



ASX ANNOUNCEMENT

31 October 2017

September 2017 Quarterly Report

Highlights:

- **AUD\$4.05m fund raising from Blockchain Global Limited and associated investors completed**
- **Expansion into Initial Coin Offering (ICO) market and dominant position already established**
- **Blockchain Consulting service offering starting to gain initial traction**

DigitalX Limited (ASX:DCC, **DigitalX** and **the Company**) is pleased to provide the following report on activities completed in the quarter ended 30 September 2017.

Quarterly Overview

Summary of Working Capital Position

DigitalX Ltd had total cash and cash equivalents of US\$1.2m at quarter end.

In addition to its cash position, DigitalX held 489.68 Bitcoins (valued at USD\$4,250/BTC as at the end the Quarter) with a value of US\$2,081,140 and 430.83 Ether (valued at US\$300/ETH as at the end of the Quarter) with a value of US\$129,249. Bitcoin and Ether are highly liquid and can be converted into cash when required. The total value of Ether and Bitcoin held at the end of the quarter was US\$2,210,389 (based on the prevailing prices at the end of the Quarter). The Company notes the value per Bitcoin is now over US\$6,100.

DigitalX generated revenues of approximately US\$214k from corporate advisory fees, US\$11k related to DigitalX Direct referral fees, US\$7k from foreign exchange referral fees, which will be received during the December Quarter.

Capital Raising Complete

The Company completed the capital raising approved at the general meeting of shareholders held on 25 August 2017, receiving approximately \$4.05 million investment from Blockchain Global Limited (**BGL**) and other investors nominated by BGL.

The investment by BGL and associated investors was made through a combination of cash and Bitcoin (a first for an ASX listed entity).

Business Activities

ICO Market

During the quarter, the Company secured a number of corporate advisory engagements to provide Blockchain consulting services to the Initial Coin Offerings (**ICO**). The Company provided a range of industry specific and traditional corporate advisory services in return for fees.

As announced on 20 September 2017, the Company acted as the corporate advisor to Bankera (www.bankera.com) for the high profile successful pre-ICO raising, the largest pre-

ICO raising in the world, with € 25m raised through the sale of 2.5 Billion Bankera tokens at €0.01.

DigitalX will be paid via three avenues throughout the duration of the engagement in combination of Bitcoin, Ethereum and Bankera tokens.

Bankera advisor fees generated 2.58 Bitcoin, 342 Ether and approximately 100 million BNK tokens. The majority of the Ether payment was made during the December quarter.

Bankera has recently launched Eurozone IBAN's, cryptocurrency debit cards and boosted their team members as they prepare for a worldwide debit card roll out. To aid this, BNK will be raising further funds at €0.017 per BNK in the final week of November.ⁱ

The Company was also appointed as the corporate advisor to the upcoming Etherparty ICO during the quarter (ASX announcement 19 September 2017). DigitalX introduced cryptocurrency investors to Etherparty and purchased an allocation in the pre-ICO issue of FUEL tokens undertaken by Etherparty for the Company as part of a syndicate of US\$3m. DigitalX has a holding in Etherparty of approximately 10M FUEL tokens. Etherparty has just completed their ICO at US\$0.12 per FUEL token. DigitalX was also paid 333 Ether for introducing cryptocurrency investors to Etherparty.

Blockchain Consulting

The Company entered a joint venture agreement with Stargroup Limited (ASX:STL) to jointly offer and tailor a "Two-Way ATM" solution for buying and selling Bitcoin during the quarter. DigitalX notes Stargroup is currently raising funds to fast track the roll out of the "Two-Way ATM's".

DigitalX is advisor to a cryptocurrency exchange, the National Cryptocurrency eXchange (NCX) and is providing cryptocurrency consulting expertise over a 6-month term. DigitalX is paid a monthly fee for 6 months with a 2-year minority share in revenue.

The Company began providing Blockchain Masterclass consulting services during the quarter. One of the customers was RAC, which highlights the high quality and diverse range of customers potentially available to DigitalX.

Corporate Overview

Capital Structure Changes

Since the previous quarterly report, the Company issued the following securities:

- 179,146,867 fully paid ordinary shares as approved by shareholders;
- 15,800,000 fully paid ordinary shares on conversion of unlisted options;
- 370,370 fully paid ordinary shares on conversion of convertible notes;
- 102,968,127 unlisted options as approved by shareholders;
- 55 convertible notes with a face value of \$10,000 converting to fully paid ordinary shares at \$0.0324 per share and maturing at 8 and 14 September 2018. Further details on the Convertible Notes can be found in the Notice of Meeting which was released to ASX and despatched to shareholders on 26 July 2017.

