



ASX ANNOUNCEMENT

28 April 2017

March 2017 Quarterly Report

Highlights:

- Launched AirPocket money transfers in the US App stores, allowing money transfers to 13 countries in Latin America and the Philippines
- Secured funding for marketing and distribution for the Company's Blockchain enhanced remittance application, AirPocket, increasing the path to market for the Company's distributed ledger technology enterprise solution, AirID and to provide working capital
- Engaged specialist marketing providers and PintaUSA
- Revenue sharing agreement executed with Blockchain Group Limited (**BGL**) to receive ongoing referral fees from Bitcoin operations

DigitalX Limited (ASX:DCC and **the Company**) is pleased to provide the following report on activities completed in the quarter ended 31 March 2017.

Quarterly Overview

AirPocket

AirPocket is the first Blockchain-enhanced mobile payments application in the world. On 8 March 2017, the AirPocket money transfers App was launched on the US Google Play Store to service the US to Mexico (14,000 payout locations) and El Salvador (1,000 payout locations) remittance corridors. The launch marks a significant milestone for DigitalX, with AirPocket now offering users in select countries the ability to make low-cost cross-border money transfers to their friends and family from the US.

On 14 March 2017, AirPocket money transfers went live on the iOS App Store. After rollout in Mexico and El Salvador, AirPocket money transfers were made available in Argentina, Bolivia, Colombia, Costa Rica, the Dominican Republic, Ecuador, Haiti, Honduras, Nicaragua, Panama, Peru and the Philippines.

AirPocket's remittance service is built around its highly secure and scalable cloud-based API and transactions management system, which can integrate with any payment processor or banking network. To this end, DigitalX is seeking opportunities to market AirPocket as a white-label service for other remittance operators.

Pinta

On 10 February 2017, DigitalX announced it had engaged PintaUSA to develop a marketing, distribution and public-relations plan for AirPocket aimed at maximising brand awareness and customer acquisition. AirPocket's US campaign for remittance services targets social media, online marketing channels, radio campaigns and large-scale poster ad distribution in convenience stores focused in areas with high Mexican immigrant populations. The campaign was created through the quarter and ramped up over the Easter weekend to drive AirPocket's message of lower fees, steady, predictable forex rates, and the safety and traceability that comes with AirPocket's next generation security.

AirID

The Company's patent-pending Blockchain technology product, AirID, is proving to have multiple industrial use cases and is garnering significant interest from a variety of groups. Use cases range from digital identification, supply chain management and marketplace lending. DigitalX believes integrating Blockchain technology into supply chain management systems can have huge logistical benefits in the short and long run, both from a quality assurance perspective and an information management perspective.

DigitalX plans to white-label AirID as a B2B service for businesses looking to leverage the benefits of Blockchain technology.

DigitalX Direct

During the period, the Company entered into a binding agreement (**Agreement**) with Blockchain Group Limited (**BGL**), owner of ACX.io, the largest Bitcoin exchange in Australia by volume and orderbook. The Agreement has seen the Company introduce DigitalX Direct customers to BGL, in consideration for which it receives 50% of all revenue for customers introduced to the BGL digital currency exchange and on their rollout of other international exchanges over a five-year term (see acx.io website).

Whilst the DigitalX Direct platform provided invaluable experience in Blockchain technology to the DigitalX development team it also presented significant challenges in concurrently creating a world-class money transfer service. This Agreement has allowed DigitalX to focus on its money transfer application, AirPocket, and additional opportunities while receiving ongoing revenues from its arrangement with BGL.

The Company generated approximately \$11,000 in referral fees which is due for payment in the first week of May 2017.

Corporate Overview

Capital Raisings

On 7 February 2017, the Company issued 1,466,888 fully paid ordinary shares (**Shares**) at a deemed issue price of \$0.05 per share, to a nominee of Mr William Brindise to settle final payments owing under his executive services agreement, as approved by Shareholders on 6 February 2017. A further 1,700,000 Shares were issued to employees as an incentive and as part of the Company's cash management strategy.

Following shareholder approval on 6 February 2017, Directors Leigh Travers and Toby Hicks participated in the Placement for a total of 800,000 Shares at an issue price of \$0.05 per Share. Shareholder approval was also sought for the issue of options to participants in the Placement and the SPP on a 1 for 2 basis, exercisable at \$0.08 each on or before 8 December 2017. This brings a total \$340,000 investment from the DigitalX Board and management since the new management team was announced to the ASX on 28 November 2016.

