

SEPTEMBER 2018 QUARTERLY REPORT

DigitalX Limited (ASX:DCC, DigitalX and the Company) is pleased to provide the following report on activities completed in the quarter ended 30 September 2018.

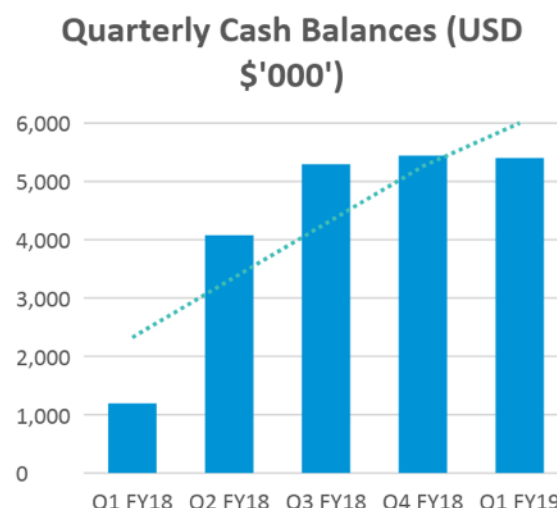
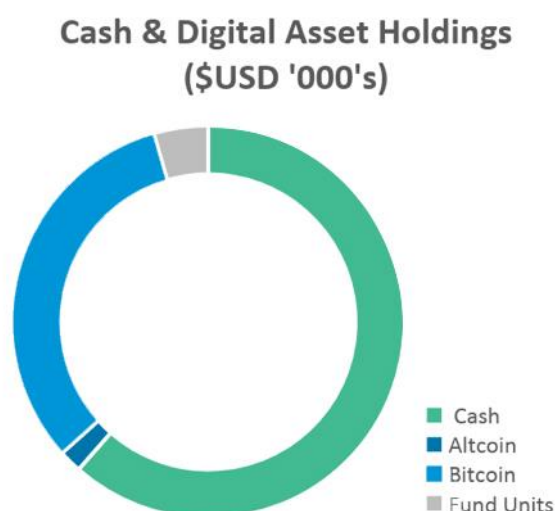
HIGHLIGHTS

- FutureICO joint venture established to develop an Initial Coin Offering (ICO) issuance platform.
- Strategic investment in ASX-listed company YPB Group Ltd.
- Progress on establishment of digital asset funds across South America and Europe to accompany the Australian arm of DigitalX funds management.
- Blockchain Centre Perth fit-out underway and on track for launch in December.
- DigitalX maintains cash over quarter, with US\$5.4 million in cash at bank at 30 September 2018.

QUARTERLY OVERVIEW

A. Summary of Working Capital Position

DigitalX had cash, listed digital assets and fund units of over US\$8.7m in value at quarter end.



The capital was weighted towards cash at bank with US\$5.4m cash, US\$3.0m of cryptoassets trading on exchanges, and licensed funds of US\$0.39m at quarter end.

DigitalX exchange listed cryptoasset holdings and DigitalX Investment fund units as at 30 September 2018 are tabled below:

Name	Balance	Spot Price	Value (USD)
Bitcoin	431.42	\$6,543	\$2,823,074
Other listed altcoins			\$166,122
Unlisted units in DigitalX Investment fund			\$393,187

Total			\$3,382,823
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DigitalX has additional unlisted and escrowed cryptoassets. Given the volatility in cryptoassets during the period, DigitalX's treasury management plan focused on delivering increased cash and Bitcoin to the Company.

DigitalX generated cash receipts of over US\$0.89m during the quarter, predominantly from its ICO advisory services – via the receipt of cash payments or conversion of cryptoassets received as consideration into cash - as well as net cash operating inflows of \$0.1m.

The Company is continuing its strategy and execution through its four business lines; advisory services for ICOs and Security Token Offerings (**STOs**), blockchain consulting, asset management and media and education.

