



ASX ANNOUNCEMENT

30 April 2018

March 2018 Quarterly Report

Highlights:

- DigitalX appointed corporate advisor to multiple ICO's in major global markets
- Bitfinex appoints DigitalX as cryptoasset listings advisor
- Joint venture with digital media company Multiplier to launch a new crypto business news website and online Blockchain education platform coin.org
- Established funds under management division, DigitalX Investments
- DigitalX grows cash at bank by nearly 30% QoQ

DigitalX Limited (ASX:DCC, DigitalX and the Company) is pleased to provide the following report on activities completed in the quarter ended 31 March 2018.

Quarterly Overview

Summary of Working Capital Position

DigitalX Ltd had total cash of US\$5.3m and digital assets trading on exchanges of ~US\$5m at quarter end.

DigitalX exchange listed cryptoasset holdings as at 31 March 2018 are tabled below:

Cryptoasset	Cryptoasset Ticker	Balance	Price	USD Value
Bitcoin	BTC	470	\$7,081.14	\$3,328,044
Ethereum	ETH	1072	\$402.55	\$431,534
Coin Poker	CHP	7143311	\$0.05	\$331,585
Etherparty	FUEL	5101473	\$0.06	\$314,349
SingularityNET	AGI	1648600*	\$0.13	\$206,848
Power Ledger	POWR	605442	\$0.28	\$170,359
INS Ecosystem	INS	134809	\$1.09	\$147,385
Holdings				\$4,930,104

* DCC has additional escrowed tokens

While the value of the cryptoasset market fell approximately 56% from 31 December 2017 to 1 April 2018, DigitalX prudently managed its treasury during the quarter to ensure a near 30% increase in the Company's cash position.¹

DigitalX generated cash inflows of approximately US\$1.7m during the quarter, predominantly from ICO advisory services.

The Company has now developed four business lines which includes Initial Coin Offering (ICO) advisory, Blockchain consulting, Blockchain education and cryptoasset news and funds management.

¹ <https://coinmarketcap.com/historical/20180401/>

For personal use only

Business Activities

ICO Corporate Advisory

During the quarter, the Company continued to secure corporate advisory engagements to provide services to ICO's. The Company provided a range of industry-specific and traditional corporate advisory services in return for fees.

With the increasing number of ICO's already in 2018, the Company is continuing to strengthen its ICO advisory service and seeing significant demand for these services.

During the quarter, DigitalX signed the following ICO advisory service mandates.

Bankorus (www.bankorus.com) is the world's first private wealth management platform powered by Artificial Intelligence (AI) and built on the Blockchain. The Bankorus team built the first robo-advisor in China that now services more than 200,000 HNW clients with over US\$30b in assets.

Shivom (www.shivom.io) is aiming to become the largest genomic data-hub platform in the world. Shivom token holders own their genomic data, control the right to access it, and receive rewards if they choose to share it.

Human Protocol (www.hcaptcha.com) connects website operators to AI researchers, directing real users to generate the labelled training data needed to create machine learning algorithms simply by browsing the web. The product will replace both Google's reCAPTCHA and Amazon Mechanical Turk and is built by a world-class team of machine learning experts and serial Silicon Valley entrepreneurs.

Blockchain Consulting

During the period, the Company was appointed Blockchain consultant to Perth based software and data management company Transcendence Technologies Limited (ASX:TTL).

The Company was also appointed corporate advisor to MailGuard, the world's largest private Software as a Service (SaaS) email security company. DigitalX is advising MailGuard in the development of a Blockchain cybersecurity ecosystem called GlobalGuard. In a world first, GlobalGuard will combine AI and Blockchain technology to identify emerging email-borne cyber threats.

As announced on 5 March 2018, the Company was appointed as Blockchain advisor to ShareRoot Limited (ASX:SRO) to provide advice on how Blockchain based systems can enhance SRO's Media Consent platform with Blockchain solutions to further enhance their platform offering.

DigitalX also provided Blockchain consulting in Canberra in collaboration with ThinkPlace, one of the largest strategic design consultancies globally, to discuss the adoption of Blockchain technology with the public and private sector.

Corporate Overview

Capital Structure Changes

During the quarter, the Company issued the following securities:

- 7,002,253 fully paid ordinary shares on conversion of unlisted options; and
- 1,000,000 fully paid ordinary shares as approved by shareholders upon the conversion of performance rights held by the CEO.

For personal use only

Post Quarter Events

During the quarter, management was extremely busy securing new promising technology company mandates and finalising new business lines that had been under development. In April 2018, the Company announced the opening of the funds under management division, DigitalX Investments, to give high net worth and institutional investors access to a portfolio of cryptocurrencies.

DigitalX's first fund, DigitalX Investments, will invest predominantly in the leading cryptocurrencies, with a smaller allocation towards special trading opportunities including ICOs.

DigitalX will hold a 73% interest in DigitalX Funds Management Pty Ltd, which will be the Investment Advisor, and has seeded the fund with approximately \$750,000 from the Company's existing Bitcoin and Ethereum asset base. The Company sold approximately 60 Bitcoin at over US\$8,500 during April to seed the fund.

The wholesale fund is licensed and administered by Boutique Capital Pty Ltd, an authorised representative of Grange Capital Partners Limited (AFSL 264772) and will be open to qualifying investors in accordance with the requirements of Sections 71G and 761GA of the Corporations Act 2001 (Cth). Having undertaken a due diligence review of Boutique Capital, the Company is satisfied that Boutique Capital has the skills to perform the role. Boutique Capital will be paid a management fee of 2% per annum of the net asset value of the fund and will be entitled to receive a performance fee upon the achievement of certain performance criteria for the fund.

