

ASX ANNOUNCEMENT

13 November 2019

DigitalX Launches Bitcoin Fund

Perth, 13 November 2019: DigitalX Ltd (**DigitalX** or the **Company**) is pleased to announce the establishment of its second asset management product – the DigitalX Bitcoin Fund.

The Bitcoin Fund is available through a standard unlisted fund structure to allow sophisticated investors including family offices and high net worth individuals a low-cost and familiar vehicle to gain exposure to this growing asset class.

The opening of this fund will additionally provide DigitalX investors with further exposure to upside in the price of bitcoin.

DigitalX has been involved in the Bitcoin ecosystem since 2014 when it first commenced its bitcoin mining operations, prior to expanding those services into bitcoin trading and a deeper understanding and development of blockchain technology generally.

DigitalX has also been a holder of bitcoin since 2013, and as previously disclosed to ASX, currently holds 431 bitcoin.

In order to establish and launch the Bitcoin Fund, the Company will seed the fund with 215 of its bitcoin, effectively swapping its interest in those bitcoin for an equivalent interest in the fund.

The Company's intention in launching the Fund is to grow the funds under management within the Fund at a rapid rate to ensure that the Fund achieves critical mass and the Company benefits from the fees receivable from the Fund. The Fund also represents a good opportunity for the Company to utilise its own bitcoin holding.

The approximate value of the Company's investment into the fund will be ~AUD\$2.75m, based on a price per bitcoin of AUD\$12,800.

The week commencing 25 November 2019, the Company will be undertaking a roadshow through Sydney, Melbourne and Perth to meet potential investors and promote the fund to qualifying investors.

"DigitalX has held its bitcoin position through the 2017 bull market and 2018 drawdown because of our fundamental long-term belief in the value of the asset. What has become more and more apparent to us as we speak to investors and market participants generally, is that there is a growing interest in accessing bitcoin from people who have traditionally not considered investment in digital assets," explained Executive Director, Leigh Travers.

The fund will offer a management fee of 1.65% per annum and no performance fees.

Structure

The Australian wholesale unit trust structure will utilise institutional grade custody and the bitcoin holdings will be secured in the *highest-grade wallet* security system available through provider 'BitGo'. BitGo as a bitcoin custodian is insured up to US\$100m.

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The Company also intends to offer blockchain-based security for the registration and transfer of units in the unit trust, marking a significant development in the security and registration of the interests in the Fund and in unit trusts generally.

The wholesale fund is licensed and administered by Boutique Capital Pty Ltd (AFSL 508011) 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 is also the licensee of the Company's current indexed fund.

The Bitcoin Fund will be an unlisted fund and as outlined above will be available to qualifying wholesale and professional investors only.

Why the Bitcoin Fund?

The DigitalX Bitcoin Fund will allow qualifying investors to gain an exposure to bitcoin without the need for much of the administrative burden and risk associated with acquiring bitcoin, including:

- a knowledge of the various exchanges available to purchase bitcoin;
- the requirement to sign up and provide personal and corporate details to those exchanges before being able to purchase bitcoin;
- transferring cash to the exchange and complying with various transfer limits;
- executing orders at the best price;
- selecting and storing the bitcoin and associated key and seed using a secure wallet procedure;
- the process for transferring bitcoin back into an exchange account and selling the bitcoin; and
- understanding the taxation and audit procedures for their holdings.

Investing in bitcoin through the Bitcoin Fund will enable investors to gain an exposure and interest in bitcoin without needing to navigate these items, while also being able to benefit from wholesale rates on pricing and insurance offered through the Fund. Investors in the Fund will receive monthly Net Tangible Asset (NTA) reporting which will take the compliance and administration burden away.

Further information can be found at www.digitalx.fund

Cautionary Statement – Cryptocurrency-Related Business Activities

- As noted in ASX Compliance Update 06/19, cryptocurrency-related activities raise significant legal, regulatory and public policy issues and their regulatory status in a number of overseas jurisdictions remains subject to considerable uncertainty and rapid change.
- Crypto-asset related businesses have a number of risk factors, including but not limited to:
 - The development of new regulatory frameworks involving crypto-assets around the world.
 - Crypto-assets have recently been the subject of regulatory comment in jurisdictions around the world, and regulators continue to issue guidance on the relevance of their existing securities and financial services laws with regard to crypto-assets. In Australia, investors can refer to ASIC Information Sheet 225 on crypto-assets from May 2019.
 - Crypto-assets, like other monetary products, are subject to anti-money laundering and counter-terrorism funding legislation.

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About DigitalX

DigitalX is a Blockchain company with offices in Perth and New York. The Company offers blockchain consulting and development services and asset management services focused on technology, including Blockchain and emerging technologies.

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