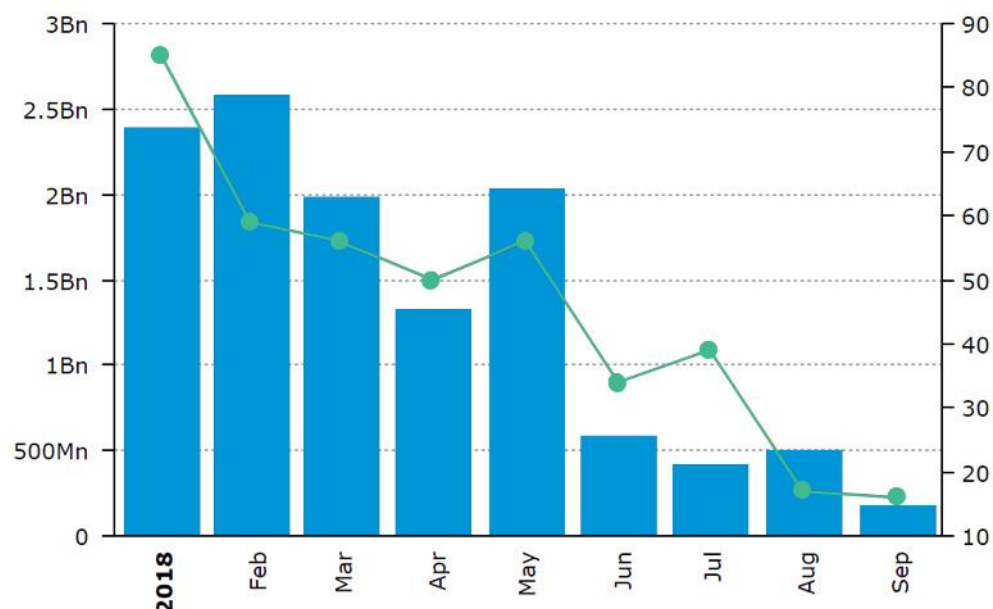
B. Business Activities

ICO/STO Advisory

The Company continued to provide ICO advisory services during the quarter, for both pre and post ICOs. DigitalX, leveraging the Company's experience and its team's capabilities, offers the full suite of services required to launch a successful cryptoasset project.

The ICO funding market slowed considerably during the quarter, reflecting the short-term sentiment within the cryptoasset market.

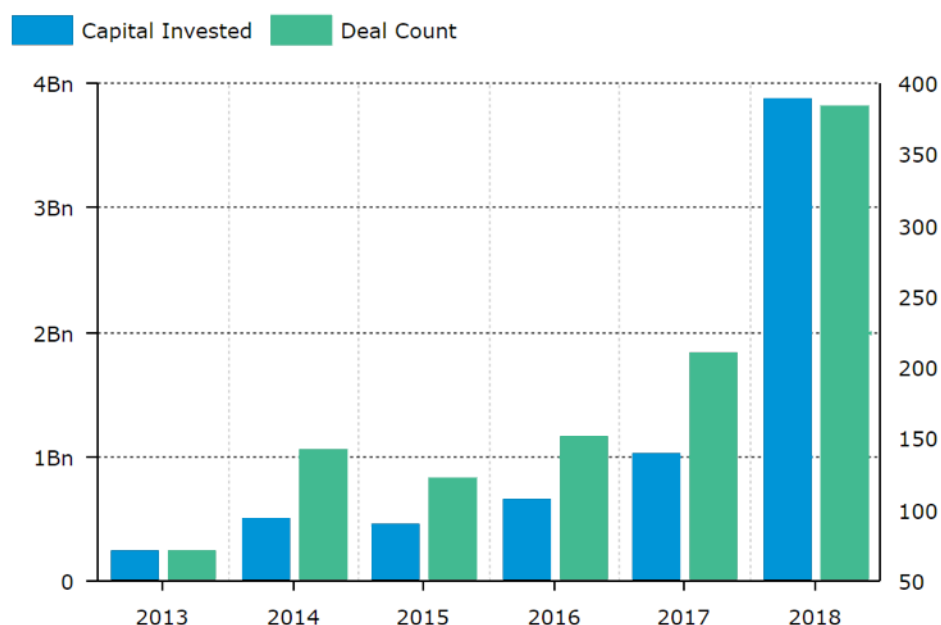
Table 1. ICO funding per month in 2018 (US\$m)



Source: <https://diar.co/volume-2-issue-39/>

Highlighting institutional interest in the disruptive nature of blockchain technology, investment by equity investors within the blockchain industry is continuing to trend positively.

