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## MARCH 2019 QUARTERLY REPORT

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DigitalX Limited (ASX:DCC, DigitalX and the Company) provides the following report on activities completed in the quarter ended 31 March 2019.

### HIGHLIGHTS

- Strategic investment and advisory engagement to launch the XGold Stablecoin
- Experienced director Mr Stephen Roberts appointed
- Additional funding for acceleration opportunities secured post quarter end

### QUARTERLY OVERVIEW

#### A. Summary of Working Capital Position

DigitalX had cash, listed digital assets and fund units of ~US\$5.77m in value at quarter end. The Company notes the post quarter end ASX announcement on 16 April 2019 regarding the A\$2m underwritten SPP and the significant increase in the price of Bitcoin post the quarter end.

DigitalX exchange listed digital asset holdings and units in the DigitalX Investment fund as at 31 March 2019 are tabled below:

Symbol	Name	Balance	Spot Price (\$USD)	Value (\$USD)
USD	US Dollars			\$3,434,999
BTC	Bitcoin	428	\$4,112	\$1,760,268
-	Other listed altcoins			\$90,273
-	Unlisted units in fund			\$487,493
	<b>Total</b>			<b>\$5,773,033</b>

<sup>1</sup> Total excludes amounts for tokens pending listing on an exchange and/or for which an active market is not observable. DigitalX has additional unlisted digital assets.

The Company offers advisory services for new token offerings, asset management focused on technology, including blockchain and cryptoassets, blockchain development and media services.

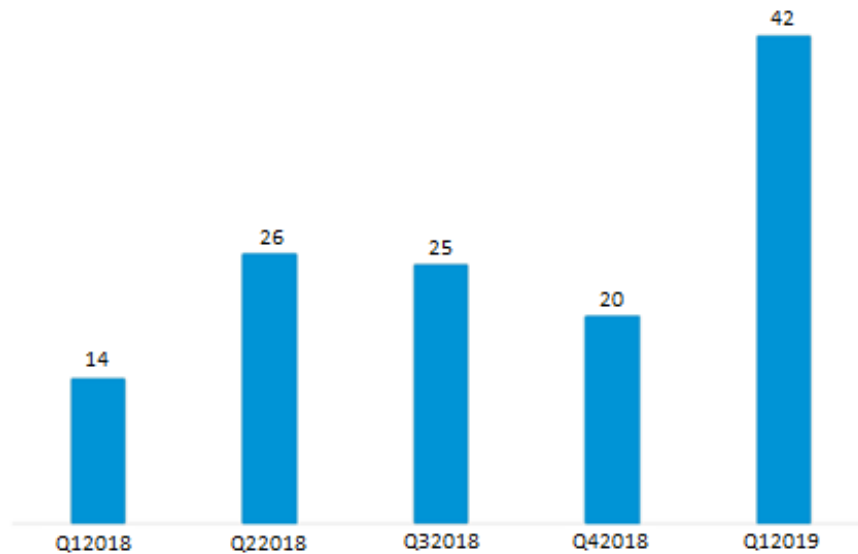
#### B. Business Activities

##### **Token Advisory**

DigitalX continued to provide Initial Coin Offering (ICO) advisory assistance during the quarter to clients including Bankorus, Bamboo and Human Protocol. DigitalX has been working on shaping its offering towards Security Token Offerings (STOs) as the market matures.

DigitalX continues to review the STO marketplace through its business as well as DX Americas in the United States. The Company believes it is well placed to add significant value to the market through its blockchain technical expertise, marketing team at Coincast Media and investment network.

