



ASX ANNOUNCEMENT

31 January 2018

December 2017 Quarterly Report

Highlights:

- DigitalX executes Blockchain corporate advisory services to the world's leading ICO's

DigitalX Limited (ASX:DCC, DigitalX and the Company) is pleased to provide the following report on activities completed in the quarter ended 31 December 2017.

Quarterly Overview

Summary of Working Capital Position

DigitalX Ltd had total cash and digital assets at fair value of AUD\$20.7m at quarter end.

DigitalX cash and digital asset holdings that have been distributed to the Company are tabled as follows.

Detail	Bitcoin	ETH	POWR	FUEL	Bankera	Cash	Total (USD)	Total (AUD)
Holding	490	460	1M	7.6M	100M	4.1		
USD Price	\$ 14,156.00	\$ 756.70	\$ 1.01	\$ 0.17	\$ 0.02	\$ 1.00		\$ 1.28
Value @ 31 Dec	\$ 6,936,440	\$ 348,082	\$ 1,010,446	\$ 1,256,363	\$ 2,480,000	\$ 4,100,000	\$ 16,131,331	\$ 20,648,104
Value @ 30 Sep	\$ 2,081,140	\$ 129,249	\$ -	\$ -	\$ 1,240,000	\$ 1,191,000	\$ 4,641,389	\$ 5,940,977.92
Increase	233%	169%	✓	✓	100%	244%	248%	248%

DigitalX generated revenues of approximately US\$3.6m from corporate advisory fees received in tokens, US\$10k related to DigitalX Direct referral fees which will be received during the January 2018 Quarter.

Business Activities

ICO Market

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

As announced on 4 October 2017, the Company had been engaged as an advisor to Blockchain energy trading company Power Ledger for its ICO. In consideration for the Company's strategic advice, it was offered a hybrid remuneration of ETH and POWR tokens. Due to the high level of demand for the ICO, DigitalX elected to receive the entire consideration in POWR tokens resulting in the issue of approximately net 4.5 million POWR tokens (valued at approximately US8c/POWR at the end of the Quarter) to DigitalX after expenses.

On 30 November 2017, the Company announced it acted as the corporate advisor to SingularityNET, a decentralised, open market for Artificial Intelligence (AI) algorithms for the sale of 500 million tokens raising up to US\$36 million. DigitalX will receive approximately 0.8% of the 1 billion AGI tokens in the project for marketing and promotional services, plus additional fees for introducing the SingularityNET project to DigitalX's cryptocurrency investor

For personal use only

network across Australia. DigitalX expects to receive net 5M AGI tokens during the current quarter (valued at \$0.10 as at 31 December 2017).

In addition, DigitalX was engaged by BitCar, an exotic car ownership platform that combines two of the best performing asset classes, cryptocurrency and exotic cars, for corporate advisory services ahead of its ICO. DigitalX will receive approximately 4 million tokens in the project for corporate advisory services and additional fees for introducing the project to the Company's network.

DigitalX further announced on 4 December 2017 that it had been appointed corporate advisor for the ICO for direct-order grocery platform INS Ecosystem, and online poker game platform CoinPoker.

INS Ecosystem aims to disrupt the \$8.5 trillion global grocery market by creating a platform in which consumers can purchase goods directly from manufacturers in an efficient and affordable manner. INS Ecosystem targeted a sale of 30 million INS tokens. DigitalX received 250,000 tokens in consideration for corporate advisory services provided with 125,000 of these INS tokens to be distributed over the next three months (valued at US\$2.52 as at 31 December 2017).

CoinPoker, a platform for online poker games to ensure provably fair and true gaming will issue 375 million chips (CHP) tokens to the market to fast track its vision as the official currency for CoinPoker. DigitalX will receive a corporate advisory fee of 7.5 million CHP tokens plus additional fees of approximately \$40,000 in ETH for advisory services and introductions to its network.

