

## REPORTING PERIOD

Financial Period 30 June 2017

## APPENDIX 4E

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

	% change from financial period ending 30 June 2016	US\$
Revenue from ordinary activities	Down 81%	8,041,026
Loss from ordinary activities after tax attributable to members	Loss up 13%	(3,848,395)
Net loss for the period attributable to members	Loss up 13%	(3,848,395)

#### Dividends paid or recommended

No dividends have been paid or declared for payment during the financial year.

#### Net tangible asset per ordinary share

2017	2016
US cents/share	US cents/share
(0.003)	0.8

#### Audit Status

This report is based on Unaudited Financial Statements which are currently in the process of being audited.

#### Entities over which control has been lost during the period

N/A

#### Entities over which control has been gained during the period

N/A

### **Associates and joint venture entities**

N/A

### **Operating results**

The consolidated loss for the group after providing for income tax amounted to US\$3,848,395 (2016: US\$3,417,305)

### **Commentary on the results for the period**

The statutory accounting result for the period is a net loss after tax of US\$3.8m. The result was reached as the Company was transitioning from the Bitcoin trading and mining segments into a broader Blockchain based products market.

The trading desk generated revenues of \$8m over the year and a net loss of \$0.3m. With the focus of the Company towards the development of Blockchain based products, DigitalX wound down its trading operations towards the end of the half of the financial year, securing a buyer for its platform, which was operated under a profit sharing agreement having generated. *Note that due to Bitcoin trading segment being considered as part of Discontinued Operations, it does not contribute to the Revenue line on the Statement of Profit or Loss and Other Comprehensive Income but rather appears in Note 5.*

During the financial year, the AirPocket money transfer App went live on the US Google Play Store and the iOS App Store and marked a significant milestone for DigitalX and the in-house Blockchain development team. AirPocket is currently available to service US customers with the ability to send Airtime and money transfers to 13 countries.

As part of the transition into a new business dimension, the Company has undertaken a major cost review and reduction, adhering to which had allowed the Company to save around \$2m in outgoings on annualised terms.

On 7 June 2017, the Company announced that it entered into a conditional subscription agreement and converting loan agreement with Blockchain Global Limited, an Australian incorporated company operating in the Bitcoin and Blockchain space, to invest approximately \$4.35m at 2.7 cents per share to acquire an interest in approximately 40% of DigitalX on a fully diluted basis. The price of the investment was made at a 28.5% premium to the VWAP of DigitalX's shares over the last 5 days in which shares were traded prior to the date of this announcement.

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER  
COMPREHENSIVE INCOME**

**CONSOLIDATED GROUP**

	<i>Note</i>	Year ended 30-Jun-17 US\$	Year ended 30-Jun-16 US\$
Other Income	3	47,132	18,579
Professional and consultancy fees	4(a)	(521,096)	(620,876)
Corporate expenses		(221,425)	(196,022)
Advertising, media and investor relations		(333,886)	(116,364)
Employee benefit expenses		(853,607)	(1,268,623)
Share based payments – employee benefits		(109,729)	(182,195)
Depreciation		(13,057)	(9,712)
Intangible asset impairment	11	(953,653)	(1,106,641)
Realised and unrealised foreign exchange losses		(22,295)	(6,559)
Fair value adjustment of Derivative Liability	14	20,197	-
Interest expense		(66,533)	-
Finance costs		(35,281)	-
Other expenses	4(b)	(395,929)	(601,003)
<b>Loss before tax</b>		<b>(3,459,162)</b>	<b>(4,089,416)</b>
Income tax benefit/(expense)		-	-
<b>Loss after income tax from continuing operations</b>		<b>(3,459,162)</b>	<b>(4,089,416)</b>
<b>Profit/(Loss) from discontinued operations</b>	5	<b>(389,233)</b>	<b>672,111</b>
<b>LOSS FOR THE PERIOD</b>		<b>(3,848,395)</b>	<b>(3,417,305)</b>
<b>Total comprehensive loss for the period</b>			
<b>Total comprehensive loss attributable to:</b>			
Members of the parent entity		<b>(3,848,395)</b>	<b>(3,417,305)</b>
<b>Loss per share attributable to the ordinary equity holders of the parent:</b>			
<b>Basic and diluted loss per share (cents)</b>	6		
Loss from continuing operations		(0.017)	(0.023)
Earnings /(loss) from discontinued operations		(0.002)	0.004
<b>Total</b>		<b>(0.019)</b>	<b>(0.019)</b>