**Table 1. Number of STOs (Per Quarter)**

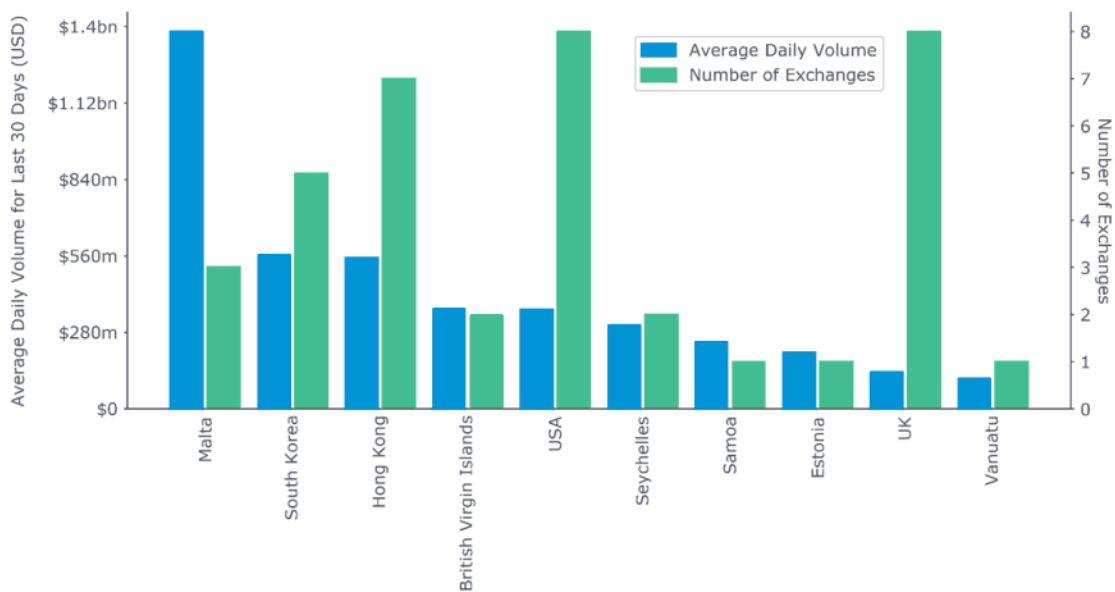


Source. <https://www.inwara.com/security-token-offerings-three-things-to-know>

Some of the major cryptoasset exchanges have started offering ICOs directly to their user base in a process known as an Initial Exchange Offering (IEO). The major benefits for the cryptoasset is the exchange userbase, safe investment payment infrastructure, perceived endorsement from exchange and near-term token listing. DigitalX is exploring the potential of IEOs for cryptoasset projects.

The highest cryptoasset exchange trading volumes are currently occurring in Malta and DigitalX has made reasonable progress on establishing a network of advisors and professional services in this country to enable the company to capitalise on this market. DigitalX is undertaking rigorous due diligence on applying for a Virtual Financial Asset license through the Malta Financial Services Authority (MFSA) to take advantage of opportunities in cryptoassets in the region.

**Table 2. Global Exchange volume by region**



Source 2. <https://blog.bitmex.com/crypto-currency-exchange-review-from-cryptocompare/>

### ***Blockchain Consulting***

DigitalX provided smart contracting services for Bullion Asset Management (BAM) based in Singapore to launch XGold, a stablecoin backed by vaulted, audited and insured gold. BAM is represented by gold bullion experts and tier 1 advisors and DigitalX is excited about bringing another blockchain product to market. The Company is looking to grow its business through offering boardroom workshops for executives on how to use blockchain in their business and will be leveraging the Perth Blockchain Centre to deliver services.

### ***DigitalX Asset Management***

The Asset Management division has been focused on developing new investment product strategies, and on continuing to develop partnerships and its distribution network in Europe and the Americas. The portfolio management team has been focused on developing new investment strategies driven by fundamental research and analysis, as well as focusing on equity and token investments. After completing the initial phases of strategy development, the distribution team began outreach for fundraising in Europe and Latin America during the quarter, and will continue this effort over the next months.

The division has also revamped marketing efforts around the cryptocurrency fund based in Australia in response to market interest and expects to expand these efforts going forward. After a year of operation, the fund outperformed the benchmark top 20 cryptocurrency index.

### ***Media and Education “Coincast Media”***

Coincast Media is continuing to grow its media publishing and investor relations business, despite a soft quarter for media services companies generally.

During the quarter, Coincast Media was engaged to provide media, marketing and PR services for energy tech company Power Ledger – which was last year named the winner of Sir Richard Branson’s international Extreme Tech Challenge.

The company will also provide media and marketing services for XGold in the coming quarter.

During the quarter, the company reached an agreement with international streaming service DIVAN.TV to rebroadcast Season One of Coincast TV.

Coincast TV is one of the first programmes to be offered through its new blockchain-based platform, which is introducing Real-Time Bidding (RTB). RTB is a system through which viewers watch ad-supported content for 30% of the revenue generated by the advertising and content owners receive 50% of the total advertising revenue.

Coincast Media is in discussions with a number of broadcasters, including OTT streaming services, for the next series of Coincast TV.

Coincast Media is a joint venture company with Multiplier Media.

## Corporate Overview

### Legal Proceedings

Further to the announcement on 28 September 2018 in relation to the court proceedings DigitalX have attended mediation in late March. The Company continues to work towards a resolution of the matter.

