offer new financial products. DigitalX is based in Boston and has offices in New Jersey and Australia.

Rule 4.7B

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

DigitalX Limited

ABN	Quarter ended ("current quarter")
59 009 575 035	31 March 2016

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter US$'000	Year to date (9 months) US$'000
1.1	Receipts from customers	6,753	27,202
1.2	Payments for		
	(a) staff costs	(365)	(1,075)
	(b) advertising and marketing	(36)	(77)
	(c) research and development	-	-
	(d) leased assets	-	-
	(e) administrative and corporate costs	(151)	(433)
	(f) professional fees	(178)	(643)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)		
	(a) Prepayment of power and hosting**	-	-
	(b) Power and hosting of bitcoin mining equipment	(643)	(1,940)
	(c) Purchase of bitcoins for Liquidity Desk	(6,650)	(23,304)
	(d) Receipt of US Marshall deposit	-	-
	(e) Receipt of lease fee for mining hardware	-	-
	(f) Receipt of Iceland VAT	-	-
	Net operating cash flows	**(1,270)**	**(270)**

+ See chapter 19 for defined terms.

		Current quarter US$'000	Year to date (6 months) US$'000
1.8	Net operating cash flows (carried forward)	**(1,270)**	**(270)**
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	(203)	(637)
	(d) physical non-current assets	(6)	(11)
	(e) other non-current assets	-	-
	(f) mining equipment	-	-
	(g) joint venture investment	-	-
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	-	-
	(a) loan to related party	-	(156)
1.12	Loans repaid by other entities	-	-
1.13	Other (provide details if material)	-	-
	Net investing cash flows	**(209)**	**(805)**
1.14	**Total operating and investing cash flows**	**(1,479)**	**(1,074)**
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	-	-
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)	-	(21)
	Net financing cash flows	**-**	**(21)**
	Net increase (decrease) in cash held	**(1,479)**	**(1,095)**
1.21	Cash at beginning of quarter/year to date	2,986	2,608
1.22	Exchange rate adjustments to item 1.20	0	(6)
1.23	**Cash at end of quarter****	**1,507**	**1,507**

*** Does not include value of bitcoin inventory*

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 US$'000
1.24	Aggregate amount of payments to the parties included in item 1.2	164
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Salary, Director fees and reimbursement of corporate costs

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 US$'000	Amount used US$'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

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 US$'000	Previous quarter US$'000
4.1 Cash on hand and at bank	486	758
4.2 Deposits at call	1,021	2,228
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	**1,507**	**2,986**

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	-	-

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: ..29 April 2016.....................
(Executive Chairman)

Print name: ..Zhenya Tsvetnenko..........................

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.