The accompanying notes form part of these financial statements

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	CONSOLIDATED GROUP		
	Note	30-Jun-17 US\$	30-Jun-16 US\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	232,225	1,042,288
Trade and other receivables	8	87,754	1,037,519
Prepayments	9	1,566	88,732
Bitcoins	10	10,034	163,380
<b>Total Current Assets</b>		<b>331,579</b>	<b>2,331,919</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	15	10,832	24,250
Intangible assets	11	49,519	194,205
<b>Total Non-Current Assets</b>		<b>60,351</b>	<b>218,455</b>
<b>TOTAL ASSETS</b>		<b>391,930</b>	<b>2,550,375</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	179,203	520,495
Accrued expenses		183,182	258,104
Interest Bearing liabilities	14	688,742	-
Restoration provisions	13	-	103,981
<b>Total Current Liabilities</b>		<b>1,051,128</b>	<b>882,580</b>
<b>NON-CURRENT LIABILITIES</b>			
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>1,051,128</b>	<b>882,580</b>
<b>NET ASSETS</b>		<b>(659,198)</b>	<b>1,667,795</b>
<b>EQUITY</b>			
Issued capital	16	22,653,332	21,249,214
Reserves	17	117,283	642,360
Accumulated losses		(23,429,814)	(20,223,779)
<b>TOTAL EQUITY</b>		<b>(659,198)</b>	<b>1,667,795</b>

The accompanying notes form part of these financial statements

## CONSOLIDATED STATEMENT OF CASH FLOWS

	<i>Note</i>	Year ended 30-Jun-17 US\$	Year ended 30-Jun-16 US\$
<b><i>Cash flows from operating activities</i></b>			
Proceeds from sale of bitcoins		8,964,809	39,756,534
Receipts from customers		14,039	
Payment for purchase of bitcoins		(8,391,084)	(35,131,516)
Payments for power and hosting		(199,455)	(2,217,728)
Payments to suppliers and employees		(2,609,050)	(2,921,388)
<b>Net cash used in operating activities</b>	18	<b>(2,220,741)</b>	<b>(514,098)</b>
<b><i>Cash flows from investing activities</i></b>			
Payment for intellectual property		(806,547)	(849,707)
Acquisition of property plant and equipment		(3,414)	(17,333)
Loan to related party		152,000	(156,061)
<b>Net cash used in investing activities</b>		<b>(657,961)</b>	<b>(1,023,101)</b>
<b><i>Cash flows from financing activities</i></b>			
Proceeds from issue of equity securities		1,829,410	-
Proceeds from borrowings		239,124	-
Proceeds from issue of convertible notes		530,352	-
Other (Share Buy-back)		(394,117)	-
Payments for share issue costs		(117,409)	(20,987)
<b>Net cash (used in)/provided by financing activities</b>		<b>2,087,360</b>	<b>(20,987)</b>
<b>Net decrease in cash and cash equivalents held</b>		<b>(791,342)</b>	<b>(1,558,186)</b>
Cash and cash equivalents at beginning of period		1,042,289	2,608,103
Foreign exchange movement in cash		(18,722)	(7,628)
<b>Cash and cash equivalents at end of period</b>		<b>232,225</b>	<b>1,042,289</b>

The accompanying notes form part of these financial statements

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated Group	Issued Capital US\$	Option Premium and Share Based Payment Reserve US\$	Accumulated Losses US\$	Total US\$
<b>Balance at 30 June 2016</b>	<b>21,249,214</b>	<b>642,360</b>	<b>(20,223,779)</b>	<b>1,667,795</b>
Loss for the year	-	-	(3,848,395)	(3,848,395)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	(3,848,395)	(3,848,395)
Shares issued during the period	1,939,140	-	-	1,939,140
Share issue costs	(138,320)	-	-	(138,320)
Share Buy-back and cancellation	(394,117)	-	-	(394,117)
Buy-back costs	(2,585)	-	-	(2,585)
Share options issued	-	117,283	-	117,283
Share options and performance rights lapsed	-	(642,360)	642,360	-
<b>Balance at 30 June 2017</b>	<b>22,653,332</b>	<b>117,283</b>	<b>(23,429,814)</b>	<b>(659,198)</b>

