2020

ANNUAL REPORT

digital X™

CREATING THE FINANCIAL AND TECHNICAL SOLUTIONS FOR ACHIEVING GLOBAL CONSENSUS

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LETTER FROM THE CHAIR

Dear Shareholders,

Although the 2020 Financial Year has been disappointing from a financial perspective, much has happened within the Company to position it for growth and development in the short term.

During the year, the Company undertook various steps to streamline its business, focussing on its digital asset funds management business as well as its consulting and product development business. Both business lines have seen growth and achievement over the year.

The Board acknowledges that the Company's future remains linked to the understanding and experience it has gained over the past few years. It is one of the few technology companies listed on the ASX that has been able to navigate the emergence of the digital asset and Blockchain technologies and remain in a position to benefit as these technologies become more mainstream.

With a small and cohesive team and a clear direction for the development of the Company's business and assets, the Board looks forward to the year ahead.

We take this opportunity to thank our shareholders that have been on the journey with the Company and who understand the potential value lying within the digital asset and Blockchain markets.

Yours sincerely,

Toby Hicks
Non-Executive Chair

DIRECTORS' REPORT

Your Directors present their report together with the financial report on the consolidated entity (referred to hereafter as the **Group** or **Consolidated entity**) consisting of DigitalX Limited (**DigitalX** or the **Company**) and the entities it controlled at the end of, or during, the year ended 30 June 2020. Information contained within this report and the financial report is presented in United States dollars ($USD).

Directors

The following persons were Directors of DigitalX during the financial year and up to the date of this report, unless stated otherwise:

Mr Toby Hicks
Non-Executive Chairman

Term of Appointment
Appointed 10 July 2019

Status
Non-Independent
Non-Executive

Current Directorships
None

Previous Directorships of Listed Entities within past 3 years
None

Experience
Mr Hicks is a Partner of Steinepreis Paganin Lawyers & Consultants with over 18 years' experience advising companies, both public and private, on matters relating to corporate governance, capital raisings, and mergers and acquisitions, as well as general commercial and strategic legal advice. He acts for a number of ASX listed companies.

Mr Hicks holds a Bachelor of Business (Management) and a Bachelor of Laws as well as a Graduate Diploma in Company Secretarial Practice from the Governance Institute and is a Chartered Secretary.

Mr Hicks spent 16 years as a Governor at the University of Notre Dame Australia and served for 14 years on the University's Finance, Audit and Risk Committee and 4 years on the Law School Advisory Board (Fremantle).

Interests in securities held as at the date of the report

- 7,500,000 performance rights; and
- 2,500,000 unlisted options exercisable at $0.10 each expiring on 30 June 2024.

Mr Peter Rubinstein
Non-Executive Director

Term of Appointment
Appointed 15 September 2017

Status
Non-Independent
Non-Executive

Current Directorships
Genetic Technologies Limited
Since 31 January 2018

Previous Directorships of Listed Entities within past 3 years
None

Experience
Mr Peter Rubinstein has over 20 years' experience in early stage technology commercialisation through to public listings on the ASX. He is a lawyer by training, having worked at one of the large national firms prior to moving in house at Montech, the commercial arm of Monash University.

Mr Rubinstein has had significant exposure to the creation, launch and management of a diverse range of technology companies including in biotech, digital payments and renewable energy.

Mr Rubinstein is also Chairman of EasyPark ANZ an early adopter in the "Smart City" opportunities for digital parking.

Interests in securities held as at the date of the report

- 29,483,580 fully paid ordinary shares;
- 1,000,000 unlisted options exercisable at $0.22 each expiring on 10 December 2023;
- 1,500,000 unlisted options exercisable at $0.25 each expiring on 10 December 2023;
- 2,000,000 unlisted options exercisable at $0.30 each expiring on 10 December 2023; and
- 3,000,000 performance rights.

Mr Leigh Travers
Executive Director

Term of Appointment
Appointed 24 July 2016

Status
Non-independent Executive

Current Directorships
None

Previous Directorships of Listed Entities within past 3 years
None

Experience
Mr Leigh Travers has enjoyed a decade of building relationships in financial and technology markets through his experience with fintech and investment advisory companies. He is a current Director of Blockchain Australia, the industry body for blockchain businesses in Australia.

Mr Travers previously worked for seven years at Australian wealth management firm Euroz Securities as an Investment Advisor. His clients included high net worth, institutions and listed companies as he provided trading advice and assisted with company buybacks and sell downs and capital raising services.

Mr Travers holds a Bachelor of Commerce and Communications from the University of Western Australia and has completed a Fintech Certification from the Massachusetts Institute of Technology and Certificate in Blockchain Strategy from RMIT.

Interests in securities held as at the date of the report

- 5,000,000 fully paid ordinary shares; and
- 18,000,000 performance rights.

Mr Xue Samuel ("Sam") Lee
Non-Executive Director

Term of Appointment
Appointed 15 September 2017 (Resigned 8 July 2019)

Experience
Mr Sam Lee is the founder and CEO of Blockchain Global Ltd. Blockchain Global is a Blockchain technology company with offices in Melbourne, New York, Kobe, Shanghai and Dalian.

Mr Stephen Roberts
Non-Executive Director

Term of Appointment
Appointed 3 April 2019
Resigned 4 July 2019

Experience
Mr Stephen Roberts is an experienced Chair and non-executive director of a number of listed and private commercial enterprises across financial services, bio-pharm logistics, agriculture and waste recycling. Mr Roberts' most recent executive position was as Regional Chief Executive Officer and Senior Partner of Mercer Investments, Asia Pacific and prior to that Managing Director of Russell Investments, Australasia.

Company Secretary

Ms Shannon Coates has over 20 years' experience in corporate law and compliance. She is currently named company secretary to a number of public unlisted and listed companies; having provided company secretarial and corporate advisory services to boards across a variety of industries, including financial services, manufacturing and technology both in Australia and internationally. Ms Coates is a qualified lawyer, Chartered Secretary and graduate of the AICD's Company Directors course.

Ms Shannon Coates was appointed Company Secretary of DigitalX on 8 December 2016.

Principal activities

During the financial year, the principal activities of the Group consisted of:

- Blockchain consulting & development; and
- Funds under management.

Refer to the Operating and Financial Review for further information about each of the activities.

Environmental regulation

The Group is not subject to significant environmental regulation in respect of its operations.

Significant changes in the state of affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

- During the course of the financial year the Group's contributed equity increased by $USD1,094,598 (from $USD33,662,319 to $USD34,756,917) as a result of shares issued on conversion of options and investment in Bullion Asset Management. The changes for the year are disclosed in Note F1.

- As a result of the operating performance combined with the year on year decrease in digital asset prices, the Group's cash and digital asset position decreased by $USD4,815,244 (from $USD12,276,062 to $USD7,460,818).

- In addition to the above, the Group also announced the following significant changes and updates to the market during the financial year which contributed to the overall performance and position of the Group at the end of the financial year:

Date	Announcement	Impact[1]	Link[2]
4/07/2019	Resignation of Director	Directors' Report	Announcement
8/07/2019	Resignation of Director	Directors' Report	Announcement
11/07/2019	Appointment of Non-Executive Chairman	Directors' Report	Announcement
5/09/2019	Company Update	Investments Directors' Fees Segment Note	Announcement
13/11/2019	DigitalX launches Bitcoin Fund	Investments Revenue Digital Assets	Announcement
15/11/2019	Issue of shares for transfer of shares in BAM	Investments Equity	Announcement
29/04/2020	Company Update	Expenditure	Announcement

[1] Refer to the relevant section of the Report for the impact of the change.
[2] Refer to ASX announcement for full details.

Dividends

No dividends have been paid or declared up to the date of this report. The Directors have not recommended the payment of a dividend in the current financial year.

Any future determination as to the payment of dividends by the Company (and the potential creation of a dividend policy for that purpose) will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business as well as other factors considered relevant by the Directors.
No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

Subsequent events

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years other than those set out below.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had a material impact on the business up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Date of event	Details of event
1 September 2020	The Company issued 5,251,852 at $0.0324 per share on conversion of options.
1 September 2020	Issue of 1,136,634 shares to a member of KMP on satisfaction of performance milestones, in accordance with the Employment Agreement.
9 September 2020	Issue of 10,000,000 options exercisable at $AUD0.05 subject to performance milestones and expiring 9 September 2023.
10 September 2020	The Company issued 2,561,728 at $0.0324 per share on conversion of options.
21 September 2020	The Company issued 2,600,000 at $0.0324 per share on conversion of options.
27 September 2020	Due to the volatile nature and the materiality of the digital assets held, we disclose the impact of changes in the value of digital assets held by the Group, excluding the DigitalX Fund and DigitalX BTC Fund and unlisted digital assets, as at the close date of the 27 September.

Coin Symbol	$USD Spot Price at 30 June	$USD Spot Price at 27 Sept	$USD Impact
BTC	$9,137	$10,774	$705,547

OPERATING & FINANCIAL REVIEW

Operating results

The result for the year ended 30 June 2020 was a consolidated loss attributable to members of the Group of $USD4,707,851 (2019: loss of $USD2,524,151). Following a disappointing first half loss of $4,508,111, DigitalX underwent a strategic review that led to significant cost reductions.

Overview

- Following a transitional year, DigitalX focused on advancing the digital assets funds management division and on blockchain technology development.
- DigitalX is focused on these two business lines to provide shareholders with exposure to the fundamental impact of blockchains as both a technological and financial innovation.
- Following a strategic review, operational expenditure was reduced in FY20 by 41% from $4.9m to $2.9m.

Blockchain Innovation and Development

Throughout the year DigitalX delivered on its strategy to deepen engagement with enterprise organisations through a series of blockchain discovery workshops and project submissions. The purpose of the workshops was to collaborate with senior executives to assess problems and challenges within their organisations where blockchain solutions can provide high business value. Identified applications were progressed to a prototype design stage, with an objective of demonstrating the potential impact of these new technologies for businesses and a roadmap for solution productisation for DigitalX.

DigitalX was engaged by a large global accounting firm to deploy a set of smart contracts supporting the development of a blockchain based accounting and audit system for large joint venture owned and operated oil and gas assets. A prototype was developed for demonstration to global customers in the energy industry. DigitalX is currently assessing further commercialisation opportunities for this product with project partners.

The market for blockchain technology within the public sector continued to grow with a number of government programs established to assist with the advancement of the technology within Australia. DigitalX was engaged to provide a blockchain solution design project in the gaming industry, alongside a large international consulting firm, for a government agency and continued to submit tender applications during the period for other public sector entities.

DigitalX continued to closely monitor distributed ledger technology (**DLT**) opportunities around the transformational development of a large critical national financial market infrastructure replacement project. In response to this, the Company formed an internal innovation working group to research, identify and validate potential product offerings for leveraging future data improvements and DLT benefits. The Group has prioritised the development of a regulatory technology (**RegTech**) business, which is currently being tested with potential customers responsible for corporate governance, at Australian publicly listed companies with a view to expand into international markets.

DigitalX provided consulting and development services to the xbullion gold project during the year. xbullion offers digitally transferable ownership of physical gold bullion that is vaulted, audited and insured representing a fundamental transformation in the way gold bullion can be acquired. xbullion progressed to achieve several key milestones, including the successful audit and deployment of smart contracts developed by DigitalX for the minting, transfer and redemption of gold ownership recorded through the Ethereum blockchain.

Digital Asset Funds Management

DigitalX is the investment manager of digital asset investment products that provide qualified investors with a secure and accessible way to gain digital asset exposure. The Company operates two professionally managed wholesale funds, the DigitalX Bitcoin Fund and the Digital Asset Fund, a diversified basket of leading digital assets. The DigitalX digital asset funds solve the technical and administrative challenges of making an investment into this emerging asset class.

During the first half of the financial year the division explored the potential of expanding the division internationally, as well as expanding the potential investment horizon for the funds. Subsequently, the Board made the decision to refocus on the Australian marketplace and on the leading digital assets, including Bitcoin. The execution of this revised strategy has seen significant operational savings as well as the establishment of the DigitalX Bitcoin Fund.

The DigitalX Bitcoin Fund is available through a traditional unlisted fund structure to offer qualifying investors, including family offices and high net worth individuals, a low-cost and familiar vehicle to gain exposure to this growing asset class. The DigitalX Bitcoin Fund was seeded with 215 bitcoin from the Group's existing holding and was announced to the market in November 2019.

The performance of the two investment funds over the second half of the year was pleasing. From inception the DigitalX Bitcoin Fund returned 58% and the Digital Asset Fund returned

60%, significantly better than gold 26%[1] and the ASX All Ords -15%[2]. The performance was attributable to the trillions of dollars of monetary and fiscal stimulus that have been injected in to global markets as well as continued institutional acceptance of the asset class. The COVID-19 effect on markets accelerated these trends, including the movement towards digital money.

During the period, significant efforts were made to broaden the education and awareness of the investment funds and digital assets more generally. The funds management division delivers fortnightly digital asset education and research, in collaboration with Delphi Digital to qualified investors and financial advisors. The DigitalX Bitcoin Fund secured a product listing on Australia's number 1 rated wealth management platform Netwealth Group Limited (ASX:NWL). The challenges in acquiring Bitcoin from cryptocurrency exchanges, storing them securely and managing tax and audit complexities have been the biggest barriers to entry for potential Bitcoin investors. The DigitalX Bitcoin Fund was specifically built to solve these pain points for investors and its addition to the Netwealth platform further serves this purpose.

COVID-19

The Company made key financial decisions to manage its working capital during this uncertain time, including the deferral of all Director fees and the reduction in salaries for all senior executives. Each of the Company's Non-Executive Directors agreed to defer their Director fees for up to 12 months and to convert those fees into shares in the Company, subject to the receipt of all shareholder approvals, expected to be put to shareholders at the Company's AGM in November 2020. In addition, the Company's Executive Director, Mr Leigh Travers agreed to defer an equivalent amount on the same terms as the Non-Executive Directors.

Future Developments

With a strong digital asset market as well as a number of new commercial opportunities DigitalX is pursuing, the outlook for the Company is positive. Post the end of the financial year, the Funds Management division has recently appointed a new fund manager, Mr Matthew Harry, to further capital raising efforts inside the division. As part of this appointment, the Company expects to secure additional distribution channels alongside Netwealth as well as improving the education around digital assets in the Australian investment market by providing CPD accredited investor presentations.

DigitalX has been actively investigating opportunities to build products to complement the major Distributed Ledger Technology (DLT) projects within Australia and the working group established to actively identify the highest priority opportunities has progressed. The Group has prioritised the development of a regulatory technology business, with activities now at an advanced stage the Company looks forward to updating the market on its product development efforts.

The xbullion project recently went live via a soft launch and absent any setbacks will be moving to a full launch over the quarter. The market for tokenised assets continues to increase, with the Ethereum ecosystem growing from $500m to over $6B USD of asset value in the last year[3].

[1] https://www.perthmint.com/investment_invest_in_gold_precious_metal_prices.aspx

[2] https://www.asx.com.au/about/historical-market-statistics.htm

[3] https://defipulse.com/

REMUNERATION REPORT (AUDITED)

Message from the Board of Directors

The Directors present this Remuneration Report, which forms part of the Directors' Report for the financial year ended 30 June 2020.

The Directors note that Director and Executive remuneration continues to be an area that receives stakeholder focus and scrutiny, as such the Remuneration Report has been structured in an attempt to provide transparency and clarity to readers around the framework, policies and remuneration of DigitalX Limited's Directors and its Executives.

The Remuneration Report has been set out under the following main headings:

A. Key Management Personnel
B. Remuneration policy, including the relationship between remuneration policy and Company performance
C. Key terms of employment contracts
D. Remuneration of Directors and Executives
E. Share options and performance rights granted to Directors
F. Shareholdings of Directors
G. Related party transactions
H. Future remuneration developments
I. Definitions

The information provided in this Remuneration Report has been audited as required by Section 308(3C) of the *Corporations Act 2001.*

A. KEY MANAGEMENT PERSONNEL

The Key Management Personnel (**KMP**) of the Group consist of the Board and Executives. This is the case due to the size and scale of the Group's current operations. All the named persons held their current position for the whole or part of the financial year and since the end of the financial year unless otherwise stated.