### C. Post Quarter

Post the end of the quarter, on 16 April 2019, the Company announced a Share Purchase Plan (SPP) to raise A\$2 million (before costs). The SPP will be underwritten to A\$2 million by Patersons Securities Limited (Patersons) which is acting as Lead Manager and Underwriter to the offer. Eligible Shareholders will have the opportunity to purchase up to A\$15,000 worth of fully paid ordinary shares in the Company at a 20% discount to the 5 day VWAP of the Company's Shares trading on ASX over the last 5 trading days on which Shares were traded immediately before the issue date of the Shares, irrespective of the size of their shareholding, without incurring brokerage or transaction costs.

Additionally, the Company appointed Patersons to facilitate an offer of New Shares to be issued through a potential Top-Up Placement which, if conducted, will seek to raise up to a further A\$2 million (before costs) from professional and sophisticated investors, following the close of the SPP, at the same price as the SPP.

On 16 April 2019, the Company also announced its engagement with and investment into Bullion Asset Management Services Pte Ltd (BAM), a company incorporated and operating in Singapore that is creating a gold backed cryptocurrency stablecoin called XGold, to acquire an approximately 17.5% interest in BAM. DigitalX will provide blockchain technical services, blockchain auditing, media & PR, corporate advisory and exchange listing introductions to assist in the success of XGold.

### D. Outlook

With a renewed market interest in cryptoassets, additional funding secured to facilitate the evaluation of potential investment and the establishment of DigitalX as a leader in the stablecoin market management and the Board of DigitalX believes the outlook for the Company is strengthening. Further, as the STO market matures over 2019, DigitalX is well positioned to provide services to the expected growth in the sector.

"DigitalX is strongly positioned to take advantage of the renewed optimism in cryptoassets and this is due to the focus of our team in maintaining momentum in recent months amid softer prices for digital currencies," said DigitalX CEO Leigh Travers.

Ends

### For further information, please contact:

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## About DigitalX

DigitalX is a blockchain and cryptoasset finance company with offices in Perth, Sydney and New York. The company offers advisory services for new token offerings, asset management focused on technology, including blockchain and cryptoassets, blockchain development and media services.

[www.digitalx.com](http://www.digitalx.com)

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## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

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

#### Name of entity

DigitalX Limited

#### ABN

59 009 575 035

#### Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (9 months) US\$'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	70	1,066
1.2 Payments for		
(a) research and development	-	-
(b) advertising and marketing	(21)	(182)
(c) leased assets	-	-
(d) staff costs	(304)	(917)
(e) administration and corporate costs	(165)	(821)
(f) professional fees	(128)	(436)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	10	18
1.5 Interest and other costs of finance paid	-	(12)
1.6 Income taxes paid	-	15
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	2	(54)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(536)</b>	<b>(1,323)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(3)	(345)
(b) businesses (see item 10)	-	-
(c) investments	-	(184)

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (9 months) US\$'000
(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	2
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(1)</b>	<b>(527)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	76
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(7)
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)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>69</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of quarter/year to date	3,945	5,440
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(536)	(1,323)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(1)	(527)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	69

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (9 months) US\$'000
4.5	Effect of movement in exchange rates on cash held	27	(224)
<b>4.6</b>	<b>Cash and cash equivalents at end of quarter</b>	<b>3,435</b>	<b>3,435</b>

Note: The Group holds \$1,850,540 in Bitcoin and other tokens which are considered to be 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	1,647	2,180
5.2	Call deposits	1,788	1,763
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,435</b>	<b>3,943</b>

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

Current quarter US\$'000
52
-

Salary, Director fees

#### 7. Payments to related entities of the entity and their associates

- 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

Current quarter US\$'000
-
-



<b>8. Financing facilities available</b>	<b>Total facility amount at quarter end US\$'000</b>	<b>Amount drawn at quarter end US\$'000</b>
<i>Add notes as necessary for an understanding of the position</i>		
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.		

<b>9. Estimated cash outflows for next quarter</b>	<b>\$US'000</b>
9.1 Research and development	-
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	(21)
9.4 Leased assets	-
9.5 Staff costs	(340)
9.6 Administration and corporate costs	(311)
9.7 Other (provide details if material)	
(a) professional fees	(46)
(b) Interest on Interest bearing liabilities	-
<b>9.8 Total estimated cash outflows</b>	<b>(718)</b>

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

**Compliance statement**

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



Sign here: .....  
(Managing Director)

Date: 30 April 2019

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.