



## **ASX ANNOUNCEMENT 9 JULY 2024**

### **DIGITALX MT GOX COURT UPDATE**

DigitalX (**ASX: DCC, OTCQB: DGGXF**) ("**DigitalX**", "**the Company**") confirms that on 9 July 2024, the Federal Court of Australia handed down Orders in relation to the Company's application for summary judgment in the matter between two of the Company's subsidiaries and Mr Alex Karis, a former director of the Company.

A copy of the Orders are attached to this announcement.

By way of summary, the Company's application for summary judgment in this matter was not granted, however Mr Karis has been ordered to provide security for the Company's costs of the proceeding for the period until completion of discovery and court-directed mediation in the amount of \$150,000 by payment to the Court within 28 days of the date of the orders, and his claim against the Company is stayed until payment of that security.

#### **Next steps**

Given the Orders, DigitalX intends to now promptly progress our claim for possession of the wallet connected to the Bitcoin recovered from the Mt Gox Exchange. To this end, pleadings are already closed, and the next stage in the process is discovery. Timing for completion of this process is presently unknown.

#### **Background**

In February 2014, prior to the Company acquiring its Bitcoin mining business and re-complying with Chapters 1 and 2 of the ASX Listing Rules, the Mt Gox Bitcoin Exchange was shut down following a hacking event. As set out in the Company's Prospectus dated 12 May 2014, one of the subsidiaries acquired by the Company lost 351 Bitcoin as part of that hacking event. The Company became aware that Mr Alex Karis, a former Director of the Company, had lodged a claim with the bankruptcy trustee of Mt Gox for the 351 Bitcoin in his own name, despite Mr Karis having entered into an agreement to transfer the trading accounts to which those Bitcoin related to a subsidiary of the Company (referred to in Section 11.17 of the Company's 2014 Prospectus).

In the March 2022 Quarterly Report, the Company noted that it had commenced proceedings in the District Court of Massachusetts to secure the rights to those Bitcoin. The 2022 Quarterly Report also noted that Mr Karis had also filed proceedings in the Federal Court of Australia claiming amounts he stated were owing to him by the Company pursuant to his executive services agreement in the total amount of \$1,168,942. Both matters were aggregated in the Federal Court of Australia, and the Massachusetts matter was discontinued.

*Authorised by the Board of DigitalX Limited.*



**For further information, please contact:**

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**About DigitalX Limited (ASX:DCC)**

DigitalX is a technology and investment company focused on growing the blockchain economy through its digital asset funds management business, digital fintech and regtech products, and blockchain ventures.

DigitalX's product team designs and develops blockchain technology applications for business and enterprise organisations.

Through its asset management division, DigitalX provides low-cost traditional asset management products for qualified investors looking to gain exposure to the growing alternative asset class of digital assets, including Bitcoin.

DigitalX is currently commercialising Drawbridge, the Company's first regtech solution which is supporting listed companies to better manage their compliance and corporate governance policies. With Drawbridge, companies can manage employee and director share trading approvals in order to safeguard their reputations.

[www.digitalx.com](http://www.digitalx.com) | [www.opendrawbridge.io](http://www.opendrawbridge.io) | [www.sellmyshares.com.au](http://www.sellmyshares.com.au)

# ORDERS

WAD 60 of 2022

**BETWEEN:**            **ALEXANDER KARIS**  
Applicant

**AND:**                 **DIGITAL CC MANAGEMENT PTY LTD (ACN 168 145 300)**  
First Respondent

**DIGITAL CC HOLDINGS PTY LTD (ACN 167 754 725)**  
Second Respondent

**EUGENI YURIEVICH TSVETNENKO**  
Third Respondent

**AND BETWEEN:**    **DIGITAL CC MANAGEMENT PTY LTD (ACN 168 145 300)**  
Cross-Claimant

**AND:**                 **ALEXANDER KARIS**  
Cross-Respondent

**ORDER MADE BY:**   **BANKS-SMITH J**

**DATE OF ORDER:**   **9 JULY 2024**

## THE COURT NOTES THAT:

- A.     Proposed orders 1 and 2 of the first and second respondents' interlocutory application dated 28 September 2022 were addressed by consent.

## THE COURT ORDERS THAT:

1.     The applicant provide security for the first and second respondents' costs of the proceeding for the period until the completion of discovery and court-directed mediation in the amount of \$150,000 by payment into Court or in a form satisfactory to the Registrar within 28 days of the date of this order.
2.     The proceeding (but not the cross-claim) be otherwise stayed pending payment of security.

3. The applicant have leave to amend his pleading in order to specify the respondents alleged to have made each of the Bonus Representation and the Trading Account Representation, and to set out the facts relied upon by him in that regard.
4. The first and second respondents' interlocutory application is otherwise dismissed.
5. Costs of the application reserved.

Note: Entry of orders is dealt with in Rule 39.32 of the *Federal Court Rules 2011*.