KMP	Position	Status	Term as KMP
Toby Hicks	Chairman and Non-Executive Director	Non-Executive KMP	From 10 July 2019
Peter Rubenstein	Non-Executive Director	Non-Executive KMP	Full Year
Sam Lee	Non-Executive Director	Non-Executive KMP	To 8 July 2019
Stephen Roberts	Non-Executive Director	Non-Executive KMP	To 4 July 2019
Leigh Travers	Executive Director	Executive KMP	Full Year
Jonathon Carley	Chief Financial Officer	Executive KMP	Full Year
Neel Krishnan	President	Executive KMP	To 5 Sep 2019

B. REMUNERATION POLICY

For the year ended 30 June 2020 the Board as a whole determined and reviewed compensation arrangements for the Executive Director and where applicable the Executive Team. The Board assessed the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum shareholder benefit from the retention of a high-quality team. The objective of the Company's remuneration framework was to ensure reward for performance was competitive and appropriate to the results delivered.

The Board aims to ensure that executive rewards satisfied the following key criteria for good reward governance practices:

- *Competitiveness and reasonableness;*
- *Acceptability to shareholders;*
- *Performance linked;*
- *Transparency; and*
- *Capital management.*

IMPLEMENTATION OF REMUNERATION STRATEGY IN RESPONSE TO COVID-19 REVIEW

As announced on 29 April 2020, Each of the Company's Non-Executive Directors has agreed to defer their Director fees for up to 12 months and to convert those fees into shares in the Company, subject to the receipt of all shareholder approvals, expected to be put to shareholders at the Company's Annual General Meeting (AGM) in November 2020. In addition, the Company's Executive Director, Mr Leigh Travers has agreed to the deferral of the same amount of his salary as the Non-Executive Directors on the same terms.

In addition to the above the Company's senior executives agreed to a reduction in salaries ranging from 10% to 25%.

ELEMENTS OF REMUNERATION

Base pay
Directors and Executives are offered a competitive base salary. Base pay for executives is reviewed annually by the Board to ensure that individual executive's pay is competitive with the market and is also reviewed upon promotion or additional responsibilities.

There is no guarantee of base pay increases fixed in any executive or Director contracts.

Commission
There is no entitlement to commissions-based remuneration.

Short term incentives (STI)

Executive Director
To align the remuneration of the Executive Director and the performance of the Company, the Executive Director is issued STI in the form of performance rights that vest on the achievement of certain performance hurdles. The STI for the year ended 30 June 2020 were approved by shareholders at the Annual General Meeting held on 21 November 2019.

Staff
For the purpose of incentivising and tying the rewarding of the Company's staff to the performance of the Company, the Board has determined that it may, at its discretion, issue shares or other similar instruments from time to time as a reward.

Long term incentives (LTI)
There were no LTI issued for the year ended 30 June 2020.

Performance Metrics

At the 2019 AGM the Board set the following performance metrics for 30 June 2020 year for the Executive Director as part of the issue of 9,000,000 performance rights (STI).

The table below sets out the performance against those metrics and where applicable, commentary made on the progress towards the performance targets.

Key	
(green)	Target achieved
(yellow)	Work in progress
(red)	Target not met

Metric	Milestone Issued	Met?	Progress made
Company achieving NPAT of $5,000,000	2018		As noted in the commentary on results for the period in the Operating and Financial Review, the results for the year were impacted by; • Year on year fall in the value of the Group's digital assets; • Restructure of Group business lines; • Reduction in operating expenses; • COVID-19; and • Established the DigitalX bitcoin fund.

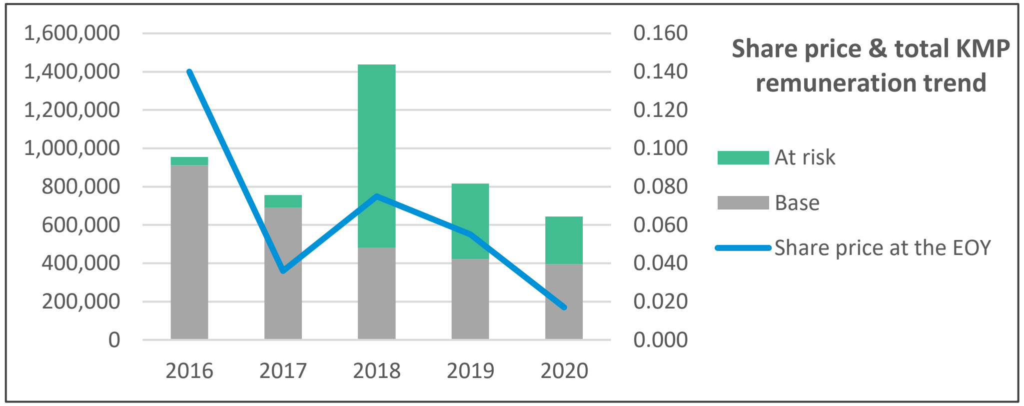
			DigitalX has been working hard to continue to leverage its core competencies, specifically, the commercialisation of blockchain technologies and is focusing on blockchain consulting and development and funds management. Despite the final financial result, the Group ended the year well capitalised and resourced to deliver an improved year for shareholders.
Company's Shares closing at a price equal to or greater than $0.25 on five consecutive trading days over the term of the Performance Rights	2018		As noted above, there was a 33% reduction in the year on year value of the Group's carring value of digital asset due to a decline in the price of digital assets combined with the impact of COVID-19 on global equities markets.
Company's Shares closing at a price equal to or greater than $0.30 on five consecutive trading days over the term of the Performance Rights	2018		Consistent with the commentary above.
Company's Shares closing at a price equal to or greater than $0.09 on fifteen consecutive trading days over the term of the Performance Rights	2019		Consistent with the commentary above.

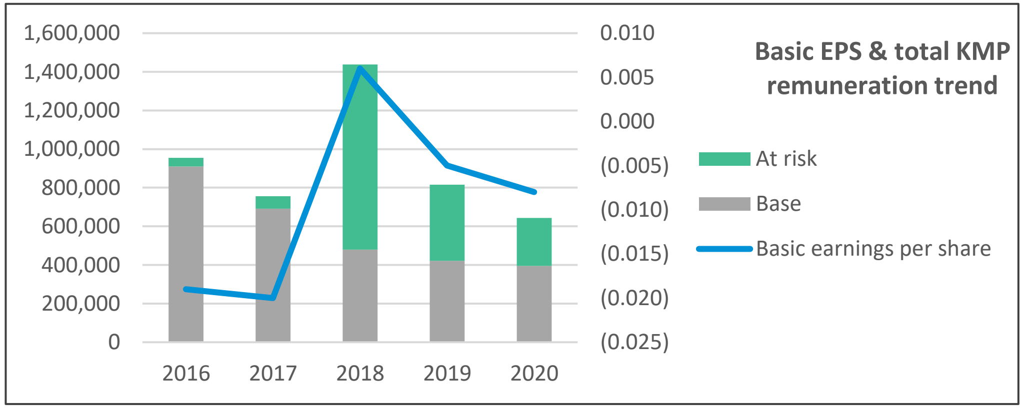
RELATIONSHIP BETWEEN THE REMUNERATION POLICY AND COMPANY PERFORMANCE

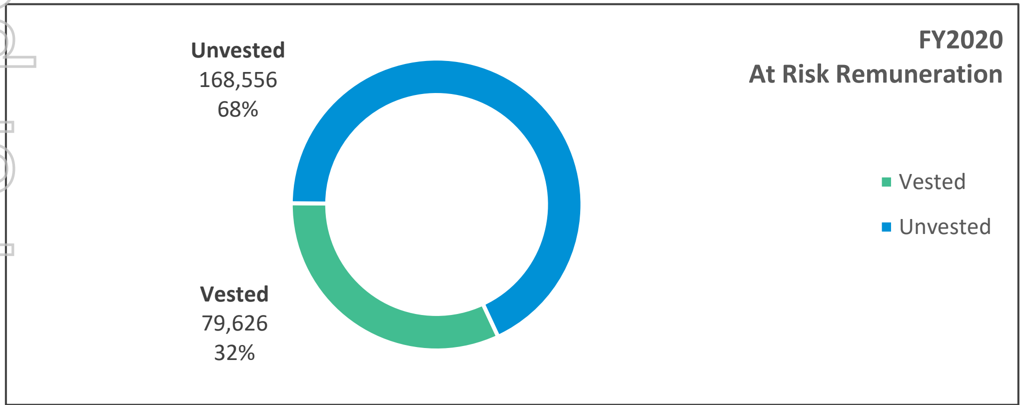
As noted in Sections A & B, the Board seeks to align the interests of the Executive Team with those of the shareholders when setting future short and long-term benefits. For the year ended 30 June 2020 the total remuneration is reflective of the remuneration strategy with adjustments made to reflect the current state of the Group and the change in performance from the previous year, this is evident from the relationship between:

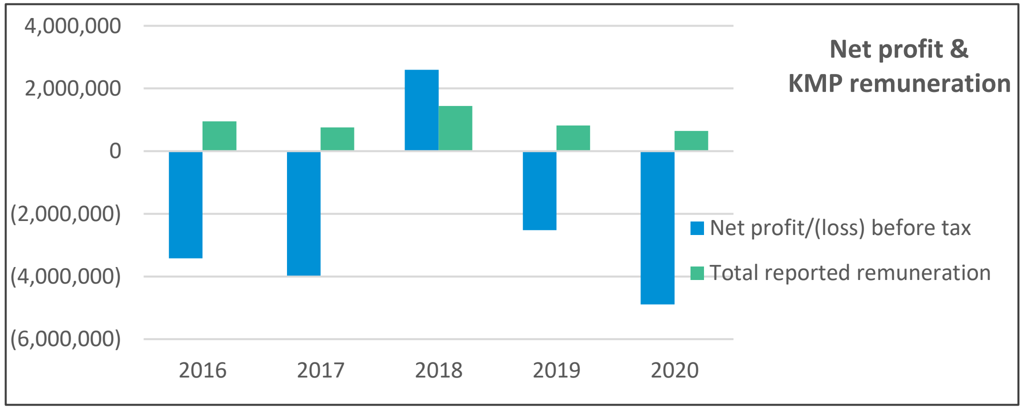
- Total KMP reported remuneration down 21% from $816,299 to $643,444 reflective of a decrease in performance-based remuneration primarily in the form of share-based payments. Total base remuneration (including other benefits) was down 6% from $422,146 to $395,262 and at risk remuneration was down 37% from $394,153 to $248,182 in line with the financial performance of the Company;
- The overall remuneration trend is also consistent with the share price performance and earnings per share (EPS) performance as evident in the graphs to the right;
- Decrease in vested at risk remuneration to $79,626 (32%); and
- In April 2020 as a response to COVID-19 and capital management, the Board deferred the fees for Non-Executive Directors.

The Company is not yet at stage of its development where it considers benchmark returns against an ASX peer group (blockchain focussed) relevant based on limited inclusions and comparable data.









RELATIONSHIP BETWEEN THE REMUNERATION POLICY AND COMPANY PERFORMANCE – FIVE YEAR DATA TABLE

The table below includes the remuneration and performance data from the preceding five (5) financial years used to analyse the linkage between remuneration and performance in the section above.

	30 June 2016 $USD	30 June 2017 $USD	30 June 2018 $USD	30 June 2019 $USD	30 June 2020 $USD	
Revenue & other income from all operations	40,403,656	8,041,026	9,905,859	2,555,039	381,519	↓
Net profit/(loss) before tax	(3,417,305)	(3,973,961)	2,595,834	(2,524,151)	(4,707,851)	↓
Total reported in remuneration report	955,292	755,980	1,437,838	812,419	643,444	↓
Remuneration - Base	910,725	691,496	479,860	418,266	395,262	↓
Remuneration - At risk	44,567	64,484	957,978	394,153	248,182	↓
Basic earnings/(loss) per share	(0.019)	(0.020)	0.006	(0.005)	(0.008)	↓
Diluted earnings/(loss) per share	(0.019)	(0.020)	0.005	(0.005)	(0.008)	↓
Share Price at the start of year	0.150	0.140	0.036	0.075	0.055	-
Share price at the end of year	0.140	0.036	0.075	0.055	0.017	↓
Final dividend	-	-	-	-	-	

C. KEY TERMS OF EMPLOYMENT CONTRACTS

Executives

Mr Leigh Travers
Executive Director

Under an Executive Employment Agreement entered into between Mr Travers and DigitalX, Mr Travers is appointed as Executive Director, in effect from 28 November 2017. The employment will be ongoing until it is terminated in accordance with Mr Travers' Executive Employment Agreement. The employment may be terminated by either party giving 6 months' written notice (although less than 6 months' notice is required by DigitalX in certain circumstances such as Mr Travers' illness, absence, material breaches or misconduct in which case Mr Travers will not be entitled to receive any payment in lieu or compensation as set out below). On termination of his employment and where DigitalX elects to make payment in lieu of notice, the Company must pay Mr Travers a payment equal to his salary for the remainder of the notice period. Mr Travers will be under restraint and non-solicitation clauses for up to 24 months after the termination of his employment.

Mr Travers' current salary is $USD145,000 per annum (exclusive of superannuation) subject to annual salary reviews and his reasonable expenses will also be paid by the Company.

On 29 April 2020 the Company announced the Mr Travers had agreed to defer up to $AUD50,000 of his remuneration for up to 12 months in line with the deferral taken by Non-Executive Directors.

Mr Jonathon Carley
Chief Financial Officer

Under an amended Employment Agreement entered into between Mr Carley and DigitalX, Mr Carley was appointed as Chief Financial Officer, in effect from 1 July 2019. The employment will be ongoing until it is terminated in accordance with Mr Carley's Employment Agreement. The employment may be terminated by either party giving 1 months' written notice (although less than 1 months' notice is required by DigitalX in certain circumstances such as Mr Carley's illness, absence, material breaches or misconduct in which case Mr Carley will not be entitled to receive any payment in lieu or compensation as set out below). On termination of his employment and where DigitalX elects to make payment in lieu of notice, the Company must pay Mr Carley a payment equal to his salary for the remainder of the notice period. Mr Carley will be under restraint and non-solicitation clauses for up to 12 months after the termination of his employment.

Mr Carley's current salary is $AUD150,000 per annum (exclusive of superannuation) after accepting a 25% reduction due to COVID-19. Mr Carley is subject to annual salary reviews and his reasonable expenses will also be paid by the Company.

Under all of the Employment Agreements above, DigitalX, in its absolute discretion acting reasonably, can assign and transfer the employment to any of DigitalX's Related Bodies Corporate.

Non-Executive Directors

Non-Executive Directors remuneration arrangements include compensation in the form of annual Directors' fees in accordance with their relevant service agreement. The Non-Executive Directors from time to time may receive incentive compensation in the form of share-based payments (as approved by Shareholders).

For the year ended 30 June 2020, all Non-Executive Directors received a base fee of $AUD50,000 exclusive of entitlements. On 29 April 2020 the Company announced the Non-Executive Directors agreed to defer their fees for up to 12 months and to convert those fees into shares in the Company, subject to receipt of all shareholder approvals.

Amounts payable to Director controlled entities for services provided by Directors for the year ending 30 June 2020 is detailed in the following table of this report. The Group may carry out consulting activities with the Directors on an arm's length basis in the normal course of business.

D. REMUNERATION OF DIRECTORS AND EXECUTIVES

The compensation for each Director and executive for the period is contained in the following table:

Year ended 30 June 2020

Name	Short-term employee benefits			Post-employment benefits	Share-based payment		Total	At Risk %
	Salary & Fees[1] $USD	Director Fees[1] $USD	Other Benefits[2] $USD	Superannuation[3] $USD	Shares $USD	Options and performance rights[11] $USD	$USD	
Non-Executive Directors								
Toby Hicks[8]	-	24,026	-	3,094	-	150,530[5]	**177,650**	**84.7%**
Peter Rubinstein	-	25,025	-	9,918	-	20,965[6]	**55,908**	**37.5%**
Sam Lee[7]	-	-	-	-	-	-	**-**	**-**
Stephen Roberts[9]	-	-	-	-	-	-	**-**	**-**
Executive Directors								
Leigh Travers	148,934	-	(3,138)	14,964		76,687[4]	**237,447**	**32.3%**
Other KMP								
Jonathon Carley	131,081	-	4,473	12,453	-	-	**148,006**	**-**
Neel Krishnan[10]	20,833	-	2,870	729	-	-	**24,433**	**-**
Total	**300,848**	**49,051**	**4,205**	**41,158**	**-**	**248,182**	**643,444**	**38.6%**

[1] Amounts paid in Australian Dollars are converted to United States Dollars at time of payment.

[2] Other benefits include movements in employee benefits.

[3] Superannuation or equivalent (i.e 401k, social security).

[4] Included in the total is $USD68,082 relating to the share-based payment expense for performance rights issued but not vested. $USD8,605 relates to deferred Directors' fees to be issued in shares.