Consolidated Group	Issued Capital US\$	Option Premium and Share Based Payment Reserve US\$	Accumulated Losses US\$	Total US\$
<b>Balance at 30 June 2015</b>	<b>21,068,773</b>	<b>1,821,980</b>	<b>(17,986,094)</b>	<b>4,904,659</b>
Loss for the year	-	-	(3,417,305)	(3,417,305)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	(3,417,305)	(3,417,305)
Shares issued during the period	182,195	-	-	182,195
Share issue costs	(1,754)	-	-	(1,754)
Share options and performance rights lapsed	-	(1,179,620)	1,179,620	-
<b>Balance at 30 June 2016</b>	<b>21,249,214</b>	<b>642,360</b>	<b>(20,223,779)</b>	<b>1,667,795</b>

The accompanying notes form part of these financial statements

## **NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR END 30 JUNE 2017**

### **1. SIGNIFICANT ACCOUNTING POLICIES**

The preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

### **2. SEGMENT INFORMATION**

#### **Segment reporting**

Based on the information used for internal reporting purposes by the chief operating decision maker, being the Board and Executive committee which makes strategic decisions, at 30 June 2017 the group operated two reportable segments being the software development and trading operations.

Segment reporting	Software development		Unallocated		Total	
	Period ended 30-Jun-17	Period ended 30-Jun-16	Period ended 30-Jun-17	Period ended 30-Jun-16	Period ended 30-Jun-17	Period ended 30-Jun-16
	US\$	US\$	US\$	US\$	US\$	US\$
<b>Results</b>						
Segment result						
Loss before income tax	(860,027)	(1,106,641)	(2,599,135)	(2,982,774)	(3,459,162)	(4,089,416)
Income tax expense	-	-	-	-	-	-
Profit/(loss) after income tax from continuing operations	(860,027)	(1,106,641)	(2,599,135)	(2,982,774)	(3,459,162)	(4,089,416)
Profit (Loss) from discontinued operations					(389,233)	672,111
<b>Loss attributable to members of the parent entity</b>					<b>(3,848,395)</b>	<b>(3,417,305)</b>
<b>Other</b>						
Depreciation of segment assets	-	-	13,057	-	13,057	-
Amortisation of segment assets	-	-	-	-	-	-
<b>Reconciliation of underlying EBITDA</b>						
Profit/(loss) after income tax					(3,848,395)	(3,417,305)
Interest					66,272	(1,876)
Taxation					-	-
Depreciation					13,057	141,594
Amortisation					-	-
EBITDA					<b>(3,769,066)</b>	<b>(3,277,587)</b>

Revenue earned from external customers by geography and major customer information is not able to be disclosed as the information is not available to the Group.

Segment reporting	Software development		Unallocated		Total	
	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
	US\$	US\$	US\$	US\$	US\$	US\$
<b>Assets</b>						
Segment assets	49,519	263,959	301,662	1,433,871	351,181	1,697,830
Total assets	49,519	263,959	301,662	1,433,871	351,181	1,697,830



Segment reporting	Software development		Unallocated		Total	
	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
	US\$	US\$	US\$	US\$	US\$	US\$
Liabilities			<b>Assets pertaining to discontinued operations</b>		40,749	852,545
			<b>Total Assets</b>		391,930	2,550,375
Segment liabilities	-	200	1,046,128	543,428	1,046,128	543,628
Total liabilities	-	200	1,046,128	543,428	1,046,128	543,628
			<b>Liabilities pertaining to discontinued operations</b>		5,000	338,952
			<b>Total Liabilities</b>		1,051,128	882,580

