



ASX ANNOUNCEMENT

31 July 2018

June 2018 Quarterly Report

Highlights:

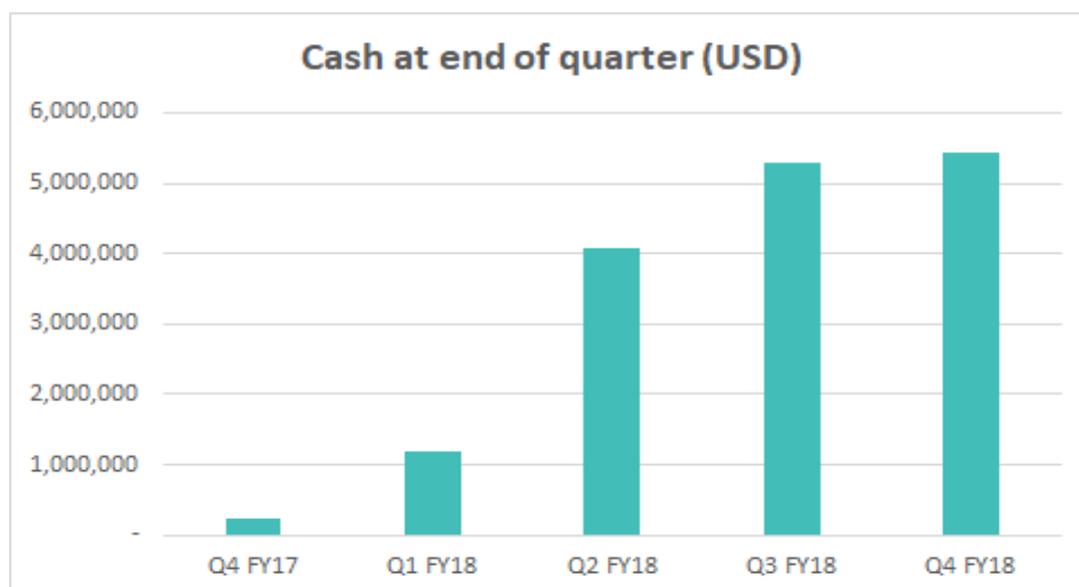
- DigitalX opens funds under management division 'DigitalX Investments'
- Launch of media and education JV 'Coincast Media'
- DigitalX increases cash at bank over the quarter

DigitalX Limited (ASX:DCC, DigitalX and the Company) is pleased to provide the following report on activities completed in the quarter ended 30 June 2018.

Quarterly Overview

Summary of Working Capital Position

DigitalX had cash, listed cryptoassets and fund units of over US\$10m at quarter end.



The capital was weighted towards cash at bank with US\$5.44m cash, cryptoassets trading on exchanges US\$3.8m and licensed funds of US\$0.4m at quarter end.

DigitalX exchange listed cryptoasset holdings and unlisted fund units as at 30 June 2018 are tabled below.

Symbol	Project	Balance	Spot Price	Value (USD)
BTC	Bitcoin	432	\$6,404	\$2,766,886
BNK	Bankera	108M	\$0.004	\$471,139
-	Other Listed Alt Coins			\$552,864
-	Unlisted units in fund			\$437,535
	<u>Total</u>			<u>\$4,228,424</u>

DigitalX has additional unlisted and escrowed cryptoassets. Given the volatility in cryptoassets during the period, DigitalX's treasury management plan placed a focus on delivering increased cash and Bitcoin to the Company.

DigitalX generated cash inflows of over US\$1.7m during the quarter, predominantly from its Initial Coin Offering (**ICO**) advisory services, either through the receipt of cash payments or conversion of cryptoassets into cash.

The Company has now defined and is executing its four business lines: ICO advisory, Blockchain consulting, media and education and funds management.

Business Activities

ICO Advisory

The DigitalX ICO advisory team had a busy quarter executing on various high profile projects as well as establishing new networks in high profile ICO markets. During the quarter the team was invited to attend conferences in New York, Japan, Hong Kong, Singapore and on the east coast of Australia, with its clients, to expand the DigitalX network.