[5] Included in the total is $USD62,299 relating to the share-based payment expense for performance rights issued but not vested. $USD8,605 relates to deferred Directors' fees to be issued in shares.

[6] Included in the total is $USD12,360 relating to the share-based payment expense for performance rights issued but not vested. $USD8,605 relates to deferred Directors' fees to be issued in shares.

[7] Sam Lee resigned effective 8 July 2019.

[8] Toby Hicks was appointed on 10 July 2019.

[9] Stephen Roberts resigned effective 4 July 2019.

[10] Mr Krishnan ceased being a KMP on 5 September 2019.

[11] Refer to Sections E & F of the Remuneration Report for additional details.

Year ended 30 June 2019

Name	Short-term employee benefits			Post-employment benefits	Share-based payment		Total	At Risk %
	Salary & Fees[1] $USD	Director Fees1 $USD	Other Benefits[2] $USD	Superannuation[3] $USD	Shares $USD	Options and performance rights[8] $USD	$USD	
Non-Executive Directors								
Peter Rubinstein	-	50,510	-	-	-	148,318	**198,828**	**74.6%**
Sam Lee[5]	-	35,707	-	-	-	148,318	**184,025**	**80.6%**
Toby Hicks[6]	-	6,087	-	-	-	-	**6,087**	**-**
Stephen Roberts[7]	-	9,569	-	-	-	-	**9,569**	**-**
Executive Directors								
Leigh Travers	140,062	-	9,494	13,306		29,354[4]	**192,216**	**20.2%**
Other KMP								
Neel Krishnan	125,000	-	25,026	4,375	24,483	43,680	**222,564**	**31.2%**
Total	**265,062**	**101,003**	**34,520**	**17,681**	**24,483**	**369,670**	**812,419**	**49.9%**

[1] *Amounts paid in Australian Dollars are converted to United States Dollars at time of payment.*
[2] *Other benefits include tokens from Initial Coin Offerings (ICOs) distributed to KMP and staff.*
[3] *Superannuation or equivalent (i.e 401k, social security).*
[4] *Included in the total is an amount of $USD29,354 relating to the share-based payment expense for performance rights issued but not vested.*
[5] *Sam Lee resigned effective 8 July 2019.*
[6] *Toby Hicks resigned effective 7 September 2018 and was reappointed on 10 July 2019.*
[7] *Stephen Roberts was appointed effective 3 April 2019 and resigned on 4 July 2019.*
[8] *Refer to Sections E & F of the Remuneration Report for additional details.*

E. SHARE OPTIONS AND PERFORMANCE RIGHTS GRANTED TO KEY MANAGEMENT PERSONNEL

Name	Options			
2020	**Opening balance**	**Granted as compensation**	**Exercised during the period**	**Closing balance[3,A]**
Toby Hicks	-	2,500,000[1]	-	2,500,000
Peter Rubinstein	4,500,000	-	-	4,500,000
Sam Lee[2]	4,500,000	-	(4,500,000)	-
Total	**9,000,000**	**2,500,000**	**(4,500,000)**	**7,000,000**

[1] Mr Hicks was issued with 2,500,000 incentive options on the terms and conditions set out in the notice of annual general meeting for 2019 and approved at the Company's AGM on 21 November 2019. The incentive options were vested immediately in accordance with the terms and conditions approved by shareholders.
[2] Mr Lee resigned from the Board of DigitalX on the 8th of July 2019.
[3] 7,000,000 remain unexercised at 30 June 2020. Further details on the valuation can be found in Note F2.

Name	Performance Rights			
2020	**Opening balance**	**Granted as compensation**	**Exercised during the period**	**Closing balance[A]**
Toby Hicks	-	[1]7,500,000	-	7,500,000
Leigh Travers	9,000,000	[2]9,000,000	-	18,000,000
Peter Rubinstein	-	[3]3,000,000	-	3,000,000
Total	**9,000,000**	**19,500,000**	**-**	**28,500,000**

[1] Mr Hicks was issued with 7,500,000 performance rights on the terms and conditions set out in the 2019 notice of annual general meeting and approved at the Company's AGM on 21 November 2019. During the year the performance hurdles were not satisfied and 2,500,000 rights remain unvested at 30 June 2020. Further valuation details can be found in F2.

[2] Leigh Travers was issued with 9,000,000 performance rights on the terms and conditions set out in the notice of 2019 annual general meeting and approved at the Company's AGM on 21 November 2019. During the year the performance hurdles were not satisfied and 9,000,000 rights remain unvested at 30 June 2020. Further valuation details can be found in F2.

[3] Mr Rubinstein was issued with 3,000,000 performance rights on the terms and conditions set out in the 2019 notice of annual general meeting and approved at the Company's AGM on 21 November 2019. During the year the performance hurdles were not satisfied and 3,000,000 rights remain unvested at 30 June 2020. Further valuation details can be found in F2.

F. SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

Directors	Opening Balance 1 July 2019	Granted as compensation	Conversions & vesting	Net Other changes[1]	Closing balance 30 June 2020[A]
Peter Rubinstein	23,266,296	-	-	2,200,000	25,466,296
Leigh Travers	4,461,111	-	-	538,889	5,000,000
Sam Lee	10,096,296	-	-	[2](10,096,296)	-
KMP					
Neel Krishnan	6,057,500	-	-	[2](6,057,500)	-
Jonathon Carley	25,000	-	-	-	25,000
Total	**37,823,703**	**-**	**-**	**(7,357,407)**	**30,466,296**

[1] Net changes include initial holdings, final holdings and on-market sales as reported to the market per the respective Appendix 3X, 3Y, and 3Z.
[1] Net change is final balance at time of ceasing to be a KMP.

A – Only KMP with balances or movements have been included. If a KMP is not shown above then this denotes a nil balance.

G. RELATED PARTY TRANSACTIONS

Year ended 30 June 2020

- During the year, the Group paid Steinepreis Paganin, a law firm of which Non-Executive Chairman Toby Hicks is a partner, $USD41,343 for legal services rendered on various matters. This amount relates to the period of the financial year that Mr Hicks was a Director of the Company.

Year ended 30 June 2019

- During the year, the Group paid Steinepreis Paganin, a law firm of which Non-Executive Director Toby Hicks is a partner, $5,533 for legal services rendered on various matters. This amount relates to the period of the financial year that Mr Hicks was a Director of the Company. At 30 June 2019, Steinepreis Paganin is not considered a related party as Mr Hicks was not a Director at 30 June 2019.
- During the year, the Group recognised an expense and paid Blockchain Global Ltd, a company of which Messrs Rubinstein and Lee served as Directors of during the year, of $1,211 for reimbursement of costs. The Company notes that both Mr Rubinstein and Mr Lee resigned as Directors of Blockchain Global during the year and the Company no longer considers Blockchain Global to be a related party on that basis. Messrs Rubinstein and Lee were appointed Directors of the Company as nominees of Blockchain Global Ltd.
- During the year, Mars Capital Australia Pty Ltd, a company controlled by Non-Executive Director Sam Lee, converted 14 convertible notes, with a face value of $AUD10,000 each, convertible at $AUD0.027 each, to 5,185,185 ordinary shares. As part of the conversion 2,800,000 options exercisable at $AUD0.0324 expiring 18 September 2020 were also issued. During the year, $AUD5,236 of interest was paid, and recognised as an expense, on the convertible notes held. At 30 June 2019, no amounts were owed to Mars Capital.
- During the year, Irwin Biotech Nominees Pty Ltd, a company controlled by Non-Executive Chairman Peter Rubinstein, converted 17 convertible notes, with a face value of $AUD10,000 each, convertible at $AUD0.027 each, to 6,796,296 ordinary shares. As part of the conversion 3,400,000 options exercisable at $AUD0.0324 expiring 18 September 2020 were also issued. During the year, $AUD6,358 of interest was paid, and recognised as an expense on the convertible notes held. At 30 June 2019, no amounts were owed to Irwin Biotech.
- During the year, the Group paid Value Admin Pty Ltd, a company controlled by Non-Executive Chairman Peter Rubinstein, $USD50,509 as part of Non–Executive Director fees.

H. FUTURE REMUNERATION DEVELOPMENTS

The Directors note at last year's Annual General Meeting the Remuneration Report passed unanimously on a poll and there were no comments on the Remuneration Report. There are no future developments planned.

I. DEFINITIONS

Key management personnel
Those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Remuneration of an officer or employee of a corporation
A benefit given to an officer or employee of a corporation is remuneration if and only if the benefit, were it received by a director of the corporation, would be remuneration of the director for the purposes of an accounting standard that deals with disclosure in companies' financial reports of information about directors' remuneration.

Remuneration committee
A committee of the board of directors of the company; and has functions relating to the remuneration of key management personnel for the company.

Remuneration consultant
A person:
a) Who makes a remuneration recommendation under a contract for services with the company to whose key management personnel the recommendation relates; and
b) Who is not an officer or employee of the company.

A remuneration recommendation
A recommendation about either or both of the following:
a) For one or more members of the key management personnel for a company;
   i. how much the remuneration should be;
   ii. what elements the remuneration should have; or
b) A recommendation or advice about a matter or of a kind prescribed by the regulations.

ASIC may by writing declare that s.9B(1) of the Corporations Act 2001 above does not apply to a specified recommendation or specified advice but may do so only if ASIC is satisfied that it would be unreasonable in the circumstances for the advice or recommendation to be a remuneration recommendation. The declaration has effect accordingly. The declaration is not a legislative instrument.

What is **not** a remuneration recommendation?

None of the following is a remuneration recommendation (even if it would otherwise be covered by subsection (1)):
a) Advice about the operation of the law (including tax law);
b) Advice about the operation of accounting principles (for example, about how options should be valued);
c) Advice about the operation of actuarial principles and practice;
d) The provision of facts;
e) The provision of information of a general nature relevant to all employees of the company;
f) A recommendation, or advice or information, of a kind prescribed by the regulations.

AGM
Means an annual general meeting of a company that section 250N requires to be held.

END OF AUDITED REMUNERATION REPORT

Directors' meetings

Given the size and scale of operations of the Company, the full Board undertook the responsibilities of the Audit and Risk Committee, Remuneration Committee and Nomination Committee.

The Directors attendances at Board meetings held during the financial year were:

	Board Meetings	
Director	Number eligible to attend	Number attended
Toby Hicks[1]	13	13
Peter Rubinstein	14	14
Leigh Travers	14	14
Stephen Roberts[2]	1	1
Sam Lee[3]	1	1

[1] *Toby Hicks was appointed effective 10 July 2019.*
[2] *Stephen Roberts resigned effective 4 July 2019.*
[3] *Sam Lee resigned effective 8 July 2019.*

Shares under option

As at the date of this report, there are 24,268,382 options to subscribe for unissued ordinary shares in the Company, comprising:

Date options granted	Vesting Date	Option class	Exercise price of options	Expiry date of options	Number of shares under option
10 December 2018	10 December 2018	Unlisted	$0.22	10 December 2023	2,000,000
10 December 2018	10 December 2018	Unlisted	$0.25	10 December 2023	3,000,000
10 December 2018	10 December 2018	Unlisted	$0.30	10 December 2023	4,000,000
17 May 2019	17 May 2019	Unlisted	$0.0847	17 May 2022	2,768,382
11 July 2019	11 July 2019	Unlisted	$0.10	30 June 2024	2,500,000
10 September 2020	-	Unlisted	$0.10	9 September 2023	10,000,000

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the Company or any other body corporate or registered scheme.

Shares issued on exercise of options

During the financial year, and to the date of this report, the Company issued 24,691,358 Ordinary Shares, on exercise of options.

Date	Details	Issue Price A$	Number of Shares
1 July 2019	Unlisted	0.0324	24,691,358
31 August 2020	Unlisted	0.0324	5,251,852
10 September 2020	Unlisted	0.0324	2,561,728

Shares under convertible notes
As at the date of this report, there are no convertible notes issued that are convertible to ordinary shares in the Company.

Shares issued on conversion of convertible notes
During the financial year there were no shares issued on conversion of Convertible notes.

Indemnification of officers and auditors

During the financial period, the Company paid a premium in respect of a contract ensuring the Directors, secretary and officers of the Company and of any related body corporate against a liability incurred as such a Director, Secretary or Officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

The Company has executed a Deed of Protection for each of the Directors. The Company has not otherwise, during or since the financial period, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

Non-audit services

Amounts of $AUD16,481 were paid to the auditor for non-audit, tax compliance services provided during the period. No amounts are payable as at the date of this report. Full details of amounts paid to the auditor, BDO Audit (WA) Pty Ltd, are set out in Note C3.

The Board of Directors has considered the position and are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as noted above, did not compromise the auditor independence requirements of the Corporations Act 2001 none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 22.

Auditor

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001.*

The Directors' Report is signed in accordance with a resolution of the Directors made pursuant to Section 298(2) of the Corporations Act 2001.

On behalf of the Board of Directors.

Leigh Travers
Executive Director
Perth, 28 September 2020

DIRECTORS' DECLARATION

In the opinion of the Directors of DigitalX Limited (the '**Company**'):

(a) The financial statements, notes and the additional disclosures of the consolidated entity set out on pages 26 to 76 are in accordance with the Corporations Act 2001 including:

- (i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the period then ended; and
- (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) The financial statements and notes thereto are in accordance with International Financial Reporting Standards, as stated in Note B1 to the financial statements.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial period ended 30 June 2020.

Signed in accordance with a resolution of the Directors made pursuant to Section 295(5) of the Corporations Act 2001.

On behalf of the Directors

Leigh Travers
Executive Director
Perth, 28 September 2020

AUDITOR'S INDEPENDENCE DECLARATION

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Australia

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF DIGITALX LIMITED

As lead auditor of DigitalX Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of DigitalX Limited and the entities it controlled during the period.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 28 September 2020

AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the members of DigitalX Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of DigitalX Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

AUDITOR'S REPORT

BDO

Accounting for Digital Assets

Key audit matter	How the matter was addressed in our audit
DigitalX have holdings in a number of digital assets currently held as intangible assets as disclosed in Note D4 of the financial report. There is no specific accounting standard which addresses the accounting treatment for digital assets and as a result significant judgement is applied to ensure these digital assets are accounted for in accordance with the Australian Accounting Standards. This was determined to be a key audit matter as it has required significant judgement in determining the recognition and presentation of the digital assets and confirming existence at reporting date.	Our audit procedures included, but were not limited to: • Understanding the control environment through which digital assets are held; • Assessing management's recognition and presentation of the digital assets as intangible assets against accounting principles; • Confirming the number of digital assets held by the Group to third party support and assessing their related control environment; • Confirming existence and control of the digital assets held at year-end; • Agreeing inputs used to determine the digital assets fair value to external market information; and • Assessing the adequacy of the disclosures in note D4 to the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

AUDITOR'S REPORT

BDO

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 18 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of DigitalX Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 28 September 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

	Note	Year ended 30 June 2020 $USD	Restated Year ended 30 June 2019 $USD
Revenue from operations	C2	290,424	1,013,096
Net gain/(loss) on digital assets	C2	(2,332,415)	1,511,247
Other Income	C2	91,095	30,696
Professional and consultancy fees	C3	(445,985)	(464,690)
Settlement costs	C3	-	(526,068)
Brokerage costs		-	(69,920)
Corporate expenses		(42,839)	(188,101)
Advertising, media and investor relations		(62,573)	(266,414)
Employee benefit expenses		(1,238,643)	(1,520,014)
Share based payments – employee benefits		(148,916)	(700,044)
Depreciation		(170,698)	(53,883)
Intangible asset impairment		-	(50,000)
Realised and unrealised foreign exchange losses		(139,695)	(191,370)
Fair value movement of financial assets		(115,079)	14,450
Impairment of investments and other assets		-	(69,944)
Interest expense		-	(70,074)
Finance costs		(37,897)	-
Other expenses	C3	(524,211)	(838,128)
Equity accounted share of profit/(loss) from joint venture	D5	(16,259)	(38,442)
(Increase)/decrease in net assets attributable to unit holders	D6	185,840	(46,548)
Profit/(Loss) before tax		**(4,707,851)**	**(2,524,151)**
Income tax benefit/(expense)	C4	-	-
Profit/(Loss) for the period attributable to members of DigitalX		**(4,707,851)**	**(2,524,151)**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME (CONTINUED)

