

ASX ANNOUNCEMENT

4 September 2017

DigitalX and Stargroup sign Joint Venture to develop Bitcoin ATMs

DigitalX Limited ("**DigitalX**", **ASX:DCC**) is pleased to announce it has signed a joint venture agreement with Stargroup Limited ("**Stargroup**", **ASX:STL**) to jointly offer and tailor a "Two-Way ATM" solution for buying and selling Bitcoin.

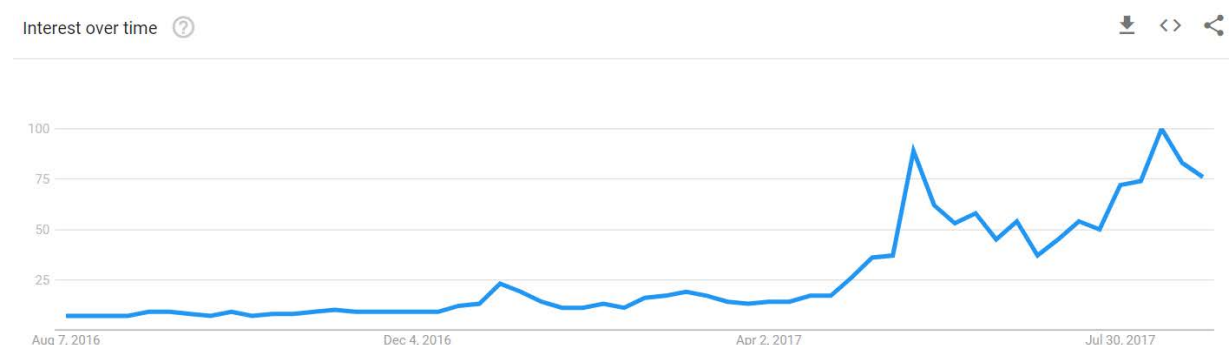
Stargroup provides end-to-end ATM deployment and electronic payment system services and solutions. Within Australia, Stargroup has deployed approximately 500 ATMs in Star Payments and manages approximately 2,400 ATMs via StarLink. Stargroup has a direct ownership interest in NeolCP Korea Inc, a private Korean company that manufactures ATMs, back office, coin counting, banking and casino settlement solutions. NeolCP Korea have approximately 16,000 ATMs and back office machines in South Korea, bringing the total number of ATM's managed approaching 19,000.

DigitalX is a Blockchain technology and advisory company providing services to enable the launch of new financial products. DigitalX has leveraged Blockchain technology and the secure ledger system to create patent pending technology.

The joint venture agreement is for the entire global network of Stargroup ATMs, with the initial roadmap to focus on Australia. At present, there are less than 20 ATMs in Australia that can facilitate a Bitcoin transaction and conversion fees are in the range of 4% to 8% of the transaction valueⁱ. The vast majority of these ATMs are only "One-Way ATMs"; meaning users can only acquire Bitcoin and add it to their Bitcoin wallet via the ATM.

The development of Two-Way ATM's means Stargroup ATMs will not only enable users to acquire Bitcoin but also to instantly convert their Bitcoin to AUD cash at the ATM. For current Bitcoin users looking to "cash out", the process can often take a number of days using existing Australian online digital currency exchanges. Once implemented the Two-Way StarATM's are expected to solve a significant pain point for Bitcoin users. DigitalX and Stargroup will share in the transaction fees charged at the ATM.

The global Bitcoin market has grown from less than \$20 billion at the start of the year to over \$70 billion today. As seen through the growth in Australia's Bitcoin Exchange volume and Australia's internet search interest, Bitcoin has reached a level where a large-scale ATM roll-out provides a commercial opportunity.



Source: Google Search trends "Bitcoin"

The conditions precedent in relation to the joint venture are;

1. Stargroup developing ATM software to process a two-way ATM transaction for the Bitcoin currency; and
2. DigitalX developing an API to facilitate Bitcoin transactions with the ATM software for a two-way transaction for the Bitcoin currency.

Mr Leigh Travers, DigitalX's CEO commented *"With our growing success in Blockchain consultancy services we view this opportunity as a suitable fit to offer ordinary Australians exposure to crypto currency. The success of this joint venture with Stargroup will add long-term revenue channels to our business and additional value to our shareholders."*

Mr Todd Zani, Stargroup's CEO and Executive Chairman added *"Stargroup is pleased to partner with DigitalX on this project and leverage its unique ownership of its ATM manufacturer to develop a two-way ATM where a Bitcoin owner can not only buy Bitcoin but more importantly can cash their Bitcoin out. This development may also be able to be applied to other cryptocurrencies and be distributed internationally."*

- Ends -

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About DigitalX

DigitalX is a Blockchain technology Company with offices in Perth and New York. Partners can use DigitalX's technology to offer new financial products.

ⁱ <https://coinatmradar.com/>