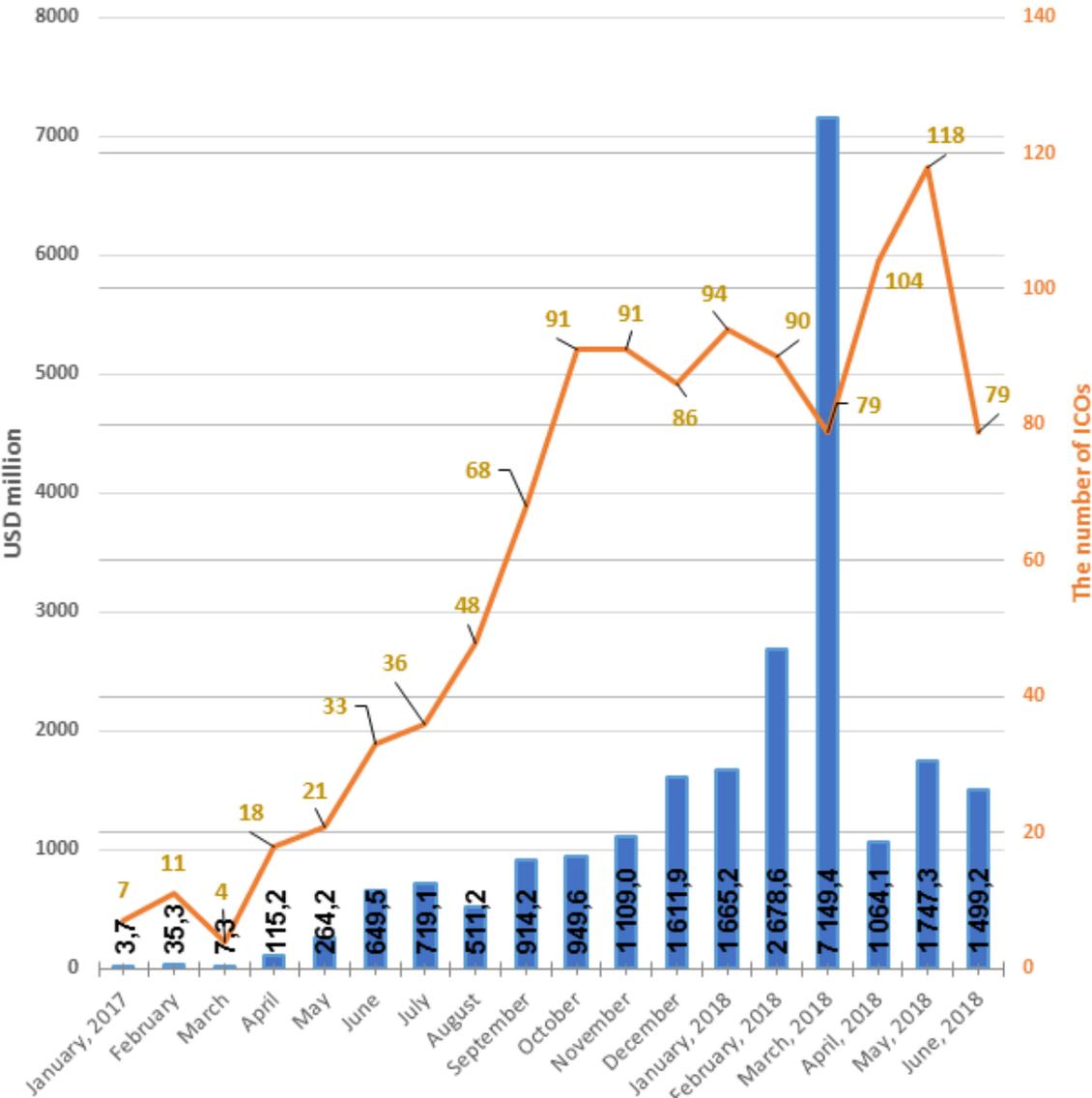
The market sentiment towards early stage ICOs eased during the period with a much greater focus on late stage ICOs and already listed cryptoassets with a robust working product and efficient token economics.

During the quarter, the Company increased its scope to provide fees for both post-ICO and pre-ICO advisory services. It also expanded the capabilities of its team to provide the full suite of services required to launch a successful cryptoasset project, in addition to supporting listed cryptoassets.

DigitalX continues to receive regular inbound requests for services and is typically providing services to projects after the initial funding has been completed. DigitalX is focusing business development efforts on attracting new clients with seed raised, a live product at launch, market leading technology and realistic fundraising targets.

The cryptocurrency market came back to levels seen in the December 2017 quarter in terms of fundraising, with a snapshot provided below.

Image Source: Quarterly Cryptocurrency and ICO Market Analysis (Q2 2018)¹



Blockchain Consulting

DigitalX continued to provide services to a small number of groups during the quarter with highlights including publicly listed clients and a tier 1 global energy firm. Through these services, DigitalX has identified the lag between consideration of the adoption of Blockchain technology and development of a Blockchain based product as one of the items that disincentivised businesses to consider the use of Blockchain technologies. DigitalX is therefore currently tailoring an offering to deliver an introduction to Blockchain technology, with proof of concept, to ensure clients can receive validation for adopting the technology at a rapid rate.

¹ Professor Dmitrii Kornilov, Doctor of Economics, Member of the Russian Academy of Natural Sciences, and Leading Analyst at ICOBox
<https://medium.com/icobox-io/quarterly-cryptocurrency-and-ico-market-analysis-q2-2018-1c740f2af566>

DigitalX Investments

In April 2018, the Company announced the opening of the funds under management division, DigitalX Investments, to give high net worth and institutional investors access to a portfolio of cryptoassets.

DigitalX's first fund invests predominantly in the leading cryptocurrencies, with a smaller allocation towards special trading opportunities including ICOs. The fund outperformed the top 10 index during the period and is well placed to attract further interest from sophisticated investors, family offices and institutions looking to gain access to the asset class.

The funds management team has developed extensive research on the marketplace as well as detailed research notes on individual assets within the fund. The fund is planning a large scale marketing effort in the coming quarter.

Funds management personnel had extensive engagement with prospective partners and regulators in two major investment fund jurisdictions, Panama and Malta, as the Company considers international funds.