	Note	Year ended 30 June 2020 $USD	Restated Year ended 30 June 2019 $USD
Profit/(Loss) for the period		**(4,707,851)**	**(2,524,151)**
Other comprehensive income for the period			
Items that may be reclassified to profit or loss			
Exchange differences on translation of operations		(669)	37,307
Other comprehensive income/(loss) for the period, net of tax		**(669)**	**37,307**
Total comprehensive income/(loss) for the period		**(4,708,520)**	**(2,486,844)**
Total comprehensive income/(loss) attributable to:			
Members of the parent entity		(4,708,520)	(2,486,844)
		(4,708,520)	**(2,486,844)**
Profit/(Loss) per share attributable to the ordinary equity holders of the parent:			
Basic earnings/(loss) per share	*C5*		
Earnings per share from continuing operations		(0.008)	(0.005)
Total		**(0.008)**	**(0.005)**
Diluted earnings/(loss) per share	*C5*		
Earnings per share from continuing operations		(0.008)	(0.005)
Total		**(0.008)**	**(0.005)**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Year ended 30 June 2020 $USD	Restated Year ended 30 June 2019 $USD
CURRENT ASSETS			
Cash and cash equivalents	*D3*	2,736,872	5,160,689
Trade and other receivables	*C2*	135,578	165,477
Digital assets	*D4*	4,723,946	7,115,373
Other current assets		71,962	100,992
Total Current Assets		**7,668,358**	**12,542,531**
NON-CURRENT ASSETS			
Investments	*D5*	1,030,510	518,313
Investments – Equity accounted		-	16,259
Property, plant and equipment	*E1*	227,641	297,490
Right of use asset	*E2*	292,048	-
Intangible assets	*E3*	-	-
Total Non-Current Assets		**1,550,199**	**832,062**
TOTAL ASSETS		**9,218,557**	**13,374,593**
CURRENT LIABILITIES			
Trade and other payables	*C3*	332,381	1,029,974
Contract liabilities		15,437	188,128
Lease liabilities	*E2*	91,841	-
Net assets attributable to unit holders	*D6*	461,855	592,810
Total Current Liabilities		**901,514**	**1,218,102**
NON-CURRENT LIABILITIES			
Lease liabilities	*E2*	245,064	-
Total Non-Current Liabilities		**245,064**	**-**
TOTAL LIABILITIES		**1,146,578**	**1,218,102**
NET ASSETS		**8,071,979**	**11,563,681**
EQUITY			
Contributed equity	*F1*	34,756,917	33,662,319
Reserves	*F2*	1,533,107	1,384,860
Retained earnings/(losses)		(28,218,045)	(23,483,498)
TOTAL EQUITY		**8,071,979**	**11,563,681**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 30 June 2020 $USD	Year ended 30 June 2019 $USD
Cash flows from operating activities			
Receipts from customers		202,640	1,271,834
Payments to suppliers and employees		(2,420,165)	(3,512,924)
Other income		26,074	48,010
Interest paid		-	(12,168)
Net cash provided by/(used in) operating activities		**(2,191,451)**	**(2,205,248)**
Cash flows from investing activities			
Payment for intellectual property		-	-
Acquisition of property plant and equipment		(10,908)	(347,992)
Payment for investments		-	(506,796)
Net payment for digital assets in funds		(84,447)	(495,817)
Payment for deposits		-	-
Loan to related party		-	(17,538)
Net cash used in investing activities		**(95,355)**	**(1,368,143)**
Cash flows from financing activities			
Proceeds from issue of equity securities		-	3,226,941
Net proceeds from issue of units in fund		108,049	97,500
Payments for share issue costs		(4,927)	(176,548)
Principal elements of lease payments		(108,478)	-
Net cash (used in)/provided by financing activities		**(5,356)**	**3,147,893**
Net increase/ (decrease) in cash and cash equivalents		**(2,292,162)**	**(425,498)**
Cash and cash equivalents at beginning of period		5,160,689	5,772,287
Foreign exchange movement in cash		(131,655)	(186,100)
Cash and cash equivalents at end of period	*D3*	**2,736,872**	**5,160,689**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Reconciliation of operating cash flows to net profit

	Note	Year ended 30 June 2020 $USD	Restated Year ended 30 June 2019 $USD
Profit/(loss) after income tax		**(4,707,851)**	**(2,524,151)**
Non-cash flows in profit/(loss)			
Net fair value (gain)/ loss on digital assets	C2	2,332,415	(1,511,247)
Intangible asset impairment	E3	-	50,000
Depreciation	E1	73,349	53,883
Non-cash legal settlement	C3(B)	-	245,233
Employee share issue	F1 & F2	148,916	700,044
Fair value adjustment of investments		115,079	69,494
Finance costs		37,897	69,906
Equity account share of profit/(loss) from joint venture		16,259	38,442
Amortisation of right of use asset under AASB16	E2	97,349	-
(Increase)/decrease in net assets attributable to unit holders	D6	(185,840)	46,548
Other non-cash (income)/expenses including foreign exchange		115,155	222,190
		(1,957,272)	**(2,539,208)**
Change in assets and liabilities, net the effects of purchase of subsidiaries			
Decrease/(increase) in trade and other receivables	C2	58,929	259,375
(Decrease)/increase in trade payables and accruals	C3	(120,417)	(113,542)
(Decrease)/increase in contract liabilities	C3	(172,691)	188,128
(Decrease)/increase in tax payable	C4	-	-
Net cash provided by/(used in) operating activities		**(2,191,451)**	**(2,205,248)**

Non-cash investing and financing activities
In addition to the above, the Group also had the following non-cash investing and financing activities that impacted on the Statement of Profit and Loss and Other Comprehensive Income and the Statement of Financial Position.

Current year
In addition to the above, the Group also had the following non-cash investing and financing activities that impacted on the Statement of Profit and Loss and Other Comprehensive Income and the Statement of Financial Position.

- Shares issued to Bullion Asset Management – Note F1 & Note D5.
- Shares issued on conversion of options – Note F1.
- Movement in prices of digital assets – Note D4.
- Seeding of the bitcoin fund – Note D4.
- Adoption of new accounting standard (AASB 16) – Note E2.

Prior Year
- Shares issued on conversion of convertible note – Note F1; and
- Options issued to advisors for capital raising – Note F2.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated Group	Contributed Equity $USD	Reserves[1] $USD	Retained Earnings/(Losses) $USD	Total $USD
Balance at 30 June 2019	**33,662,319**	**1,384,860**	**(23,483,498)**	**11,563,681**
Change in accounting policy[3]	**-**	**-**	**(26,696)**	**(26,696)**
Balance at 1 July 2019	**33,662,319**	**1,384,860**	**(23,510,194)**	**11,536,985**
Profit/(Loss) for the year	-		(4,707,851)	**(4,707,851)**
Other comprehensive income	-	(669)	-	**(669)**
Total comprehensive income for the period	**-**	**(669)**	**(4,707,851)**	**(4,708,520)**
Shares issued during the period[2]	1,101,624	-	-	**1,101,624**
Share issue costs	(7,026)	-	-	**(7,026)**
Share based payment expense	-	148,916	-	**148,916**
Balance at 30 June 2020	**34,756,917**	**1,533,107**	**(28,218,045)**	**8,071,979**

[1] Refer to Note F2 for reconciliation of reserve balances.
[2] Refer to Note F1 for details of shares issued during the year.
[3] Refer to Note E2 for details of change in accounting policy.

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Consolidated Group	Contributed Equity $USD	Reserves[1] $USD	Retained Earnings/(Losses) $USD	Total $USD	Non-controlling interest $USD	Total $USD
Balance at 1 July 2018	**30,431,588**	**832,033**	**(20,959,346)**	**10,304,274**	**514,600**	**10,818,874**
Correction of accounting treatment (Refer Note B1)	-	-	-	-	(514,600)	(514,600)
Balance restated at 1 July 2018	**30,431,588**	**832,033**	**(20,959,346)**	**10,304,274**	**-**	**10,304,274**
Profit/(Loss) for the year	-	-	(2,524,151)	**(2,524,151)**	-	**(2,477,603)**
Other comprehensive income	-	37,307	-	**37,307**	-	**19,126**
Total comprehensive income for the period	**-**	**37,307**	**(2,524,151)**	**(2,486,844)**	**-**	**(2,458,476)**
Shares issued during the period[2]	3,224,128	-	-	**3,224,128**	-	**3,224,128**
Share issue costs	(294,002)	116,081	-	**(177,921)**	-	**(177,921)**
Share based payment expense	300,605	399,439	-	**700,044**	-	**700,044**
Balance at 30 June 2019	**33,662,319**	**1,384,860**	**(23,483,498)**	**11,563,681**	**-**	**11,563,681**

[1] Refer to Note F2 for reconciliation of reserve balances.
[2] Refer to Note F1 for details of shares issued during the financial year.

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR END 30 JUNE 2020

The notes to the financial statements have been set out under the following main headings:

A. Legend
B. Basis for preparation (B1)
C. Key operating & financial results (C1 to C5)
D. Capital & risk management (D1 to D6)
E. Financial position (E1 to E2)
F. Equity (F1 to F2)
G. Group structure (G1 to G3)
H. Other disclosures (H1 to H5)

[A – LEGEND]

CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in developing and applying accounting policies

The following are the critical judgements, apart from those involving estimations (see Notes below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

- Note C2 – Revenue recognition
- Note D4 – Digital assets
- Note D4 – Fair value of digital assets
- Note G1 – Consolidation of DigitalX Funds
- COVID19 - Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the services offered, farm-in partners, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- Note C4 – Multijurisdictional taxation of operations
- Note F2 – Valuation of share-based payments
- Note D4 – Valuation of unlisted and low volume trading digital assets

KEY AUDIT MATTER

Item is a key audit matter referenced in the Auditor's Report on Page 23.

ADDITIONAL COMMENTARY

Additional management commentary on the item has been provided above what is required under legislation or accounting standards for stakeholders to understand the financial report.

[B - BASIS FOR PREPARATION]

CORPORATE INFORMATION

The consolidated historical financial statements of DigitalX Limited and its controlled entities (collectively, the **Consolidated Entity** or **Group**) for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the Directors on 28 September 2020.

DigitalX Limited (the **Company** or the **Parent**) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The Company is a for-profit entity.

The nature of the operations and principal activities of the Group are described in the Directors' Report. Information on the Group's structure is provided in Note G1. Information on other related party relationships is provided in Note H1.

The Company's Corporate Governance Statement for the 2020 financial year can be accessed at:

https://DigitalX.com/corporate-governance/.

B1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial report are set out below. These policies have been applied consistently to all periods presented in the financial report excepted as described in the notes or in the Group's interim financial report. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Basis of preparation

The financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) and interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. All amounts are presented in United States Dollars, unless otherwise noted.

Compliance with IFRS

The consolidated financial report of the Group also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

The consolidated financial report has been prepared under the historical cost convention, except for digital assets that are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Cost is based on the fair value of the consideration given in exchange for assets.

Comparative information

The comparative balances for the year ending 30 June 2019 relating to the Non-controlling interest in the DigitalX fund has been reclassified from equity to liabilities as per the requirements of the Australian Accounting Standard, AASB132: Financial Instruments.

The change arises where units of the fund not owned by the company represent a potential obligation to deliver cash in preference to the shareholders of the company.

As a result of the change to the comparatives there was:

- No impact on the total capital & reserves attributable the owners of DigitalX as at 30 June 2019 of $11,563,681.
- No impact on the total loss attributable to the owners of DigitalX for the year ended 30 June 2019 of $2,524,151.
- Increase in net assets attributable to unit holders of $592,810 and decrease in Non-controlling interest of $592,810.
- Increase in current liabilities of $592,810.
- The addition of comparative note and balances in Note D6.

The effect of the change was not considered to be material with respect to AASB108: Accounting Policies, Changes in Accounting Estimates and Errors.

Going concern

At the date of this report the Consolidated Entity's has a strong working capital position and its cash flow forecast indicates that it expects to be able to meet its minimum commitments and working capital requirements for the twelve-month period from the date of signing the financial report. The Group also notes subsequent to the end of the financial year that its working capital has increased materially due to the increase in the price of Bitcoin by $705,547 (as disclosed in Note H5) and the receipt of $AUD336,364 on conversion of options.

Presentation and functional currency

The consolidated financial report is presented in United States Dollars.

Functional currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in United States dollars ('$USD'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

Due to the nature of these activities for all entities in the Group the functional currency has been determined to be $USD.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Group determined $USD is the most appropriate currency for the Group's reporting as the predominant currency for revenue generating activities has been $USD combined with the material USD expenditure for the financial year combined with digital asset pricing primarily in $USD. Following the end of the financial year and considering the drivers for the Group going forward the Group assessed that it will report in $AUD for future reporting periods.

Current and non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- The Group classifies all other assets as non-current.

A liability is current when it is:

- expected to be settled in normal operating cycle;
- held primarily for the purpose of trading;
- due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- The Group classifies all other liabilities as non-current.

[C - KEY OPERATING & FINANCIAL RESULTS]

The section below includes information regarding how the Group performed during the financial year including segment analysis and detailed breakdowns of items in the Statement of Profit or Loss and Other Comprehensive Income.

This section includes the following disclosures:

C1 SEGMENT INFORMATION

Segment reporting

AASB 8 requires operating segments to be identified based on internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segment and to assess its performance.

Based on the information used for internal reporting purposes by the Chief Operating Decision Maker (CODM), being the Board, which makes strategic decisions, at 30 June 2020 the Group operated three segments, Blockchain consulting and development, Asset Management and Other. In the previous corresponding period (period ended 30 June 2019) the Group had three reportable segments: Advisory, Funds Under Management, and Technology.

In light of the company update announcement on 5 of September 2019, the segment names and descriptions have been updated to reflect the current operations. However, there has been no material impact on the comparatives as a result of this.

Segment description

BLOCKCHAIN CONSULTING
The Group provides consulting, technical due diligence, solution design and development to businesses by utilising distributed ledger solutions and best of blockchain technologies.

ASSET MANAGEMENT
The asset management division was setup in 2018 to give high net worth and institutional investors access to a portfolio of digital assets. DigitalX operates two funds focussed on digital assets, the DigitalX Fund (www.digitalx.fund) and the DigitalX BTC Fund.

OTHER
Amounts disclosed in the segment primarily relates to Group-level functions including governance, finance, legal, risk management, company secretarial and management of the corporate entity.

SEGMENT PERFORMANCE

Segment reporting ($USD)	BLOCKCHAIN CONSULTING		ASSET MANAGEMENT[2]		OTHER		TOTAL	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	(RESTATED) 30 June 2019
Results								
Segment revenue	207,097	914,557	28,279	26,049	55,048	72,492	290,424	1,013,096
Intersegment revenue	-	-	-	-	-	-	-	-
Revenue from external customers	**207,097**	**914,557**	**28,279**	**26,049**	**55,048**	**72,492**	**290,424**	**1,013,096**
Revenue recognition timing – point in time	*140,297*	*732,886*	-	-	-	-	*140,297*	*732,886*
Revenue recognition timing – over time	*66,800*	*181,671*	*28,279*	*26,049*	*55,048*	*72,492*	*150,127*	*280,210*
Segment result	**(216,078)**	**(185,351)**	**(578,638)**	**(737,676)**	**(3,874,120)**	**(1,342,177)**	**(4,668,857)**	**(2,265,204)**
Income tax expense/(benefit)		-	-	-	-	-	-	-
Segment result after tax	**(216,078)**	**(185,351)**	**(578,638)**	**(737,676)**	**(3,874,120)**	**(1,342,177)**	**(4,668,857)**	**(2,265,204)**

	30 June 2020	(RESTATED) 30 June 2019
Reconciliation to profit/loss after tax	**(4,668,857)**	**(2,265,204)**
Equity accounted share of profit from joint venture	(16,259)	(38,442)
Interest	(37,897)	(70,074)
Depreciation	(170,698)	(53,883)
Amortisation & impairment	-	(50,000)
Taxation	-	-
(Increase)/decrease in net assets attributable to unit holders	(185,840)	46,548
Profit/(loss) after income tax	**(4,707,851)**	**(2,524,151)**

[1] *Revenue earned from external customers by geography and major customer information is not able to be disclosed as the information is not available to the Group.*

[2] *For the purpose of segment reporting the Funds Under Management segment does not include the operating results, segment assets or segment liabilities of the DigitalX Fund & DigitalX BTC Fund as CODM reviews the fund on a fair value basis of the Group's interest in the fund.*

SEGMENT POSITION

Segment reporting ($USD)	BLOCKCHAIN CONSULTING 30 June 2020	BLOCKCHAIN CONSULTING 30 June 2019	ASSET MANAGEMENT 30 June 2020	ASSET MANAGEMENT 30 June 2019	OTHER 30 June 2020	OTHER (RESTATED) 30 June 2019	TOTAL 30 June 2020	TOTAL (RESTATED) 30 June 2019
Assets								
Segment assets	30,290	53,377	46,521	22,477	9,141,746	13,298,739	9,218,557	13,374,593
Total assets	**30,290**	**53,377**	**46,521**	**22,477**	**9,141,746**	**13,298,739**	**9,218,557**	**13,374,593**
Liabilities								
Segment liabilities	5,301	580	16,735	1,183	1,124,543	1,809,149	1,146,578	1,810,912
Total liabilities	**5,301**	**580**	**16,735**	**1,183**	**1,124,543**	**1,809,149**	**1,148,578**	**1,810,912**

C2 - REVENUE & RECEIVABLES

Policy - Revenue recognition

Revenue is recognised when the benefit from the service provided is received by the Customer and to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable; taking into account contractually defined terms of payment, if any, and excluding taxes or duty.