On 16 February 2017, the Company issued a further 5,000,000 options exercisable at \$0.08 each on or before 8 December 2017 in part consideration for capital raising services.

As announced 20 March 2017, the Company announced that it has entered into agreements with investors for an initial \$300,000 in convertible notes. Settlement and issue of tranche one of these convertible notes occurred on 29 March 2017. The Company also advises that the total amount of the funding (subject to KPIs relating to operational targets including product enhancements and rollout, marketing activity and internal management reviews) was increased from \$1 million to \$1.25 million.

Post the end of the quarter, the Company issued a further 31 convertible notes on receipt of \$310,000, comprising a portion of tranche two of the convertible note raising.

The issue of the remaining convertible notes are subject to shareholder approval which the Company intends to hold during May 2017.

Summary of Working Capital Position

DigitalX Ltd had total cash and cash equivalents of \$149,000 at quarter end.

DigitalX generated revenues of approximately \$11,000 related to BGL referral fees and \$2,000 from foreign exchange fees which will be received during the current quarter.

Outlook

With the US consumer marketing of AirPocket through Pinta recently ramped up, DigitalX has continued discussions with organisations that would benefit from an AirPocket white-label solution for their existing customer base. In addition, the Company is reviewing opportunities with additional payment processors to bring AirPocket to additional corridors at an extremely low price point.

Post the quarter, DigitalX was pleased to announce a development partnership with Lateral Pty Ltd, an Australian based software development company with a strong 30-year track record. The Company believes the culmination of Lateral's experience in custom software development and blue chip clients and DigitalX's expertise in distributed ledger technology, commonly referred to as Blockchain technology afford synergies which can be leveraged for various business opportunities. Lateral will be introducing DigitalX to a number of clients who wish to integrate blockchain capabilities into their current systems and the two companies will be working together to deliver these solutions. The key component of this relationship will be with DigitalX's AirID technology.

DigitalX's Chief Executive Officer, Leigh Travers, commented: "The cross-border money transfer launch for AirPocket was a significant milestone for DigitalX. The opportunities to white-label AirPocket and the continued development of AirID provide strong confidence for success over the coming year. Our recent partnership with Lateral to deliver Blockchain technology solutions to Australia's blue-chip clients is incredibly exciting and is a sign that this new technology is moving into the mainstream".

Ends

For further information, please contact

DigitalX Limited

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About DigitalX

DigitalX is a Blockchain-based software solutions group disrupting the payments industry. Its products allow consumers to make secure and cost-effective money transfers worldwide. Partners can use DigitalX's technology to offer new financial products. DigitalX is based in Boston and has offices in Boston and Australia.

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 2017

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (9 months) US\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	8,960
1.2 Payments for		
(a) research and development	-	-
(b) advertising and marketing	(136)	(309)
(c) leased assets	-	-
(d) staff costs	(134)	(773)
(e) administration and corporate costs	(146)	(505)
(f) professional fees	(230)	(570)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
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	(64)	(184)
(b) Purchase of bitcoins for Liquidity Desk	(3)	(8,394)
1.9 Net cash from / (used in) operating activities	(714)	(1,776)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (9 months) US\$'000
(c) investments	-	-
(d) intellectual property	(269)	(796)
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	(1)	(3)
(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	-	152
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(270)	(647)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	171	1,829
3.2 Proceeds from issue of convertible notes	230	230
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(93)	(116)
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)	(177)	(394)
3.10 Net cash from / (used in) financing activities	131	1,549

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	973	1,042
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(714)	(1,776)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(270)	(647)

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (9 months) US\$'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	131	1,549
4.5	Effect of movement in exchange rates on cash held	29	(19)
4.6	Cash and cash equivalents at end of quarter	149	149

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	149	973
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)	149	973

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
43
-

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
-
-

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	165
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	26
9.4 Leased assets	-
9.5 Staff costs	107
9.6 Administration and corporate costs	111
9.7 Other (provide details if material)	
(a) professional fees	112
(b) capital raising costs	50
(c) power and hosting	20
9.8 Total estimated cash outflows	591

Note: The estimated cash outflows will be funded via a convertible note funding as per the ASX announcement made on the 20 March 2016.

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: 28 April 2017

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.