Tim Davies has been appointed Head of DigitalX Investments and Portfolio Manager of the Fund.

Post the end of the period, the Company also announced a joint venture with digital media company Multiplier to launch a new crypto business news website and online cryptocurrency education platform.

The two websites:

- Multipliercrypto.com; and
- Coin.org,

will be operated by the joint venture company - Digital Multiplier Pty Ltd. DigitalX and Multiplier hold shares equal to 50 per cent of the new entity and its assets each.

Both websites are currently under final development and are intended to provide key information to unique audiences in the cryptoasset space:

- Coin.org will provide information designed to educate the market about Blockchain and cryptoassets. This will include curated video content delivered by industry experts and highlight how to safely buy, sell and store cryptocurrency assets.
- Multipliercrypto.com will be a digital news network for businesses within the Blockchain and cryptocurrency ecosystem.

DigitalX has also secured mandates for the following ICOs post the quarter end.

Mosaic (www.mosaic.com) is providing a database platform and decentralised market intelligence network with an intuitive user interface. Mosaic is seeking to become the main cryptoassets app—the gateway to the crypto world—where people get their data and research, discuss ideas with other members of the community, and manage their portfolios through the Mosaic meta-exchange.

Bamboo (getbamboo.io) is a micro-savings application that allows anyone easy access to a cryptoasset portfolio in a risk appropriate way. The team brings experience from Uber, Filecoin and Public Companies to deliver the “Acorns” for the cryptoasset marketplace.

Bitfinex appoints DigitalX as Cryptoasset Listings Advisor

Bitfinex has reached an agreement with DigitalX to work together as strategic partners to provide advice and research for cryptoassets on the Bitfinex and Ethfinex platforms.

Bitfinex is the world’s highest volume Bitcoin exchange. Bitfinex processes daily transactions of up to \$1 billion and has recently launched the Ethereum Blockchain protocol exchange, Ethfinex to provide exposure for market leading Blockchain technology backed projects.

Neither DigitalX nor Bitfinex will charge or receive any fees from the other for working together, however, DigitalX considers that the opportunity to work closely with one of the largest exchanges in the world can only enhance its services to its clients.

“We are delighted to establish a working relationship with Ethfinex to help evaluate new cryptoasset listings. DigitalX has an established track record for identifying top tier Blockchain projects,” said DigitalX CEO Leigh Travers.

Outlook

As seen through the quantum of post quarter events, the outlook for DigitalX shareholders is positive. The backdrop of a correction in cryptoasset markets allowed management to implement strategic business activities that are expected to provide growing revenues during market cycles.

The Company is confident of continued success in the Australian market and is scheduled to travel through Asia, Latin America and the United States in the coming quarter. Recent regulatory news in many countries including Australia has been positive and the acceleration towards regulated Blockchain-backed assets is an exciting development for the industry.

DigitalX is pleased to be actively contributing to education and positive regulation through industry body involvement, the up-coming opening of the Perth Blockchain Centre, expected in the September quarter, and sponsorship of industry initiatives to fast-track Blockchain adoption.

Ends

For further information, please contact

DigitalX Limited

Leigh Travers

Managing Director

leigh@digitalx.com

T: +61 439 376 847

About DigitalX

DigitalX is positioned as the leading publicly listed ICO corporate advisory firm globally. DigitalX is based out of Perth and New York and provides ICO 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.

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 March 2018

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (9 months) US\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,704	3,139
1.2 Payments for		
(a) research and development	-	-
(b) advertising and marketing	(79)	(169)
(c) leased assets	-	-
(d) staff costs	(186)	(506)
(e) administration and corporate costs	(266)	(584)
(f) professional fees	(162)	(386)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	(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)
(b) Purchase of bitcoins for Liquidity Desk	(118)	(118)
1.9 Net cash from / (used in) operating activities	894	1,337

2. Cash flows from investing activities

2.1 Payments to acquire:

(a) property, plant and equipment

- (2)

(b) businesses (see item 10)

- -

For personal use only

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (9 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)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	445	3,762
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	-	(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	445	3,807

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	4,078	232
4.2 Net cash from / (used in) operating activities (item 1.9 above)	894	1,337
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	(2)

For personal use only

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (9 months) US\$'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	445	3,807
4.5	Effect of movement in exchange rates on cash held	(125)	(81)
4.6	Cash and cash equivalents at end of quarter	5,293	5,293

Note: As at 31 March 2018, DigitalX held 470 Bitcoins valued at \$7,081 BTCUSD to total US\$3,328,044 and 1072 Ether valued at \$402.55 ETHUSD to total US\$431,534, 605,442 POWR valued at \$0.28 POWRUSD to total \$170,359, 5,101,473 FUEL valued at \$0.06 FUELUSD to total \$314,349, 7,143,311 CHP valued at \$0.05 CHPUSD to total \$331,585, 1,648,600 AGI valued at \$0.13 AGIUSD to total \$206,848, 134,809 INS valued at \$1.09 INSUSD to total \$147,385. Bitcoin, Ether, POWR, FUEL, CHP, AGI and INS 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	5,293	4,078
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)	5,293	4,078

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

78

-

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

Salary, Director fees

For personal use only

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	(99)
9.4 Leased assets	-
9.5 Staff costs	(267)
9.6 Administration and corporate costs	(513)
9.7 Other (provide details if material)	
(a) professional fees	(153)
(b) Interest on Interest bearing liabilities	(13)
(c) power and hosting	-
9.8 Total estimated cash outflows	(1,045)

For personal use only

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 April 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