Revenue is recognised when the specific recognition criteria described below have been met.

A. Advisory
Revenue from advisory services is recognised as a point in time obligation when its services have been fully rendered under contract and the Group no longer has any continuing involvement in the sale of digital assets by its customers and the consideration becomes payables. If the Group is entitled to consideration on a pro rata basis or for works complete, then the Group shall recognise revenue over time by reference to the work completed.

Transaction Price – Digital Assets
Where the contract provides for payment in the customers digital assets, the digital asset's fair value is determined:

- by referencing publicly available pricing data from digital asset exchanges; or

- for those digital assets not yet listed on exchanges, by referencing the results of the sale (i.e. the unit price of a digital asset can be measured by dividing the dollar amounts raised in the sale by the number of units issued in the sale).

The Group measures advisory revenue including the receipt of digital assets at the fair value of consideration received.

B. Consulting
Revenue from consulting services for a fixed fee or time and material is recognised when or as the Group transfers control of the assets to the customer. Revenue is recognised over time as the work is performed as costs are generally incurred uniformly as the work progresses and are considered to be proportionate to the entity's performance.

C. Funds Management
Revenue from contracts with clients is recognised when there is a right to invoice the client at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. This method corresponds directly with the delivery of performance obligations by the Group to its clients.

Management fees are based on a percentage of the portfolio value of the fund and calculated in accordance with the Investment Management Agreement or Constitution.

Performance fee arrangements give rise to variable consideration. An estimate of the variable consideration is recorded when it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Group's entitlement to a performance fee for any given performance period is dependent on outperforming certain hurdles.

D. Licensing
Revenue from licensing is recognised over time as the services provided under licensing contract are provided over time and the customer simultaneously receives and consumes the benefit of the service.

E. Contract Asset
When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before payment is due, the Group presents the contract as a contract asset, unless the Group's rights to the amount of consideration are unconditional, in which case the Group recognises a receivable.

F. Contract Liability
When a customer pays consideration before performance obligation is satisfied, the Group presents the contract as a contract liability.

G. Trade and other receivables
The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Group allows 1% for amounts that are 30 to 60 days past due, 1.5% for amounts that are between 60 and 90 days past due and impair any amounts that are more than 90 days past due.

H. Interest revenue
Interest income is recognised on a time proportion basis that takes into account the effective yield on the financial asset.

Revenue	Year ended 30 June 2020 $USD	Year ended 30 June 2019 $USD
Advisory	-	859,743
Consulting	206,278	126,517
Asset Management Fees	31,562	18,293
Licensing	52,584	8,543
Total revenue[1]	**290,424**	**1,013,096**

[1] Revenue recognised at point in time included in the total for the year ended 30 June 2020 was $140,297 (2019: 691,979).

Liabilities related to contracts with customers

	Year ended 30 June 2020 $USD	Year ended 30 June 2019 $USD
Contract liability for services to be rendered[1]	15,437	188,128
Contract liability	**15,437**	**188,128**

[1] Contract liability decrease for the period as the services were rendered.

Trade and other receivables

	Year ended 30 June 2020 $USD	Year ended 30 June 2019 $USD
Trade receivables (gross)	46,196	57,012
Loss allowance	-	-
Trade receivables – Net	**46,196**	**57,012**
Other receivables		
Statutory tax receivable	-	13,621
Loan to a related party	-	26,099
Deposits	56,896	68,745
Other	32,486	-
Total trade and other receivables	**135,578**	**165,477**

Other Income

	Year ended 30 June 2020 $USD	Year ended 30 June 2019 $USD
Interest received	22,216	30,696
Other income	68,879	-
	91,095	**30,696**

	Year ended 30 June 2020 $USD	Year ended 30 June 2019 $USD
Net fair value gain/(loss) on digital assets held[1,2]	**(2,332,415)**	**1,511,247**

1 Refer to Note D4 for further information on Digital Assets.

2 The primary driver for the loss in the current year was the decrease in the price of bitcoin from $10,817 to $9,137 (16%) and the fall in market price for two unlisted digital assets on exchange listing.

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C3 - EXPENSES, PAYABLES & OTHER PAYABLES

Policy - Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Policy - Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Policy - Employee benefits

Short-term and long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Policy - Goods and services, Value Added Tax, or Sales Tax

Amounts are recognised net of the amount of associated GST or VAT, except:

- where the GST or VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST or VAT is recognised as part of the cost of acquisition of the asset or part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST or VAT.

The net amount of GST or VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST or VAT component of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

(A) Professional and Consultancy fees

	Year ended 30 June 2020 $USD	Year ended 30 June 2019 $USD
Legal fees	127,133	177,108
Consulting fees	225,344	209,280
Tax consulting fees	39,987	28,708
Audit fees	53,521	49,594
Total professional and consultancy fees	**445,985**	**464,690**

(B) Settlement costs

	Year ended 30 June 2020 $USD	Year ended 30 June 2019 $USD
Settlement costs[1]	-	526,068
Total other expenses	**-**	**526,068**

[1] The balance relates solely to the finalisation of legal proceedings as announced to the market on 7 May 2019 which is expected to be a non-recurring amount. The Group also incurred $USD66,830 in legal fees for this matter included in the total legal fees disclosed above in (A) for the year ended 30 June 2019.

(C) Other expenses

	Year ended 30 June 2020 $USD	Year ended 30 June 2019 $USD
Regulatory and compliance	318,678	188,100
Occupancy	94,501	167,461
Other expenses	110,918	482,567
Total other expenses	**524,097**	**838,128**

Current liabilities – trade & other payables

	Year ended 30 June 2020 $USD	Year ended 30 June 2019 $USD
Trade payables	225,647	242,723
Accrued expenses	89,293	[1]397,554
PAYG withholding payable	17,441	16,086
Share applications	-	561,739
Total trade & other payables	**332,381**	**1,218,102**

[1] Included in this is an amount of $AUD150,000 for the second tranche of the legal settlement reference above in Note C3 (B).

Remuneration of Auditors

	Year ended 30 June 2020 $USD	Year ended 30 June 2019 $USD
Remuneration of the auditors of the Company for:		
BDO Audit (WA) Pty Ltd		
Audit and review of financial reports	53,521	49,594
Non-audit services – tax compliance	11,220	28,708
	64,741	**78,302**

C4 INCOME TAX

Policy - Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income or tax loss based on the applicable income tax rate for each jurisdiction.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other periods and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Tax consolidation

The Company and its wholly-owned Australian tax resident entities are part of a tax-consolidated group under Australian taxation law. The head entity within the tax-consolidated group is DigitalX Limited. Digital CC Holdings joined the DigitalX Limited tax consolidation group on 26 May 2014.

Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial reports of the members of the tax-consolidated group using the 'separate taxpayer within group's approach, by reference to the carrying amounts in the separate financial reports of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the wholly-owned entities are assumed by the head entity in the tax-consolidated group and are recognised as amounts payable (or receivable) to (or from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts. The head entity recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the assets can be utilised.

Estimates & Judgement – Taxation

Income taxes

The Group operates in a newly emerging industry and the application of taxation laws in Australia, the United States, Hong Kong and previously Iceland (the principal countries in which the Group currently operates) in relation to the Group's activities may change from time to time. Changes in the taxation laws or in assessments or interpretation or decisions in respect of, but not limited to the following, may have a significant impact on the Group's results:

- Jurisdiction in which and rates at which income is taxed;
- Jurisdiction in which and rates at which expenses are deductible;
- The nature of income taxes levied, for example whether taxes are assessed on the revenue account or on the capital account;
- Requirements to file tax returns; and
- The availability of credit for taxes paid in other jurisdictions, for example through the operation of double taxation treaties.

In recognition of the limited trading and tax history of the Group, management do not consider there is sufficient evidence of probability of the ability to utilise temporary differences and tax losses and hence no deferred tax asset has been recognised as at 30 June 2020 in relation to these assets. The Group will continue to assess the performance and may in the future recognise some or all of these assets.

The Group has taken the approach to calculate income tax expense on the basis that all revenue and expenses attributable to its operations are taxable in Australia and all revenue and expenses attributable to its trading operations are taxable in the United States in addition to certain employee costs incurred in the United States plus an appropriate mark-up.

A. Income tax expense

	Year ended 30 June 2020 $USD	Year ended 30 June 2019 $USD
Current tax expense / (benefit)	-	-
Deferred tax expense / (benefit)	-	-
Total income tax (benefit) in profit or loss	**-**	**-**

B. Numerical reconciliation of tax expense to prima facie tax payable

	Year ended 30 June 2020 $USD	Restated Year ended 30 June 2019 $USD
Profit/(Loss) before tax from continuing operations	(4,707,851)	(2,524,151)
Profit/(Loss) before tax from discontinued operations	-	-
Profit/(Loss) before tax	**(4,707,851)**	**(2,524,151)**
Tax at the Group's statutory income tax rate of Australia: 27.5% (2019: 27.5%)	(1,294,659)	(757,245)
Tax effect of amounts which are not deductible or assessable (taxable) in calculating taxable income:		
Non-deductible share-based payment	48,051	192,512
Non-deductible settlement fees	-	67,439
Non-deductible impairment losses	-	13,750
Non-deductible finance costs – convertible note	-	19,131
Profit from equity accounted investments	4,471	(10,571)
Other	-	265
Effect of different tax rates of subsidiaries operating in other jurisdictions	48,459	59,309
Unrealised gain on foreign exchange	36,636	(214)
Effect of timing expenses that are not deductible	(34,840)	(54,451)
Deferred tax assets not recognised[1]	1,082,402	493,393
Distribution to trust beneficiaries	109,322	(23,318)
Previously unrecognised tax losses now recouped to reduce tax expense	-	-
Income tax expense/(benefit)	**-**	**-**

Income tax expense/(benefit) is attributable to:

Profit/(Loss) from continuing operations	-	-
Profit/(Loss) from discontinued operations	-	-
	-	-

[1] Amount relates to tax losses incurred in US operations that cannot be applied to profits generated in Australia or entities outside the tax consolidated group.

C. Current tax assets and liabilities

Current tax liability	-	-
Income tax payable	-	-
Total current tax liability	**-**	**-**

D. Deferred tax assets and liabilities

As at 30 June 2020 the Group has tax losses available to be applied in the future periods in the United States and Australia estimated to be $USD9.7 million and $USD4.7 million respectively. The losses in respect of the Group's operations in Hong Kong are immaterial. In addition, the Group has gross capital losses in Australia estimated at $USD1.4 million at 30 June 2020.

The Group reviews the recoverability of tax losses each reporting period by reviewing the continuity of ownership test (COT) or Same Business Test (SBT) and no adjustments have been made for the year ended 30 June 2020. Other than those noted above and tax losses there are no other material temporary differences.

E. Other tax information

The tax rate used for the reconciliation above is the corporate tax rate of 27.5% payable by Australian corporate entities on taxable profits under Australian tax law for entities with gross consolidated turnover of less than $AUD25,000,000.

Franking Account	-	-
Amounts recognised directly in equity	-	-

Future Developments

(i) The Group notes that from the 2019 financial year on, the corporate tax for Hong Kong will use a two-tier regime where profits will be assessed at 8.25% for the first $HK2,000,000 and 16.5% above $HK2,000,000. The Group's operations in Hong Kong are immaterial and the effective of the rate is expected to immaterial.

C5 - EARNINGS PER SHARE (EPS)

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit/(loss) after tax attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for bonus elements in ordinary shares issued or cancelled during the period.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	Year ended 30 June 2020 $USD	Year ended 30 June 2019 $USD
Basic earnings/(loss) per share		
From continuing operations	(0.008)	(0.005)
Total	**(0.008)**	**(0.005)**
Diluted earnings/(loss) per share		
From continuing operations	(0.008)	(0.005)
Total	**(0.008)**	**(0.005)**

The earnings/(loss) used in the calculation of basic and diluted loss per share are as follows:		
From continued operations	(4,707,851)	(2,524,151)
From discontinued operations	-	-
Weighted average number of ordinary shares on issue during the period used in the calculation of basic EPS	**602,105,566**	**512,099,007**
Adjustments for calculation of diluted EPS		
Options	32,848,977	60,240,335
Performance rights	28,500,000	9,000,000
Convertible notes	-	-
Weighted average number of ordinary shares on issue during the period used in the calculation of diluted EPS	**665,954,543**	**581,339,342**

[1] Potential ordinary shares in the form of share options and rights are not considered to be dilutive. As the Group made a loss for the prior period, diluted earnings per share is the same as basic earnings per share for that period.

[D - CAPITAL & RISK MANAGEMENT]

The section below includes information regarding how the Group manages it capital assets including the positions at year end as well as outlining the risks arising from market, price, liquidity and credit exposures. Finally, the section covers how the Group manages its equity position and movements during the year.

The section includes the following disclosures:

D1 - CAPITAL MANAGEMENT

The Group's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

D2 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Policy - Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

a) financial assets at amortised cost;
b) financial assets at fair value through profit or loss (FVTPL);
c) debt instruments at fair value through other comprehensive income (FVOCI); and
d) equity instruments at fair value through other comprehensive income (FVOCI).

Classifications are determined by both:

- The entity's business model for managing the financial asset; and
- The contractual cash flow characteristics of the financial assets.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for the allowance for expected credit loss which is presented within other expenses.

a) Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows;
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as government bonds that were previously classified as held-to-maturity under AASB 139.

b) Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a business model other than "hold to collect" or "hold to collect and sell" are categorised at fair value through profit and loss. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

This is includes digital assets classified as financial assets in accordance with Note D4.

c) Debt instruments at fair value through other comprehensive income (Debt FVOCI)

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at FVOCI.

Any gains or losses recognised in OCI will be recycled upon derecognition of the asset.

d) Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under this category, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend income is taken to profit or loss unless the dividend clearly represents return of capital.

Impairment of financial assets

AASB 9's impairment model use more forward looking information to recognize expected credit losses - the 'expected credit losses (ECL) model'. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses.

In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Group allows 1% for amounts that are 30 to 60 days past due, 1.5% for amounts that are between 60 and 90 days past due and impair any amounts that are more than 90 days past due.

Financial assets at fair value through other comprehensive income

The Group recognises 12 months expected credit losses for financial assets at FVOCI. As most of these instruments have a high credit rating, the likelihood of default is deemed small. However, at each reporting date the Group assesses whether there has been a significant increase in the credit risk of the instrument.

In assessing these risks, the Group relies on readily available information such as the credit ratings issued by the major credit rating agencies for the respective asset. The Group only holds simple financial instruments for which specific credit ratings are usually available. In the unlikely event that there is no or only little information on factors influencing the ratings of the asset available, the Group would aggregate similar instruments into a portfolio to assess on this basis whether there has been a significant increase in credit risk.

In addition, the Group considers other indicators such as adverse changes in business, economic or financial conditions that could affect the borrower's ability to meet its debt obligation or unexpected changes in the borrowers operating results.

Should any of these indicators imply a significant increase in the instrument's credit risk, the Group recognises for this instrument or class of instruments the lifetime expected credit losses.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Risk Management

The Group's activities expose it to a variety of financial risks including but not limited to:

- Foreign exchange risk;
- Liquidity risk;
- Interest rate risk;
- Credit risk; and
- Digital asset price risk.

The Group's and the Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risks to which it is exposed. The method used is sensitivity analysis for each of foreign exchange risk, liquidity risk and interest rate risk.

The capital structure of the Group consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings.