Media and Education "Coincast Media"

In April, the Company also announced a joint venture with digital media company Multiplier to launch a new crypto business news website and online cryptocurrency education platform. The joint venture blockchain media company has been re-named 'Coincast Media' - and is now operating a number of media assets including the multipliercrypto.com news platform, the coin.org video tutorial platform and Coincast TV.

Pleasingly, the new business, Coincast Media generated revenue of more than AUD\$200,000 for the June 2018 quarter and a modest profit.

The digital assets are quickly attracting interest with over half a million digital impressions and the team has been attracting major interest at conferences. The Coincast TV program is launching off the back of the success seen from the business' existing blockchain-media platforms, and the demands from the market for guaranteed media coverage. The TV show's revenue will be generated through a mix of corporate sponsorships and sponsored content.

Corporate Overview

Capital Structure Changes

During the quarter, the Company issued 925,925 fully paid ordinary shares upon exercise of unlisted options.

Post Quarter Events

On 5 July 2018, the Company issued 1,000,000 fully paid ordinary shares as approved by shareholders upon the conversion of performance rights held by the Company's Chief Executive Officer.

Outlook

The Company was pleased to increase cash over the quarter while making investments into new business lines and acquiring key talent. DigitalX continues to operate with compliance as a major focus and provides services under the appropriate licensing structure. In addition, the Company believes the market is rapidly evolving and moving towards Security Token Offerings (STOs) as the next wave of Blockchain-based fundraising.

DigitalX is ideally positioned to capitalise on opportunities in this space and is reviewing partnership opportunities with larger international investment firms. The major benefit of STOs over traditional capital raisings is improvements in liquidity, settlement, fractional ownership, access to markets, automated compliance and reduced costs.

After an extensive period of travel and the implementation of new strategic business lines the focus turns to ramping up operations.

Ends

For further information, please contact

DigitalX Limited

Leigh Travers

Managing Director

leigh@digitalx.com

T: +61 439 376 847

About DigitalX

DigitalX is positioned as the leading publicly listed ICO corporate advisory firm globally. DigitalX is based out of Perth and New York and provides ICO advisory services, Blockchain consulting services and software development. DigitalX's partners can use DigitalX's Blockchain technology expertise to deliver innovative products to global markets.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

DigitalX Limited

ABN

59 009 575 035

Quarter ended ("current quarter")

30 June 2018

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (12 months) US\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,736	4,875
1.2 Payments for		
(a) research and development	-	-
(b) advertising and marketing	(68)	(237)
(c) leased assets	-	-
(d) staff costs	(260)	(766)
(e) administration and corporate costs	(319)	(903)
(f) professional fees	(241)	(627)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(26)	(60)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
(a) Power and hosting of bitcoin mining equipment	-	(5)
(b) Purchase of bitcoins for Liquidity Desk	(17)	(135)
1.9 Net cash from / (used in) operating activities	805	2,142
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(2)
(b) businesses (see item 10)	-	-

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (12 months) US\$'000
(c) investments	(488)	(488)
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities		
(a) loan to related party	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(488)	(490)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	3,762
3.2 Proceeds from issue of convertible notes	-	225
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(181)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (Share Buy-back)	-	-
3.10 Net cash from / (used in) financing activities	-	3,807

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	5,293	232
4.2 Net cash from / (used in) operating activities (item 1.9 above)	805	2,142
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(488)	(490)

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (12 months) US\$'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	3,806
4.5	Effect of movement in exchange rates on cash held	(170)	(250)
4.6	Cash and cash equivalents at end of quarter	5,440	5,440

Note: As at 30 June 2018, DigitalX held 432.06 Bitcoins valued at \$6,404 BTC/USD to total US\$2,766,886 and 0.5 Ether valued at \$455.18 ETH/USD to total US\$229, 188,941.97 POWR valued at \$0.282 POWR/USD to total \$53,414, 2,126,473 FUEL valued at \$0.033 FUEL/USD to total \$71,160, 3,428,980 CHP valued at \$0.029 CHP/USD to total \$100,963, 1,657,100 AGI valued at \$0.11 AGI/USD to total \$180,609, 134,874 INS valued at \$0.64 INS/USD to total \$85,987. Bitcoin, Ether, POWR, FUEL, CHP, AGI and INS are highly liquid and can be converted into cash when required.

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter US\$'000	Previous quarter US\$'000
5.1	Bank balances	5,440	5,293
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,440	5,293

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

Current quarter US\$'000

66

-

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

Salary, Director fees

7. Payments to related entities of the entity and their associates	Current quarter US\$'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end US\$'000	Amount drawn at quarter end US\$'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$US'000
9.1 Research and development	-
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	(52)
9.4 Leased assets	-
9.5 Staff costs	(322)
9.6 Administration and corporate costs	(468)
9.7 Other (provide details if material)	
(a) professional fees	(99)
(b) Interest on Interest bearing liabilities	(13)
(c) power and hosting	-
9.8 Total estimated cash outflows	(954)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Managing Director)

Date: 31 July 2018

Print name: Leigh Travers

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.