Table 2. Investments by Venture Capital funds in the Blockchain industry



Source. <https://diar.co/volume-2-issue-39/>

DigitalX believes there are a few reasons for this dynamic, the most significant is the increase in regulation – notably the improvement in infrastructure in the form of custody solutions and risk clearance. Interestingly, in the last few weeks two of the world’s largest financial institutions, Fidelity and Goldman Sachs have announced they will be offering custody solutions for cryptoassets, paving the way for the next wave of adopters¹.

The DigitalX team is focused on bringing greater transparency into the cryptoasset market and for better protections for investors. The Company is therefore working extremely hard on being a first mover into the Security Token Offering (STO) market. The Company has completed an extensive global search for international partners to expand its distribution and allow DigitalX to move quickly to capture market share. The Company is in final negotiations with a proposed international partner and will update the market once the details can be announced. Based on the above factors and despite a quiet quarter for ICO/SCO corporate advisory, management is very bullish on the future.

As well as working towards STOs, DigitalX is focused on providing infrastructure to companies looking to launch their own cryptoasset – as evidenced with the launch of FutureICO (see below). This will be achieved by working with more regulated groups such as publicly-listed company YPB Group Ltd (YPB.ASX), which engaged DigitalX through a binding term sheet during the quarter, with documentation currently being finalised.

ICO Platform – “FutureICO”

During the quarter, the Company entered into a joint venture with Blockchain Global Ltd and Big Start Pty Ltd to develop and operate FutureICO, a platform which will provide a seamless way for ICO applicants and ICO issuers to interact under a compliant framework.

The joint venture company, FutureICO Pty Ltd, has entered into a binding term sheet with First Growth Funds Limited (ASX.FGF), under which FGF will invest US\$285,000 for 25% of the equity in FutureICO.

¹ <https://diar.co/volume-2-issue-42/>

Further details of the investment can be found in the ASX announcement released on 18 September 2018.

Blockchain Consulting

DigitalX continued to receive a number of enquiries and issued several proposals for blockchain consulting services during the quarter. At the end of the quarter, the team was in discussion with a consulting partner and a large east coast-based government department which may lead to exciting developments in the gambling sector in Australia.

In addition, the DigitalX blockchain consulting team and Coincast Media traveled to Japan during the quarter and recently signed a memorandum of understanding with Japanese firm Path Corporation to provide further business opportunities globally for DigitalX.

DigitalX Asset Management

As announced in the previous quarterly report, the Company opened the asset management division, DigitalX Investments, to give high net worth and institutional investors access to a portfolio of technology and cryptoassets. While current funds under management are still at the seed stage, pleasingly, the fund outperformed the top 20 crypto index for the quarter.

During the quarter, the team continued to build its investor network and lay the foundation and framework for opening new funds in Panama and Malta. During the quarter, the portfolio management and research teams focused on building its formal due diligence processes and valuation models, in addition to honing investment strategies. The investments team also produced a number of high-quality research pieces during the period, which were extremely well received by its institutional audience. They will regularly produce reports each month covering investment themes in the crypto sector going forward. The distribution team also made significant inroads to investors in Latin America, Europe, and the Middle East in order to prepare the groundwork for investment fund raising over the next few months.

The focus on cryptoasset management by the Company reflects the desire to achieve a growing source of annuity-like income in the future. DigitalX has a competitive advantage in forming high quality partnerships in the blockchain asset management space, leveraging its status as a well-capitalised public company with extensive blockchain technology expertise and trading experience. The Company sees asset management growing into a significant focus for the Company over the next year as it builds recognition as a globally-respected brand in crypto and blockchain investing.

Media and Education “Coincast Media”

During the quarter, the Coincast Media joint venture launched the first 12-week series of weekly blockchain TV show Coincast TV. The program aired on Sky News Business and was also available on Apple TV and The Wall Street Journal. Viewer and engagement statistics continued to improve, with an estimated 3 million views per week across the suite of media assets.

Since launching, Coincast Media has seen strong revenue growth, generating over \$AUD650,000 in revenue to date. The Company is now delivering modest profits from the media assets it holds, including the multipliercrypto.com news platform, coincastnews.com, the coin.org video tutorial platform and Coincast TV.