The Group holds the following financial assets and financial liabilities:

	Year ended 30 June 2020 $USD	Year ended 30 June 2019 $USD
Financial Assets		
Cash and cash equivalents[AC]	2,736,872	5,160,689
Investments[FV]	1,030,511	195,651
Trade receivables[AC]	46,196	57,012
	3,813,579	**5,413,352**
Financial liabilities		
Trade and other payables[AC]	225,647	377,682
Finance Liabilities[AC]	336,905	
	562,552	**659,128**

AC – Amortised Cost
FV – Fair value through profit or loss

Foreign exchange risk

The Group and the parent entity operate internationally, and during the period were exposed to foreign exchange risk arising from currency exposures, primarily with respect to the USD/AUD dollar rates.

Foreign exchange risks arise from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Management regularly monitors exposure to foreign exchange risk, but do not have a current hedging policy in place. It is intended that this policy will be continuously assessed in line with funding requirements for each of the investment opportunities.

As of 30 June 2020, the Group had exposure to foreign currency risk within its recognised assets and liabilities. The cash and cash equivalents held $AUD3,957,230 (2019: $AUD7,227,463) in bank accounts. The Group has no derivative liabilities in $AUD (2019: $nil) and $AUD480,882 in finance liabilities (2019: $nil).

Group sensitivity – Foreign exchange risk

Based upon the financial instruments held as at 30 June 2020, had the Australian dollar weakened/strengthened 10% against the US dollar with all other variables held constant, the following impact on profit and or loss in noted:

	Fluctuation	
	+10% $USD	-10% $USD
Impact on profit of loss – 2020	(529,034)	529,034
Impact on profit or loss – 2019	(719,596)	719,596

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group deposit funds at both short-term fixed and floating rates of interest.

The Group's exposure to interest rates on financial assets and liabilities is detailed in the liquidity risk management section of this note.

Interest rate sensitivity

A change in interest rates would not have a material impact on the profit and equity for the current and previous periods of the Group or the Parent entity.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who oversee a liquidity risk management framework for the management of the Group's funding and liquidity management requirements.

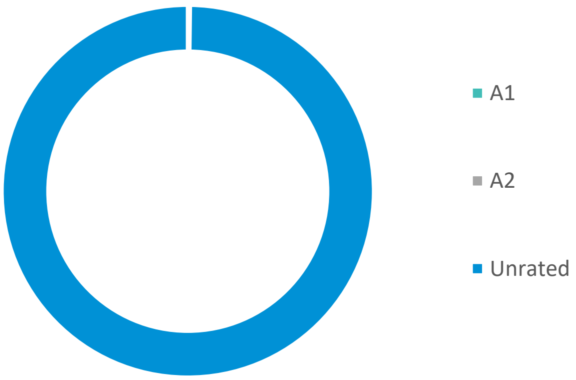
The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring there are appropriate plans in place to finance these future cash flows.

	Weighted average effective interest rate %	*Less than 1 month* Interest bearing - variable $USD	*1 to 3 months* Interest bearing - variable $USD	*More than 3 months Interest bearing* $USD	*Less than 1 month* Non-interest bearing $USD	*1 to 3 months* Non-interest bearing $USD	*More than 3 months* Non-interest bearing $USD
2020							
Cash and cash equivalents	0.25	2,736,872	-	-	-	-	-
Convertible note	10	-	-	169,294	-	-	-
Other receivables	-	-	-	-	46,196	-	-
Other payables	-	-	-	-	(225,647)	-	-
Finance liability	8.8	-	-	(378,224)	-	-	-
2019							
Cash and cash equivalents	-	5,160,689	-	-	-	-	-
Convertible note	10	-	-	195,651	-	-	-
Other receivables	-	-	-	-	57,012	-	-
Other payables	-	-	-	-	(242,723)	-	-

The liquidity and interest rate risk table above has been drawn up based on the undiscounted cash flow (including both interest and principal cash flows expected) using contractual maturities of financial assets and the earliest date on which the Group can be required to pay financial liabilities. Amounts for financial assets include interest earned on those assets except where it is anticipated cash will occur in a different period.

Credit Risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. Credit risk is managed on a group basis. For banks and financial institutions, the Group aims to hold deposit with independently rated parties with a rating of 'A2' or above based on Moody's ratings. From time to time the Group may hold deposits with unrated institutions (i.e. exchanges) after trading in digital assets. The Group's credit risk exposure is set out below. Due to the nature of the customers the Group engages with ratings are not commonplace. Credit risk is therefore factored into the transaction price for services often in the form of bonus tokens or a discount to public token sale rate. At 30 June 2020 no customers had a published credit rating.



Rating	$USD
A1	3,876
A2	1,562
Unrated	2,731,434
Total	**2,736,872**

Fair value measurement

The Group measures financial instruments and non-financial assets at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

At 30 June 2020 all assets carried at fair value are deemed to be level 1 based on observable prices in an active market with the exception of:

- Convertible note receivable – Note D5
- Investment in Bullion Asset Management – Note D5
- Unlisted Digital Assets – Note D4

Fair value estimation

The Directors consider that the carrying amount of financial assets and financial liabilities, as recorded in the financial statements, represent or approximate their respective fair values.

D3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, cash held with bitcoin exchanges, other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Cash and cash equivalents do not include the Group's holdings of digital assets which are classified as inventory (refer to D4).

	Year ended 30 June 2020 $USD	Year ended 30 June 2019 $USD
Cash at bank	2,736,872	5,160,614
Cash deposits at call[1]	-	75
Total cash and cash equivalents	**2,736,872**	**5,160,689**

[1]Cash deposits at call include cash balances on exchanges. The balance originates following a liquidation of digital assets. Refer to Note D2 for information on liquidity and credit risk.

digital X ™

D4 - DIGITAL ASSETS

Digital Assets

Digital assets are assets such as Bitcoin and Ethereum, which use an open-source software-based online system where transactions are recorded in a public ledger (blockchain) using its own unit of account. Digital Assets are an emerging technology and asset class, and as such there are no specific accounting standards that cover the treatment, rather digital assets are assessed by applying existing accounting standards in conjunction with guidance released by the accounting standard setting bodies such as the IASB.

Management consider it appropriate to group digital assets into a single balance in the Consolidated Financial Statements and providing users with a reconciliation by category in the notes to the Financial Statements.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained below.

Digital Assets – Accounted for using inventory methodology

For digital assets that meet the criteria of AASB102: Inventory, the Group measures digital assets at its fair value less costs to sell, with any change in fair value less costs to sell being recognised in profit or loss in the period of the change. Amounts are derecognised when the Group has transferred substantially all the risks and rewards of ownership. As a result of the various blockchain protocols, costs to sell are immaterial in the current period and no allowance is made for such costs.

Digital assets are derecognised when the Group disposes of the inventory through its trading activities or when the Group otherwise loses control and, therefore, access to the economic benefits associated with ownership of the digital asset.

Digital Assets – Accounted for using intangible asset methodology

The Group consider that any digital asset that does not fall under the inventory or financial asset methodology and meet the recognition criteria (identifiable, controllable and capable of generation future economic benefits) are considered to intangible assets.

For digital assets that meet the criteria of AASB138: Intangible Assets, the Group measures digital assets at its fair value less costs to sell in accordance with the revaluation model (provided there is an active market), with increase in fair value being recognised in OCI and credited to a revaluation reserve, unless it reverses a revaluation deficit of the same asset previously recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the revaluation reserve. Digital assets classified as intangible assets are considered to be indefinite life intangible assets given their nature.

Digital assets are derecognised when the Group disposes of the asset or when the Group otherwise loses control and, therefore, access to the economic benefits associated with ownership of the digital asset.

Digital Assets – Accounted for using financial asset methodology

Refer to Note D2 for financial asset accounting policy and treatment.

Estimates & Judgements

(a) Digital assets

Management note that the topic of digital assets and the accounting for digital assets continues to be considered by the International Accounting Standards Board (IASB) and continues to monitors new comments and interpretations released by the Board and other standard setters from around the world.

In line with this, the Group has considered its position for the year ending 30 June 2020 and has determined that the Group's digital assets fall into 3 categories:

- Inventory method (historical method used by the Group)
- Intangible asset method (the method noted by the IASB in its most recent deliberations)
- Financial asset method (used where the digital asset meets the criteria of a financial asset – See Note D)

Management notes that under the 3 methods noted above, the treatment continues to be to measure digital assets at fair value (unless otherwise disclosed and provided certain conditions are met) under the respective accounting standards.

(b) Fair value of Digital Assets

Digital assets (including bitcoin inventory) is measured at fair value using the quoted price in United States dollars on from a number of different sources with the primary being Coin Market Cap (www.coinmarketcap.com) at closing Coordinated Universal Time. Management considers this fair value to be a Level 1 input under the AASB 13 *Fair Value Measurement* fair value hierarchy as the price on the quoted price (unadjusted) in an active market for identical assets.

Management uses a number of exchanges including Binance, Bitgo, Independent Reserve and others in order to provide the Group with appropriate size and liquidity to provide reliable evidence of fair value for the size and volume of transactions that are reasonably contemplated by the Group.

Unlisted digital assets are fair valued using a combination of Level 2 and Level 3 techniques. Refer to the table below for the break-down of fair value levels.

(A) Reconciliation of Digital Assets

	Year ended 30 June 2020 $USD	Year ended 30 June 2019 $USD
Bitcoin[1,2]	4,065,591	4,661,772
Other listed digital assets[1,3]	522,807	1,121,074
Non-listed digital assets[4]	135,548	1,332,527
Total Digital Assets	**4,723,946**	**7,115,373**

[1] Digital assets were measured at fair value using at 30 June 2020. Refer to Note H5 for prices at the date of this report.
[2] The amount includes $USD2,021,713 held by the DigitalX BTC Fund.
[3] Includes all tokens that are not bitcoin that are listed on an exchange. The amount includes $USD500,704 held by the DigitalX Fund.
[4] Includes all tokens not listed on an exchange. The amount includes $USD79,846 held by the DigitalX Fund.

(B) Reconciliation by Class

	Year ended 30 June 2020 $USD	Year ended 30 June 2019 $USD
Inventory method	-	4,661,772
Intangible asset method	4,717,985	1,683,601
Financial asset method	5,961	770,000
Total Digital Assets	**4,723,946**	**7,115,373**

(C) Movements by Class

	Inventory Method	Intangible Asset	Financial Asset	Total
Opening Balance 1 July 2019	**4,661,772**	**1,683,601**	**770,000**	**7,115,373**
Net trading activity[1]	-	(59,012)	-	**(59,012)**
Transfers – BTC Fund Seed[2]	(1,728,071)	1,728,071		**-**
Transfers between classes[3]	(1,349,825)	1,349,825	-	**-**
Revaluation	(1,583,876)	15,500	(764,039)	**(2,332,415)**
Impairment	-	-	-	**-**
Closing Balance	**-**	**4,717,985**	**5,961**	**4,723,946**

1 Net trading activity is the net purchase and sale of digital assets and includes monthly rebalance for the DigitalX Fund and DigitalX BTC Fund.

2 During the period the Group announced that it had seeded the DigitalX BTC Fund with 215 of its existing Bitcoin holding. The amount above is the fair value of Bitcoin at the time of the seeding. Inline with Note D5 and G2, the Group consolidates the assets of the DigitalX Fund and DigitalX BTC Fund.

3 At 30 June 2020, the Group made the determination that due to the nature of the Group's holding and its reduced trading activity it was considered appropriate to classify its Bitcoin holding as an intangible asset under AASB138: Intangible Assets using fair value under the revaluation method given there is a highly active market for Bitcoin. As the Group previously recorded its Bitcoin holding at fair value under AASB102: Inventory there was no gain or loss on reclassification.

(C) Digital Assets by Fair Value Hierarchy

Level	Description	$USD
Level 1	Level 1 fair value digital assets are those assets that are actively traded on a digital asset exchange or decentralised exchange for which there is an active market with sufficient volume.	$4,532,697

Level 2	Level 2 fair value digital assets are those assets measured at fair value but the market prices are not actively quoted and determined using a market matrix approach (AASB13.B7). This is most common for digital assets where an active trading pair does not existing with a FIAT currency but may exist for a trading pair such as Ethereum or Bitcoin which can then be measured using the level 1 input.	$55,701
Level 3	Level 3 fair value digital assets are those assets carried at fair value where fair value has been determined by reference to the entity's own data and financial data provided by the project such as comparable projects, financial forecasts and equity transactions.	$135,548

D5 – INVESTMENTS

Investments in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting.

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of AASB 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount.

Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

	Year ended 30 June 2020 $USD	Year ended 30 June 2019 $USD
Investment in Coincast - Equity accounted joint venture[A]	-	16,259
Investment in Bullion Asset Management Pte Ltd[B]	861,216	322,662
Convertible note receivable[C]	169,294	195,651
	1,030,510	**534,572**

A. Changes to Joint Ventures

During the period the Group announced that it had terminated the joint ventures with DX Americas LLC, Coincast and Futuredge Capital. The impact to the Group was immaterial and the investments were written down to nil value.

B. Investment in Bullion Asset Management Pte Ltd

On 16 April 2019, the Group announced its equity investment into Bullion Asset Management Pte Ltd ("BAM"), the management company for xbullion (gold backed stable coin project) for $AUD450,000 and 9,411,764 DigitalX shares at an issue price of $AUD0.085. The DigitalX shares were issued during the period, as a result the investment in BAM increased by $USD544,690. At 30 June 2020 the investment was measured at fair value using level 2 inputs, there was no change in fair value as the most recent equity issue (January 2020) was consistent with the previous issue price.

C. Convertible note receivable

The Group holds a convertible note with YPB Systems Ltd (ASX:YPB) based on the terms and conditions in the announcement.

- 3-year fixed term, repayable only at maturity, non-redeemable;
- Conversion at any time to ordinary equity at the lower of A$0.018 or a 50% discount to the price at which YPB shares were subscribed for pursuant to the most recent capital raising of YPB preceding the date of conversion (not including the present equity placement), provided that the deemed price is no lower than $0.009
- Free attaching unlisted option with an exercise price of $0.025. Option expiry 18 months from the date of conversion of the convertible note to shares

At year end the Group valued the note at fair value using the fair value of holding the note to maturity. Under this methodology the fair value (level 2) of the note was deemed to be $USD169,294. The key inputs were:

- Coupon rate – 10%
- Market interest rate – 11.8%

D. Investment in DigitalX Funds

The Group has provided seed capital to the DigitalX Fund (a unit trust) and DigitalX BTC Fund (a unit trust) for the purpose of investing in and generating returns on digital assets. As noted in Note C1 the Board reviews the performance of the funds at fair value based on the reported fund net asset value (NAV) each period. However, as DigitalX also provides fund management services for the fund it is deemed that the Group meets the definition of control under *AASB10: Consolidated Financial Statements* and as a result, the financial position and performance of the DigitalX funds have been included in the Group's consolidated financial statements.

The Group will continue to assess its position with respect to control of the fund at each reporting period and there has been no changes to the Group's assessment for the year ended 30 June 2020.

The net asset value (NAV) of the Group's units in the funds at 30 June 2020 were $AUD 0.50 (2019: $0.85) and $AUD1.35 respectively.

D6 - NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS

In accordance with AASB: 132 Financial Instruments, certain instruments are classified as equity in the separate financial statements of a subsidiary or other entity controlled by the Group which represent non-controlling interests in the consolidated financial statements are classified as liabilities in the consolidated financial statements of the Group to the extent which the non-controlling interest has a preferential claim to the net assets of the subsidiary over shareholders of the parent. Changes in the net assets are recognised in the profit or loss except for distributions to unit holders and subscription of units.

	Year ended 30 June 2020 $USD	Year ended 30 June 2019 $USD
Opening Balance	**592,810**	**514,600**
Profit/(Loss) for the period attributable to non-controlling interests	(185,840)	46,548
Impact of foreign exchange	(135)	(18,181)
Net change in units on issue	55,020	49,843
Closing Balance	**461,855**	**592,810**

[E - FINANCIAL POSITION]

The section below includes information regarding the financial position of the Group (excluding non-operating assets & liabilities covered under Section C and Working Capital covered under Section D).