The previously announced minority holder share sale for holders of parcels of shares worth less than \$500 (Unmarketable Parcels) in the Company was closed on 29 September 2017 and finalized after the end of the Quarter.

Post Quarter Events

On 4 October 2017, the Company announced that it had been engaged as an advisor to Blockchain energy trading company Power Ledger for its ICO. As part of the engagement, DigitalX will introduce cryptocurrency investors to Power Ledger in exchange for a fee which consists of a mix of Ether and POWR tokens. The vast majority will be paid in POWR tokens.

On 17 October 2017, the Company was engaged by SingularityNET ahead of a potential Token Sale. DigitalX has introduced SingularityNET to cryptocurrency investors across Australia and the response has been very positive to a project at the intersection of Blockchain and artificial intelligence. DigitalX will provide an update to the market when appropriate.

The Company has commenced growing its staff to meet the demand for its services, and post the end of the Quarter appointed a new General Manager, ICO Advisory Services.

Outlook

The Company is now fully funded through the cornerstone investment led by BGL and is positioned as a leader in the industry. A google search shows DigitalX is the number one ranked ICO corporate advisory firm globally.ⁱⁱ The inbound demand for DigitalX ICO Corporate advisory services has led to a growth in the DigitalX team and a positive outlook for the future.

Ends

For further information, please contact

DigitalX Limited

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About DigitalX

DigitalX is a Blockchain technology Company with offices in Perth and New York. DigitalX provides Blockchain consulting services, ICO advisory services and software development. Partners can use DigitalX's technology expertise to deliver innovative products to global markets.

ⁱ <https://blog.bankera.com/2017/10/15/this-weeks-updates/>

ⁱⁱ Incognito Google Search "ICO advisory", IP address in Perth Australia

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

DigitalX Limited

ABN

59 009 575 035

Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (3 months) US\$'000
1. Cash flows from operating activities			
1.1 Receipts from customers		39	39
1.2 Payments for			
(a) research and development		-	
(b) advertising and marketing		(4)	(4)
(c) leased assets		-	-
(d) staff costs		(161)	(161)
(e) administration and corporate costs		(150)	(150)
(f) professional fees		(98)	(98)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		-	-
1.5 Interest and other costs of finance paid		(17)	(17)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		-	-
1.8 Other (provide details if material)			
(a) Power and hosting of bitcoin mining equipment		(5)	(5)
(b) Purchase of bitcoins for Liquidity Desk		-	-
1.9 Net cash from / (used in) operating activities		(394)	(394)
2. Cash flows from investing activities			
2.1 Payments to acquire:			
(a) property, plant and equipment		(2)	(2)
(b) businesses (see item 10)		-	-

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (3 months) US\$'000
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities		
	(a) loan to related party	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(2)	(2)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	1,192	1192
3.2	Proceeds from issue of convertible notes	225	225
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(38)	(38)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Share Buy-back)	-	-
3.10	Net cash from / (used in) financing activities	1,379	1,379

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	232	232
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(394)	(394)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(2)

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (3 months) US\$'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,379	1,379
4.5	Effect of movement in exchange rates on cash held	(24)	(24)
4.6	Cash and cash equivalents at end of quarter	1,191	1,191

Note: As at 30 September 2017, DigitalX held 489.68 Bitcoins valued at \$4,250 BTCUSD to total US\$2,081,140 and 430.83 Ether valued at \$300 ETHUSD to total US\$129,249. Bitcoin and Ether are highly liquid and can be converted into cash when required.

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter US\$'000	Previous quarter US\$'000
5.1	Bank balances	1,191	232
5.2	Call deposits	-	-
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,191	232

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

Current quarter
US\$'000

48

-

- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Salary, Director fees

7. Payments to related entities of the entity and their associates	Current quarter US\$'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end US\$'000	Amount drawn at quarter end US\$'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$US'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	(96)
9.4 Leased assets	-
9.5 Staff costs	(138)
9.6 Administration and corporate costs	(57)
9.7 Other (provide details if material)	
(a) professional fees	(22)
(b) capital raising costs	(120)
(c) Interest on Interest bearing liabilities	(23)
(d) power and hosting	-
9.8 Total estimated cash outflows	(456)

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	-	-
10.2	Place of incorporation or registration	-	-
10.3	Consideration for acquisition or disposal	-	-
10.4	Total net assets	-	-
10.5	Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Managing Director)

Date: 31 October 2017

Print name: Leigh Travers

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.