

ASX ANNOUNCEMENT

Thursday, 5 September 2019

Company Update

DigitalX Ltd (**DigitalX** or the **Company**) provides Shareholders with the following update in relation to its recent activities for the start of the 2020 financial year.

In early July, the Company's Board faced significant changes with the resignations of previous Directors and the re-appointment to the Board of Mr Toby Hicks as the Chair. Since that time the Company has been undertaking various actions to assess and strengthen its structures to make the most of its assets and technical knowledge in the area in which it operates to ensure the best outcomes for shareholders are achieved.

That assessment has resulted in the immediate following changes:

- Following negotiations with the other parties, the Company has on 4 September 2019 entered into a deed of termination and settlement with First Growth Funds Limited (**FGF**) in relation to Futureedge Capital Pty Ltd (previously FutureICO Pty Ltd) (**Futureedge**). On 18 September 2018, the Company announced that it had established a joint venture company and had entered into a term sheet with FGF pursuant to which FGF would subscribe for 25% of the equity in Futureedge. Futureedge and FGF, together with the Company and the other shareholders, have now entered into a deed of termination and release, releasing FGF from its obligations under that terms sheet. The Company currently retains its holding in Futureedge with the other shareholders, however, after much effort, there is no current operating business and the opportunity for material revenues for DigitalX appears minimal. As such, DigitalX has been in ongoing discussions with the other joint venture shareholders about the orderly winding up of the company.
- The Company has on 4 September 2019 agreed with its joint venture partner to bring to a close the Coincast Media joint venture. Notwithstanding that the joint venture led to the development and production of an award-winning TV program, 'Coincast TV', the business model had not developed in the manner that both parties had anticipated. An orderly shut-down of the joint venture intended to ensure no downside to existing clients is presently being implemented. The Company intends to continue to investigate and grow its media presence, and as part of the shut-down has had the domain 'www.coin.org' returned to the Company and continues to engage Multiplier Media (our joint venture partner) as its own public relations advisor.
- The Company has also restructured its two active business units to represent the two business divisions that the Company will be pursuing moving forward:
 - Blockchain Consulting and Development; and
 - Funds Management.
- As a result of the change above, the Company has assessed and continues to assess its key executives and their respective roles to ensure that they are working in the areas best suited to their skills.
- Non-Executive Directors have agreed to a reduction in fees.

Blockchain Consulting and Development

The Company has a long history of Blockchain expertise, both in the use-case and the technical aspects underlying the use of Blockchain. Over the past few years, the Company has received a lot of interest in its knowledge and has provided assistance to a number of significant businesses in Australia to understand and investigate the opportunity around the adoption and use of Blockchain. Last week, the Company hosted a group comprising some of Australia's largest mining companies looking at developing real Blockchain opportunities in the mining and resources sector in Australia, in an invitation only seminar organised by DigitalX and Ernst & Young.

The aim of the Blockchain Consulting and Development Division is to enhance the Company's reputation in the technology space in Perth, Australia and around the local region and to source opportunities for the Company to act, either through partnerships, or alone, to identify commercial opportunities for Blockchain and look to implement that commercialisation to generate revenues for shareholders.

This Division has already been able to initiate positive discussions with potential partners and clients and intends to progress those discussions to a level that can see positive outcomes for Shareholders. The Company will make announcements in relation to any implemented partnerships as and when those discussions are at a level suitable for release to the market.

The Company's media arm and ongoing development of its media presence will also be undertaken under this Division.

The Company also acknowledges the ongoing maturity in the advisory space relating to the development and offering of digital assets. While the Company expects it can play a role in assisting parties to understand the regulatory framework around digital assets and assist them in developing regulatory compliant digital assets, the Company does not presently anticipate this work will be a key component of the Blockchain Consulting and Development Division while the regulatory frameworks remain relatively fluid, or that the Company will be involved in any form of capital raising activities in this space.

The Blockchain Consulting and Development Division will be headed by Executive Director, Mr Leigh Travers.

Funds Management

The Company has operated a Funds Management Division for over 12 months. However, the Board has recently made the strategic decision to expand this Division and seek to grow both its funds under management and its product offering.

The Board has identified that the Company has significant internal technical skills that can assist in the identification of investment opportunities that can grow this Division and see meaningful revenues for the Company moving forward. The Company has a somewhat unique skillset for an ASX listed company, having extensive knowledge in the technical aspects of Blockchain as well as a strong platform of knowledge around Blockchain and the management of digital assets. The Company intends to use these skills to assist in the identification of appropriate investment opportunities to create an attractive funds management product portfolio.

Further information about the Funds Management Division and its strategy will be announced as soon as it has developed to a level suitable for release to the market. Until then, no assumption should be made in relation to the opportunities that may be being investigated by the Funds Management Division or the returns or revenues that may be derived from this operation.

The Funds Management Division is currently being headed on an interim basis by Mr Neel Krishnan while the Company considers the appointment of a permanent Head of Funds Management. Mr Krishnan has served as the Company's US-based President over the past few years and has extensive experience in digital assets. Mr Krishnan is supported by the Company's technical team and US-based Compliance Officer.

The Future

The Board acknowledges that the area in which the Company operates continues to be a dynamic and moving space and shareholders should know that the Company undertakes significant work to remain at the forefront of this business. Over the past few months, significant work has been undertaken to consider how best to utilise the Company's experience and knowledge to drive further growth for shareholders. The Board feels confident that the internal restructuring and focus on both the development of Blockchain as a new commercial technology and the consideration of investment opportunities in the technology space represent the best opportunity to see growth for shareholders while operating in this space.

AGM

In accordance with previous years, the Company expects to hold its Annual General Meeting in mid to late November 2019 at the Company's offices in Perth. All shareholders are encouraged to attend, to meet the Board and ask questions of the Company.

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About DigitalX

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

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