The section includes the following disclosures:

E1 - PROPERTY, PLANT AND EQUIPMENT

Policy

Plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Plant and equipment are depreciated or amortised on a reducing balance or straight-line basis at rates based upon their expected useful lives as follows:

- Computer equipment – 3 years
- Leasehold improvements – 5 years

Depreciation is recognised to write off the cost or valuation of assets (other than freehold land) less their residual values over their useful lives. The estimated residual value of plant and equipment has been assessed to be zero. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use. Gains and losses on disposals are determined by comparing proceeds with their carrying amount.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Property Plant & Equipment

	Year ended 30 June 2020 $USD	Year ended 30 June 2019 $USD
Cost	352,098	351,352
Accumulated depreciation	(124,457)	(53,862)
Net Carrying amount	**227,641**	**297,490**
Reconciliation		
Carrying amount at beginning of period	297,490	502
Additions	6,990	351,352
Disposals	(6,244)	(481)
Depreciation charge for the period	(70,595)	(53,883)
Net carrying amount at end of period	**227,641**	**297,490**

E2 - NON-CURRENT ASSETS – RIGHT OF USE

(A) Change of accounting policy

On 1 July 2019, the Group adopted the new leasing standard, *AASB16: Leases,* which replaced the existing standard, *AASB117: Leases*.

Under the new standard, leases are no longer classified as operating leases or finances leases as they had been previously under AASB 117.

In applying AASB16 from 1 July 2019 the Group has adopted the new standard retrospectively but has not restated comparatives for the 2018 or 2019 reporting comparatives, as permitted under the transitional provisions of the new standard.

The reclassifications and impact of the new standard are therefore recognised in the opening statement of financial position on 1 July 2019.

(B) Adjustments recognised on adoption of AASB16

At the time of the change, the Group only had one lease classified as an operating lease, being the lease for the Blockchain Centre entered in to in July 2018 for a term of 5 years, that was required to be recognised:

(C) Lease liability

The lease liabilities were recognised at the present value of remaining lease payments, discounted using the Group's incremental borrowing rate (8.8%) at the time of the adoption.

	$USD
Operating lease commitments disclosed at 30 June 2019	544,549
Adjustment for contracts reassessed as service contracts	(234,663)
Adjustment for discounting using the Group's incremental borrowing rate	(166,972)
Adjustment for finance liabilities	273,218
Liability at 1 July 2019	**416,132**
Current Lease Liability	*86,576*
Non-Current Lease Liability	*329,556*
Liability at 1 July 2019	**416,132**
Interest expense	31,278
Lease payments	(108,478)
Foreign exchange effect	(2,027)
Liability at 30 June 2020	**336,905**
Current Lease Liability	*91,841*
Non-Current Lease Liability	*245,064*

(D) Right of use asset

The associated right of use asset for property leases were measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required adjustment

	Property Leases $USD
Opening balance at 30 June 2019	-
Adjustment for right of use asset	389,397
Right of use asset at 1 July 2019	**389,397**
Depreciation of right of use asset	(97,349)
Right of use asset at 30 June 2020	**292,048**

[1] The net impact to retained earnings at 1 July 2019 was $26,696.

[2] The Group does not currently recognised deferred tax assets, as a result no deferred tax impact has been recognised as a result of the change in the standard.

(C) Other transition disclosures

- The Group has applied several practical expedients under the new standard as permitted. The expedients include:

  a. Use of single discount rate;
  b. Reliance on previous assessment as to whether lease(s) are onerous; and
  c. Exclusion of indirect costs for the measurement of right of use assets and initial application.

- Lease payments for property leases includes fixed payments less any incentives, variable payments based on a rate and amounts expected to be payable under residual value guarantees.

- Right of use assets for property leases include the initial measurement of the lease liability plus initial direct & restoration costs

E3 - NON-CURRENT ASSETS - INTANGIBLE ASSETS

Internally generated intangible assets - Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Capitalisation of development costs

The development activities are part of an internal project, with costs incurred both by an internal software development team and through the outsourcing of development activities to external contractors. The total cost capitalised on the project at 30 June 2020 is $USD2,016,187.

An intangible asset arising from the development phase of an internal project shall be recognised if, and only if, an entity can demonstrate all of the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Its intention to complete the intangible asset and use or sell it;
- Its ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The Company has evaluated the criteria required to be satisfied for an intangible asset arising from the development phase of an internal project to be recognised and conclude in respect to AirPocket that all conditions required to recognise an intangible asset generated from development of an internal project have been demonstrated.

The Company has evaluated the future economic benefit by modelling the expected future cash flows to estimate a value of the asset.

The Company has previously raised a $USD2,016,188 impairment provision against the costs capitalised for its AirPocket intangible asset as a result of a lack of historical data with respect to the estimates used in determining the fair value of AirPocket. The provision is to be reassessed at the next reporting date with anticipation that more information will be available to assess the recoverable amount of the asset.

	Year ended 30 June 2020 $USD	Year ended 30 June 2019 $USD
Intellectual property		
Cost	2,016,188	2,016,188
Accumulated amortisation	-	-
Provision for Impairment[2]	(2,016,188)	(2,016,188)
Net Carrying amount	-	-
Reconciliation		
Carrying amount at beginning of period	-	49,519
Additions	-	481
Write down of Intangible Assets	-	(50,000)
Provision of impairment of Intangible Assets	-	-
Net carrying amount at end of period[1]	**-**	**-**

[1] Net of accumulated amortisation and provision for impairment.

[F – EQUITY]

The section below includes information regarding the Group's equity structure including movements in contributed equity from share transactions and movements in reserves.

The section includes the following disclosures:

F1 – CONTRIBUTED EQUITY

(a) Issued and paid up Capital

	Year ended 30 June 2020 $USD	Year ended 30 June 2019 $USD
Fully paid ordinary shares – 605,628,549 (2019: 571,525,427)	34,759,917	33,662,319

(b) Movement in Ordinary Share Capital

Date	Details[1]	Number of Shares	Issue Price A$	$USD[2]
30-Jun-19	**Closing Balance**	**571,525,427**		**33,662,319**
1-Jul-19	Issue of Shares on exercise of options	24,691,358	0.0324	556,934
2-Jul-19	Share issue costs			(3,472)
15-Nov-19	Issue of Shares under agreement with Bullion Asset Management[A]	9,411,764	0.0850	544,690
18-Nov-19	Share issue costs			(3,555)
30-Jun-20	**Closing Balance**	**605,628,549**		**34,756,916**

[A] *Refer to Note D5(b) for details.*

Date	Details[1]	Number of Shares	Issue Price A$	$USD[2]
30-Jun-18	**Closing Balance**	**486,865,628**		**30,431,588**
5-Jul-18	Vesting of Performance Rights	1,000,000	-	-
10-Jul-18	Share issue costs	-	-	(1,426)
7-Aug-18	Issue of Shares on exercise of options	3,086,420	0.0324	73,757
8-Aug-18	Share issue costs	-	-	(1,397)
18-Sep-18	Issue of shares on exercise of convertible notes	16,296,295	0.027	317,108
18-Sep-18	Issue of shares to employees	3,441,000	0.12	300,606
20-Sep-18	Share issue costs	-	-	(3,571)
8-Oct-18	Issue of Shares on exercise of options	100,000	0.0324	2,341
10-Oct-18	Share issue costs	-	-	(1,336)
13-May-19	Issue of Shares for settlement	1,895,453	0.0616	81,301
14-May-19	Share Issue costs			(1,368)
15-May-19	Issue of Shares under Share Purchase Plan	36,321,122	0.0677	1,701,610
16-May-19	Share Issue costs			(6,960)
17-May-19	Issue of Shares under top up placement	19,046,519	0.0677	887,500
17-May-19	Share Issue costs			(270,745)
21-May-19	Share Issue costs			(4,459)
27-May-19	Issue of Shares for settlement	1,576,568	0.0740	80,714
28-May-19	Share Issue costs			(1,368)
18-Jun-19	Issue of Shares for settlement	1,896,422	0.0615	79,796
24-Jun-19	Share Issue costs			(1,372)
30-Jun-19	**Closing Balance**	**571,525,427**		**33,662,319**

[1] Refer to the corresponding Appendix 3B for full details of each issue.

[2] Based on AUD/USD as at the date of transaction.

[3] Refer to Note H5 for any issues subsequent to the end of the reporting period.

Rights Attaching to Shares
The rights attaching to fully paid ordinary shares arise from a combination of the Company's constitution, statute and general law. Fully paid ordinary shares carry one vote per share and carry a right to dividend.

Dividends
There are no dividends paid or declared during the period.

F2 – RESERVES

Nature of reserves

Option premium and share-based payment reserve	Reserve is established to record balances pertaining to share options and performance rights granted for services provided to the Company by employees and vendors.
Convertible note reserve	Reserve is established to record amounts required to be recognised in equity for convertible notes that meet the definition of compound instruments.
Foreign Exchange Reserve	Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

	Note	Option premium and share-based payment reserve[1]	Convertible Note Reserve	Foreign Exchange Reserve
30 June 2019		**1,300,760**	**62,680**	**21,420**
Share based payment expense		148,916	-	-
Conversion of foreign operations		-	-	(669)
30 June 2020		**1,449,676**	**62,680**	**20,751**

	Note	Option premium and share-based payment reserve[1]	Convertible Note Reserve	Foreign Exchange Reserve
30 June 2018		**785,240**	**62,680**	**(15,887)**
Share based payment expense		399,439	-	-
Share options issued		116,081	-	-
Conversion of foreign operations		-	-	37,307
30 June 2019		**1,300,760**	**62,680**	**21,420**

[1] *Ordinary share issues treated as share-based payments that have no vesting conditions are recognised directly in equity.*

Share based payments

Employees and consultants of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions, for which vesting is conditional upon a market or non-vesting condition.

These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Valuation of options and performance rights

The fair value of the share options and performance rights at grant date are determined using a binomial option pricing method that takes into account the exercise price, the term of the option, the probability of exercise, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The following tables list the inputs to the model used for valuation of the options:

Options issued to Director (Toby Hicks)

Item	Tranche 1
Volatility (%)	119.92%
Risk-free interest rate (%) – range	1.04%
Expected life of option (years)	5
Exercise price per terms & conditions	$AUD0.10
Underlying security spot price	$AUD0.04
Valuation date	10 July 2019
Expiry date	30 June 2024
Valuation per option	$AUD0.046
Number of options issued	2,500,000

Valuation of performance rights

The fair value of performance rights with market-based conditions at grant date are determined using a Monte-Carlo simulation method that takes into account the market conditions, the term of the vesting period, the share price at grant date and expected volatility of the underlying share across a number of simulations.

Item	Tranche 1	Tranche 2
Market based condition – Share price target over 15 days	$AUD0.09	$AUD0.09
Volatility (%)	121.84%	117.18%
Expected vesting period (years)	3	3
Underlying security spot price	$AUD0.04	$AUD0.03
Valuation date	10 July 2019	21 Nov 2019
Expiry date	9 July 2022	12 Dec 2022
Valuation per right	$AUD0.037	$AUD0.021
Number of rights issued	7,500,000	9,000,000

Options and performance rights on issue or owed as at 30 June 2020

Details	Number	Issue Date
Share options	11,168,382	Nov 18 to May 19
Share options	2,500,000	12 Dec 2019
Performance rights	9,000,000	10 Dec 2018
Performance rights	19,500,000	12 Dec 2019

[G - GROUP STRUCTURE]

The section below includes information regarding the Group organisational structure and information related to the parent entity as required by the Corporations Act 2001.

G1 - PRINCIPLES OF CONSOLIDATION

The consolidated financial report incorporates the assets and liabilities of all subsidiaries of DigitalX Limited (Company or Parent Entity) as at period end and the results of all subsidiaries for the period then ended. DigitalX Limited and its subsidiaries together are referred to as the Group or the Consolidated Entity.

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

G2 - CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note G1. All controlled entities are included in the consolidated annual final report. The parent entity does not guarantee to pay the deficiency of its controlled entities in the event a winding up of any controlled entity. The period end of the controlled entities is the same as that of the parent entity, except for the US companies listed below which use 31 December year end.

Name of Controlled Entity	Place of Incorporation	% of Shares Held 2020	% of Shares Held 2019
Digital CC Management Pty Ltd	Australia	100%	100%
Digital CC Trading Pty Ltd	Australia	100%	100%
Digital CC IP Pty Ltd	Australia	100%	100%
Digital CC Limited	Hong Kong	100%	100%
Digital CC IP Limited	Hong Kong	100%	100%

Name of Controlled Entity	Place of Incorporation	% of Shares Held 2020	% of Shares Held 2019
Digital CC Holdings USA Inc	United States	100%	100%
Digital CC USA LLC	United States	100%	100%
Digital CC USA Services LLC	United States	100%	100%
Digital CC Ventures Pty Ltd	Australia	100%	100%
Pass Petroleum Pty Ltd	Australia	100%	100%
Airpocket International Pty Ltd	Australia	100%	100%
AirPocket LLC	United States	-	100%
DigitalX Funds Management Pty Ltd	Australia	73%	73%
DigitalX Fund Unit Trust	Australia	46%	43%
DigitalX Bitcoin Fund Unit Trust	Australia	93%	-
DigitalX Asset Management Pty Ltd	Australia	100%	100%
DigitalX New Tech Fund Inc.	Panama	100%	100%
DigitalX (BVI) Limited	British Virgin Isles	100%	100%
Digital Asset Administration Cayman Limited	British Virgin Isles	100%	100%

Year ended 30 June 2020

There were no changes to the controlled entities during the year ended 30 June 2020 except for those noted below:

- AirPocket LLC (de-registered through normal course of business); and
- DigitalX Bitcoin Fund Unit Trust (refer to Note D5 for additional details).

Year ended 30 June 2019

There were no changes to the controlled entities during the year ended 30 June 2019 except for those noted below:

- DigitalX Asset Management Pty Ltd;
- DigitalX (BVI) Limited;
- Digital Asset Administration; and
- DigitalX New Tech Fund Inc.

All of the entities above were incorporated as part of the ongoing development and execution of the Group's asset management strategy. The results for the entities above are immaterial for the period.

G3 - PARENT ENTITY INFORMATION

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to Summary Note A for a summary of the significant accounting policies relating to the Group.

Parent entity financial information

The financial information for the parent entity, DigitalX Limited, disclosed below has been prepared on the same basis as the consolidated financial statements, except as set out below:

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of DigitalX Limited.

Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

Tax consolidation legislation

DigitalX Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, DigitalX Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right. In addition to its own current and deferred tax amounts, DigitalX Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate DigitalX Limited for any current tax payable assumed and are compensated by DigitalX Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to DigitalX Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial period. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(a) Summary of financial information

	30 June 2020 $USD	30 June 2019 $USD
Financial position		
Assets		
Current assets	4,924,257	10,836,041
Non-Current assets	3,798,586	15,817,255
Total Assets	**8,722,843**	**26,653,296**
Liabilities		
Current liabilities	(650,864)	(606,925)
Non-current liabilities	-	(745,997)
Total liabilities	**(650,864)**	**(1,352,922)**
Equity		
Contributed Equity	70,319,074	69,224,477
Retained earnings	(53,219,051)	(49,253,794)
Reserves		
- Share based payment	5,415,928	5,267,011
- Convertible note	62,680	62,680
Total equity	**8,071,979**	**25,300,374**
Financial performance		
Profit/(loss) for the year and other comprehensive income/(loss)	(18,471,909)	(1,449,920)
Total comprehensive income/(loss)	**(18,471,909)**	**(1,449,920)**

(b) Commitments and Contingent Liabilities of the parent

The parent entity did not have any contingent liabilities or commitments, as at 30 June 2020 other than those disclosed below in Note H2.

(c) Guarantees entered into the parent entity

There were no guarantees entered into by the parent entity other than those disclosed in Note H2.

[H - OTHER DISCLOSURES]

The section below includes information regarding other disclosures relevant to users of the financial statement in understanding other transactions and the impact of future standards or events that may impact the Group.

The section includes the following disclosures:

H1 - RELATED PARTY TRANSACTIONS

(a) Subsidiaries

Interests in subsidiaries are set out in Note G2. Balances and transaction between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

(b) Transactions with Key Management Personnel

	Year ended 30 June 2020 $USD	Year ended 30 June 2019 $USD
Short term employee benefits		
Salaries and fees	300,848	265,062
Director fees	49,051	101,003
Other benefits	4,705	34,520
Post-Employment Benefits		
Superannuation	41,158	17,681
Share-based payments		
Shares granted	-	43,680
Options and performance rights[1]	248,182	350,472
Total Remuneration	**643,444**	**812,419**

[1] Refer to Note F2 for details of the events relating to performance rights and options effecting key management personnel.

(c) Transactions with Director related entities

Year ended 30 June 2020

- During the year, the Group paid Steinepreis Paganin, a law firm of which Non-Executive Director Toby Hicks is a partner, $USD41,343 for legal services rendered on various matters. This amount relates to the period of the financial year that Mr Hicks was a Director of the Company.