Bankera, a digital bank for the Blockchain industry has come a long way since the first launch of the pre-ICO and has now raised over 90 million euros from nearly 70,000 contributors, making it the largest ICO in relation to number of contributors and in the top 10 biggest ICOs according to the amount raised. Bankera has three main focus areas, IT infrastructure, licenses, and capital and the co-founders announced last week the acquisition of the Pacific Private Bank based in Vanuatu.¹

Corporate Overview

Capital Structure Changes

During the quarter, the Company issued the following securities:

- 4,550,000 fully paid ordinary shares as approved by shareholders;
- 63,562,501 fully paid ordinary shares on conversion of unlisted options;
- 3,703,704 fully paid ordinary shares on conversion of convertible notes;
- 2,000,000 unlisted options as approved by shareholders;

Post Quarter Events

On 9 January 2018, the Company issued a further 281,914 fully paid ordinary shares on conversion of unlisted options.

Outlook

DigitalX cemented its position as the world's leading publicly listed ICO advisor to close out 2017. The combination of the highest quality technical talent, industry experience, investor and exchange network, marketing partners and compliance focus has proven to be a valuable addition to projects looking to launch their own digital asset.

¹ <https://blog.bankera.com/2018/01/25/revealing-the-big-news-bankeras-co-founders-have-acquired-a-bank/#more-1827>

In addition to advising some of the most exciting Blockchain projects during their ICO, DigitalX is aiming to broaden the scope of its advisory services to provide Blockchain strategy to companies and organisations. As such, DigitalX is scheduled to facilitate workshops with ThinkPlace, one of the largest strategic design consultancies globally, to realise the adoption of blockchain technology with public and private sector organisations.

Due to significant demand from investors, DigitalX is actively reviewing the funds management space and will provide an update to the market on this in due course.

Market making activities during the quarter were limited due to a longer than expected compliance and risk review on exchanges and demands on the Company's technical staff. The Company has begun market making on the ACX and NCX exchange in Australia and expects to ramp up this activity going forward with trading scripts now implemented.

DigitalX has conducted a review of the IP associated with the AirPocket application and is actively reviewing opportunities to direct the software at emerging markets in the cryptocurrency and blockchain spaces. The Company sees potential for developing the blockchain transactions and identity management software underlying AirPocket, and will soon release plans for further development and commercialisation of AirPocket.

Ends

For further information, please contact

DigitalX Limited

Leigh Travers

Managing Director

leigh@digitalx.com

T: +61 439 376 847

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.

For personal use only

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")

31 December 2017

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (6 months) US\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,406	1,446
1.2 Payments for		
(a) research and development	-	-
(b) advertising and marketing	(86)	(90)
(c) leased assets	-	-
(d) staff costs	(136)	(298)
(e) administration and corporate costs	(180)	(329)
(f) professional fees	(126)	(224)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(17)	(34)
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)
1.9 Net cash from / (used in) operating activities	861	467
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(2)
(b) businesses (see item 10)	-	-
(c) investments	-	-

For personal use only

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (6 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	-	(2)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	2,125	3,317
3.2 Proceeds from issue of convertible notes	-	225
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(143)	(181)
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	1,982	3,361

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	1,191	232
4.2 Net cash from / (used in) operating activities (item 1.9 above)	861	467
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	(2)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	1,982	3,361

For personal use only

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (6 months) US\$'000
4.5	Effect of movement in exchange rates on cash held	67	43
4.6	Cash and cash equivalents at end of quarter	4,102	4,102

Note: As at 31 December 2017, DigitalX held 489.68 Bitcoins valued at \$14,156 BTCUSD to total US\$6,931,910 and 459.84 Ether valued at \$756.73 ETHUSD to total US\$347,971, 1,000,442 POWR valued at \$1.01 POWRUSD to total \$1,010,446, 7,614,319 FUEL valued at \$0.1652 FUELUSD to total \$1,257,977 . Bitcoin, Ether, POWR and FUEL 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	4,102	1,191
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)	4,102	1,191

6. Payments to directors of the entity and their associates

- | | Current quarter
US\$'000 |
|-----|-------------------------------------|
| 6.1 | 43 |
| 6.2 | - |

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 | - |
| 7.2 | - |

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

For personal use only

--	--

	Total facility amount at quarter end US\$'000	Amount drawn at quarter end US\$'000
8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>		
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	(76)
9.4 Leased assets	-
9.5 Staff costs	(225)
9.6 Administration and corporate costs	(100)
9.7 Other (provide details if material)	
(a) professional fees	(38)
(b) capital raising costs	(120)
(c) Interest on Interest bearing liabilities	(14)
(d) power and hosting	-
9.8 Total estimated cash outflows	(573)

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	-	-

For personal use only

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 January 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.

For personal use only