Coincast Media is currently in negotiations with international media agencies regarding the expansion of the first series of Coincast TV and will update the market in due course.

C. Corporate Overview

Retirement of Director

On 7 September 2018, Non-Executive Director Mr Toby Hicks retired as a Director of the Company.

Legal Proceedings

Further to the announcement on 28 September 2018 in relation to the court proceedings we have received a request for mediation from the other parties and continue to vigorously defend their claims which we believe have no basis. The Company will update the market with further information when it is available.

Capital Structure Changes

During the period, 3,086,420 fully paid ordinary shares were issued upon exercise of unlisted options. A further 16,296,295 fully paid ordinary shares and 8,800,000 incentive options were issued on conversion of 44 convertible notes, 3,441,000 fully paid ordinary shares were issued to employees of the Company as an incentive and in recognition of services provided and 1,000,000 fully paid ordinary shares were issued to the Company's Managing Director and CEO on conversion of 1,000,000 performance rights.

Outlook

The Company has expended significant efforts building a globally-respected brand and establishing partnership opportunities to leverage its deep industry and technical experience.

DigitalX expects this to lead to exciting developments for shareholders over the quarter, particularly in STO advisory and cryptoasset management. As the market prepares for the emergence of blockchain-backed assets in 2019, DigitalX is poised to be a first mover with full service capabilities and is excited to deliver those to a global audience.

In addition, the Company continues to deliver on its business lines and to achieve its mission of being a leader in blockchain advisory and cryptoasset management. The finalization of the Blockchain Centre Perth in December should continue to build DigitalX's brand within the industry and provide valuable education and presence in the fintech marketplace.

Ends

For further information, please contact:

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About DigitalX

DigitalX is positioned as the leading publicly listed ICO & STO corporate advisory firm globally. DigitalX is based out of Perth and New York and provides ICO & STO advisory services, blockchain consulting services and software development. DigitalX's partners can use DigitalX's blockchain technology expertise to deliver innovative products to global markets.

www.digitalx.com

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 2018

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	898	898
1.2 Payments for		
(a) research and development	-	-
(b) advertising and marketing	(48)	(48)
(c) leased assets	-	-
(d) staff costs	(272)	(272)
(e) administration and corporate costs	(269)	(269)
(f) professional fees	(163)	(163)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(12)	(12)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	(56)	(56)
1.9 Net cash from / (used in) operating activities	77	77

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(65)	(65)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (3 months) US\$'000
	(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	(65)	(65)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	76	76
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(1)	(1)
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	75	75

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	5,440	5,440
4.2	Net cash from / (used in) operating activities (item 1.9 above)	78	78
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(65)	(65)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	75	75

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (3 months) US\$'000
4.5	Effect of movement in exchange rates on cash held	(127)	(127)
4.6	Cash and cash equivalents at end of quarter	5,401	5,401

Note: As at 30 September 2018, DigitalX held 431.42 Bitcoins valued at \$6,543 BTC:USD to total US\$2,823,074 and 226.14 Ether valued at \$226.14 ETH:USD to total US\$17,910, 737,563 FUEL valued at \$0.016 FUEL:USD to total \$11,801, 3,428,980 CHP valued at \$0.01 CHP:USD to total \$34,289, 4,922 INS valued at \$0.36 INS:USD to total \$1,722, 19,003,481 BNK \$41,807 valued at \$0.002 BNK:USD to total \$41,807, 7,964,545 OMX valued at \$0.0067 OMX:USD to total \$53,295, 714,132 BITCAR valued at \$0.36 BITCAR:USD to total \$4,998. Bitcoin, Ether and other tokens are considered to be 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	3,594	3,594
5.2	Call deposits	1,806	1,806
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)	5,440	5,440

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

Current quarter US\$'000
63
-

Salary, Director fees

7. Payments to related entities of the entity and their associates

- 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

Current quarter US\$'000
-
-

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.		

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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	(90)
9.4 Leased assets	-
9.5 Staff costs	(338)
9.6 Administration and corporate costs	(496)
9.7 Other (provide details if material)	
(a) professional fees	(41)
(b) Interest on Interest bearing liabilities	-
(c) power and hosting	-
9.8 Total estimated cash outflows	(965)

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: 30 October 2018

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.