Year ended 30 June 2019

- During the year, the Group paid Steinepreis Paganin, a law firm of which Non-Executive Director Toby Hicks is a partner, $5,533 for legal services rendered on various matters. This amount relates to the period of the financial year that Mr Hicks was a Director of the Company. At 30 June 2019, Steinepreis Paganin is not considered a related party as Mr Hicks was not a Director at 30 June 2019.

- During the year, the Group recognised an expense and paid Blockchain Global Ltd, a company of which Messrs Rubinstein and Lee served as Directors of during the year, of $1,211 for reimbursement of costs. The Company notes that both Mr Rubinstein and Mr Lee resigned as Directors of Blockchain Global during the year and the Company no longer considers Blockchain Global to be a related party on that basis. Messrs Rubinstein and Lee were appointed Directors of the Company as nominees of Blockchain Global Ltd.

- During the year, Mars Capital Australia Pty Ltd, a company controlled by Non-Executive Director Sam Lee, converted 14 convertible notes, with a face value of $AUD10,000 each, convertible at $AUD0.027 each, to 5,185,185 ordinary shares. As part of the conversion 2,800,000 options exercisable at $AUD0.0324 expiring 18 September 2020 were also issued. During the year, $AUD5,236 of interest was paid, and recognised as an expense, on the convertible notes held. At 30 June 2019, no amounts were owed to Mars Capital.

- During the year, Irwin Biotech Nominees Pty Ltd, a company controlled by Non-Executive Chairman Peter Rubinstein, converted 17 convertible notes, with a face value of $AUD10,000 each, convertible at $AUD0.027 each, to 6,796,296 ordinary shares. As part of the conversion 3,400,000 options exercisable at $AUD0.0324 expiring 18 September 2020 were also issued.

During the year, $AUD6,358 of interest was paid, and recognised as an expense on the convertible notes held. At 30 June 2019, no amounts were owed to Irwin Biotech.

- During the year, the Group paid Value Admin Pty Ltd, a company controlled by Non-Executive Chairman Peter Rubinstein, $USD50,509 as part of Non–Executive Director fees.

H2 – COMMITMENTS AND CONTINGENCIES

Commitments of the Group

During the 2018 financial year entered into a 5-year lease for premises at 66 Kings Park Road, West Perth, WA ("The Blockchain Centre"). At 30 June the amount due within 12 months was $130,974 and the committed between 12 months and 5 years was $287,514. There were no commitments greater than 5 years.

The Group did not have any commitments (other than those set out in note D2 & D5) and above, as at 30 June 2020 (2019: Nil).

Guarantees entered into by the Group

There were no guarantees entered into by the Group as at 30 June 2020 other than for the lease noted above (2019: Nil).

Contingent Liabilities of the Group

The Group did not have any contingent liabilities as at 30 June 2020 (2019: Nil).

H3 - NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Standards and Interpretations in issue not yet adopted

The following table lists Australian Accounting Standards and Interpretations that have been recently issued or amended but are not yet effective and have not been early adopted by the Company for the reporting period ended 30 June 2020. These particular standards are considered relevant to the entity based on the balances and transactions presented within these financial statements.

Management are in the process of determining the potential impact of the initial application of the Standards and Interpretations. These Standards and Interpretations will be first applied in the financial report of the Group that relates to the annual reporting period beginning on or after the effective date of each pronouncement.

New / revised pronouncement	Superseded pronouncement	Nature of the change	Effective date	Likely impact on initial application
AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	None	The amendments address a current inconsistency between AASB 10 *Consolidated Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures*. The amendments clarify that, on a sale or contribution of assets to a joint venture or associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, any gain or loss recognised will depend on whether the assets or subsidiary constitute a business, as defined in AASB 3 *Business Combinations*. Full gain or loss is recognised when the assets or subsidiary constitute a business, whereas gain or loss attributable to other investors' interests is recognised when the assets or subsidiary do not constitute a business. This amendment effectively introduces an exception to the general requirement in AASB 10 to recognise full gain or loss on the loss of control over a subsidiary. The exception only applies to the loss of control over a subsidiary that does not contain a business, if the loss of control is the result of a transaction involving an associate or a joint venture that is accounted for using the equity method. Corresponding amendments have also been made to AASB 128. *The mandatory effective date of AASB 2014-10 has been deferred to 1 January 2022 by AASB 2017-5.	1 January 2022	When these amendments are first adopted for the year ending 30 June 2023, there will be no material impact on the financial statements.
AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*	None	AASB 2018-6 amends AASB 3 to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments: • clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs; • remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; • add guidance and illustrative examples to help entities assess whether a substantive process has been acquired; • narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; and	1 January 2020	When these amendments are first adopted for the year ending 30 June 2021, there will be no material impact on the financial statements.

		add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.		
AASB 2018-7 ***Amendments to Australian Accounting Standards – Definition of Material***	None	AASB 2018-7 principally amends AASB 101 and AASB 108. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across the Australian Accounting Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material.	1 January 2020	When these amendments are first adopted for the year ending 30 June 2021, there will be no material impact on the financial statements.
AASB 2019-1 ***Amendments to Australian Accounting Standards – References to the Conceptual Framework***	None	AASB 2019-1 amends Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the revised *Conceptual Framework for Financial Reporting (Conceptual Framework).* The application of *Conceptual Framework* is limited to • For profit entities that have public accountability Other for-profit entities that voluntarily elect to apply the *Conceptual Framework*	1 January 2020	When these amendments are first adopted for the year ending 30 June 2021, there will be no material impact on the financial statements.

H4 – CHANGE FROM PRELIMINARY FINAL REPORT

In the Group's Preliminary Final Report for the year ended 30 June 2020 released on 28 August 2020, the Group classified its non-controlling interest in the DigitalX Fund and DigitalX BTC Fund as equity on consolidation. Despite being recorded as equity in the financial statements of the trust, in accordance with AASB 132: Financial Instruments, the non-controlling interests in the fund (which held 46% of the units on issue as at reporting date) should have been classified as a liability in the consolidated financial statements of the Group as the unit holders of the trust are only entitled to the net assets of the trust on winding up after all of the other creditors have been paid, they have priority of claim to the net assets of the DigitalX Fund and DigitalX BTC Fund over the shareholders of the Company. Hence, under accounting standards the units of the DigitalX Fund and DigitalX BTC Fund not owned by the Company represent a potential obligation to deliver cash in preference to the shareholders of the Company.

The re-classification had no impact on the loss or equity attributable to the shareholders of DigitalX as disclosed in the Preliminary Final Report.

The misclassification has been corrected by restating each of the affected financial statement line items for the year ended 30 June 2020:

Statement of Profit or Loss (Extract)	**Reported Year ended 30-Jun-20 $USD**	**Adjustment $USD**	**Final Year ended 30-Jun-20 $USD**
(Increase)/decrease in net assets attributable to unit holders	-	185,840	185,840
Profit/(Loss) before tax	**(4,893,691)**	**185,840**	**(4,707,851)**
Income tax benefit/(expense)	-		-
Profit/(Loss) for the period	**(4,893,691)**	**185,840**	**(4,707,851)**
Profit/(Loss) attributable to:			
Members of the parent entity	(4,707,851)	-	(4,707,851)
Non-controlling interests	(185,840)	185,840	-
	(4,893,691)	**185,840**	**(4,707,851)**
Statement of Financial Position (Extract)			
CURRENT LIABILITIES			
Net assets attributable to unit holders	-	461,855	461,855
Total Current Liabilities	**439,659**	**461,855**	**901,514**
TOTAL LIABILITIES	**684,723**	**461,855**	**1,146,578**
NET ASSETS	**8,533,834**	**(461,855)**	**8,071,979**
EQUITY			
Non-controlling interests	461,855	(461,855)	-
TOTAL EQUITY	**8,533,834**	**(461,855)**	**8,071,979**

H5 - EVENTS AFTER THE REPORTING DATE

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected the group's operations, results or state of affairs, or may do so in future years other than those set out below.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not had a material impact on the business up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Date of event	Details of event
1 September 2020	The Company issued 5,251,852 at $0.0324 per share on conversion of options.
1 September 2020	Issue of 1,136,634 shares to a member of KMP on satisfaction of performance milestones, in accordance with the Employment Agreement.
9 September 2020	Issue of 10,000,000 options exercisable at $AUD0.05 subject to performance milestones and expiring 9 September 2023.
10 September 2020	The Company issued 2,561,728 at $0.0324 per share on conversion of options.
21 September 2020	The Company issued 2,600,000 at $0.0324 per share on conversion of options.
27 September 2020	Due to the volatile nature and the materiality of the digital assets held, we disclose the impact of changes in the value of digital assets held by the Group, excluding the DigitalX Fund and DigitalX BTC Fund and unlisted digital assets, as at the close date of the 27 September.

Coin Symbol	$USD Spot Price at 30 June	$USD Spot Price at 27 Sept	$USD Impact
BTC	$9,137	$10,774	$705,547

There were no other reportable subsequent events.

CORPORATE DIRECTORY

Directors
Toby Hicks
Non-Executive Chairman

Leigh Travers
Executive Director

Peter Rubinstein
Non-Executive Director

Company Secretary
Shannon Coates

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59 009 575 035

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Stock Exchange Listing
DigitalX Limited shares are listed on the Australian Securities Exchange (ASX Code: DCC)

Share Registry
Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
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Telephone: +61 (8) 9323 2000
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Email: perth.services@computershare.com.au

Website www.digitalx.com

AUSTRALIAN SECURITIES EXCHANGE INFORMATION

The following information is current as at 24 September 2020.

EXCHANGE LISTING

DigitalX Limited shares are listed on the Australian Securities Exchange. The Company's ASX code is DCC.

DISTRIBUTION OF SHAREHOLDERS

The number of shareholders, by size of holding, are:

Range	Number of Holders	Number of Shares
1–1,000	193	44,188
1,001–5,000	2,812	8,234,881
5,001–10,000	1,348	10,921,220
10,001–100,000	3,057	108,053,528
100,001 and over	694	489,924,946
Total		**617,178,763**

UNMARKETABLE PARCELS

Holdings of less than a marketable parcel of ordinary shares:
Holders: 4,737
Shares: 13,514

UNQUOTED SECURITIES

For each class of unquoted securities, if a person holds 20% or more of the securities in a class, the name of the holder and number of securities held is disclosed.

UNLISTED OPTIONS AND CONVERTIBLE NOTES

Unlisted Options exercisable at $0.087 each on or before 17 May 2022.

Range	Number of Holders	Number of Options
1–1,000	-	-
1,001–5,000	-	-
5,001–10,000	-	-
10,001–100,000	-	-
100,001 and over	1	2,768,382
Total	**1**	**2,768,382**

Melshare Nominees Pty Ltd holds 2,768,38200,000 comprising 100% of this class.

Unlisted Options exercisable at $0.22 each on or before 10 December 2023

Range	Number of Holders	Number of Options
1–1,000	-	-
1,001–5,000	-	-
5,001–10,000	-	-
10,001–100,000	-	-
100,001 and over	2[1-2]	2,000,000
Total	**2**	**2,000,000**

[1] Irwin Biotech Nominees Pty Ltd holds 1,000,000 Options comprising 50% of this class.
[2] Blockchain Global Ltd holds 1,000,000 Options comprising 50% of this class.

Unlisted Options exercisable at $0.25 each on or before 10 December 2023

Range	Number of Holders	Number of Options
1–1,000	-	-
1,001–5,000	-	-
5,001–10,000	-	-
10,001–100,000	-	-
100,001 and over	2[1-2]	3,000,000
Total	**2**	**2,000,000**

[1] Irwin Biotech Nominees Pty Ltd holds 1,500,000 Options comprising 50% of this class.
[2] Blockchain Global Ltd holds 1,500,000 Options comprising 50% of this class.

Unlisted Options exercisable at $0.30 each on or before 10 December 2023

Range	Number of Holders	Number of Options
1–1,000	-	-
1,001–5,000	-	-
5,001–10,000	-	-
10,001–100,000	-	-
100,001 and over	2[1-2]	4,000,000
Total	**2**	**4,000,000**

[1] Irwin Biotech Nominees Pty Ltd holds 2,000,000 Options comprising 50% of this class.
[2] Blockchain Global Ltd holds 2,000,000 Options comprising 50% of this class.

Unlisted Options exercisable at $0.10 each on or before 30 June 2024

Range	Number of Holders	Number of Options
1–1,000	-	-
1,001–5,000	-	-
5,001–10,000	-	-
10,001–100,000	-	-
100,001 and over	1	2,500,000
Total	**1**	**2,500,000**

[1] Emboodhu Pty Ltd <TA and EL Hicks Family A/C> holds 7,500,000 Performance Rights comprising 100% of this class.

Unlisted Options exercisable at $0.05 each on or before 9 September 2023

Range	Number of Holders	Number of Options
1–1,000	-	-
1,001–5,000	-	-
5,001–10,000	-	-
10,001–100,000	-	-
100,001 and over	1[1]	10,000,000
Total	**1**	**10,000,000**

[1] Matthew Robert Harry holds 10,000,000 options comprising 100% of this class. Vesting of this class is subject to the funds management division reaching AU$100m in funds under management.

Performance rights expiring 11 July 2022

Range	Number of Holders	Number of Rights
1–1,000	-	-
1,001–5,000	-	-
5,001–10,000	-	-
10,001–100,000	-	-
100,001 and over	1	7,500,000
Total	**1**	**7,500,000**

[1] *Emboodhu Pty Ltd <TA and EL Hicks Family A/C> holds 7,500,000 Performance Rights comprising 100% of this class.*

Performance rights expiring 10 December 2023

Range	Number of Holders	Number of Rights
1–1,000	-	-
1,001–5,000	-	-
5,001–10,000	-	-
10,001–100,000	-	-
100,001 and over	[1-2] 1	12,000,000
Total	**1**	**9,000,000**

[1] *Irwin Biotech Nominees Pty Ltd holds 3,000,000 Performance Rights comprising 25% of this class.*
[2] *Mr Leigh Daniel Travers holds 9,000,000 Performance Rights comprising 75% of this class.*

Performance rights expiring 10 December 2023

Range	Number of Holders	Number of Rights
1–1,000	-	-
1,001–5,000	-	-
5,001–10,000	-	-
10,001–100,000	-	-
100,001 and over	1	9,000,000
Total	**1**	**9,000,000**

[1] *Mr Leigh Daniel Travers holds 9,000,000 Performance Rights comprising 100% of this class.*

LISTING OF 20 LARGEST SHAREHOLDERS

The names of the twenty largest registered holders of quoted ordinary shares are:

Name	Number of Shares	Percentage of Shares
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	39,194,635	6.35
CITICORP NOMINEES PTY LIMITED	26,400,179	4.28
BLOCKCHAIN GLOBAL LIMITED	18,940,030	3.07
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	17,099,966	2.77
NRB INTERNATIONAL LLC	14,973,785	2.43
IRWIN BIOTECH NOMINEES PTY LTD	11,196,296	1.81
ONE CC PTY LTD <EXCEL FUND A/C>	10,500,000	1.70
CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	9,881,589	1.60
ACL INVESTMENT AUSTRALIA PTY LTD <ACL FAMILY A/C>	9,697,221	1.57
MR HING WA CHAN	8,475,075	1.37
VALUEADMIN COM PTY LTD	7,200,000	1.17
DECENTRALISED CAPITAL PTE LTD	7,161,764	1.16
MR COREY PINCHAS SILVER	6,530,653	1.06
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,551,554	0.90
IRWIN BIOTECH NOMINEES P/L <BIOA A/C>	5,470,000	0.89
MR TE-CHIHTERRY CHEN	5,144,022	0.83
MRS LISA JANINE DE MEIO	4,042,000	0.65
BELTAPE PTY LTD <IVOR DAVID EXECUTIVE SF A/C>	3,960,000	0.64
MR RICHARD JAMES ANSELL	3,889,710	0.63
YMG INTERNATIONAL GROUP PTY LTD <YMG INTERNATIONAL FAMILY A/C>	3,703,704	0.60
TOTAL	**219,012,183**	**35.49**

SUSTANTIAL SHAREHOLDERS (HOLDING NOT LESS THAN 5%)

There were no substantial shareholders holding 5% or more of the voting shares in the Company as at 24 September 2020.

VOTING RIGHTS

All ordinary shares carry one vote per share without restriction. No voting rights are attached to Options.

ON MARKET BUY BACK

There is no current on-market buy-back.

CORPORATE GOVERNANCE STATEMENT

The Company’s Corporate Governance Statement for the 2020 financial year can be accessed at:
https://digitalx.com/corporate-governance/

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