**3. OTHER INCOME**

	Year ended 30-Jun-17 US\$	Year ended 30-Jun-16 US\$
Interest received	262	1,876
Gain on trading mined coins	-	33,913
Gain on coins held	18,141	-
Other income	28,729	16,703
<b>Total other income</b>	<b>47,132</b>	<b>52,492</b>

**4. EXPENSES**

**(a) Professional and Consultancy fees**

	Year ended 30-Jun-17 US\$	Year ended 30-Jun-16 US\$
Legal fees	241,454	442,081
Consulting fees	184,252	62,453
Tax consulting fees	18,702	16,075
Audit fees	76,688	100,267
<b>Total professional and consultancy fees</b>	<b>521,096</b>	<b>620,876</b>

**(b) Other expenses**

	Year ended 30-Jun-17 US\$	Year ended 30-Jun-16 US\$
Office and administration	274,349	267,333
Bank charges	4,544	21,734
Other expenses	117,036	311,936
<b>Total other expenses</b>	<b>395,929</b>	<b>601,003</b>

## 5. DISCONTINUED OPERATIONS

### 5.1 Wind up of Bitcoin mining operations

On 8 January 2016 the Group and the Bitcoin mining power and hosting provider Verne had actioned an amendment to the master service agreement between the two parties, releasing the Group as at 2 June 2016 from any future financial obligation as was stipulated under the master service agreement.

The termination of the master service agreement marked the full wind up of the bitcoin mining operations as the group is now shifting its focus to the AirPocket remittance platform.

### 5.2 Wind up of Bitcoin trading operations

In December 2016, the Group started to wind down its Bitcoin trading operations to concentrate resources on its flagship product AirPocket. Concurrently, active discussions were being held with interested parties to leverage the knowledge, trading platform and customer base of DigitalX Direct.

On 7 February 2017, the Group announced that it has entered into a binding agreement with Blockchain Group Limited (BGL), owner of ACX.io, the largest Bitcoin exchange in Australia by volume and order book. The agreement will see the Company wind down its DigitalX Direct operations by introducing DigitalX Direct customers to BGL in consideration for which it will receive 50% of all profit for customers introduced to the BGL owned ACX, digital currency exchange over a five-year term.

### 5.3 Analysis of profit or loss for the year from discontinued operations

The combined results of the discontinued operations (i.e. Bitcoin mining and Bitcoin trading) included in the loss for the year are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

	Trading		Mining		Total	
	Period ended 30-Jun-2017	Period ended 30-Jun-2016	Period ended 30-Jun-2017	Period ended 30-Jun-2016	Period ended 30-Jun-2017	Period ended 30-Jun-2016
	US\$	US\$	US\$	US\$	US\$	US\$
Revenue from bitcoins mined	-	-	-	1,904,171	-	1,904,171
Trading desk bitcoin sales	8,012,035	38,426,994	-	-	8,012,035	38,426,994
Trading desk bitcoin purchases	(7,913,143)	(37,872,792)	-	-	(7,913,143)	(37,872,792)
Net fair value gain/(loss) on bitcoin inventory held	(202,719)	-	-	1,307,211	(202,719)	1,307,211
Other Income	-	33,913	-	20,000	-	53,913
Power and hosting expenses	-	-	-	(2,357,629)	-	(2,357,629)
Hardware Repair expense	-	-	(175)	(9,881)	(175)	(9,881)
Depreciation	-	-	-	(131,882)	-	(131,882)
Employee benefit expenses	(128,803)	(188,826)	-	(66,250)	(128,803)	(255,076)
Loss of cash on exchange	(47,331)	(130,983)	-	-	(47,331)	(130,893)

	Trading		Mining		Total	
	Period ended 30-Jun-2017	Period ended 30-Jun-2016	Period ended 30-Jun-2017	Period ended 30-Jun-2016	Period ended 30-Jun-2017	Period ended 30-Jun-2016
	US\$	US\$	US\$	US\$	US\$	US\$
Bad debtors expense	(109,096)	(261,936)	-	-	(109,096)	(261,936)
	-	-	-	-	-	-
Profit/(Loss) before income tax	<b>(389,058)</b>	<b>6,370</b>	<b>(175)</b>	<b>665,740</b>	<b>(389,233)</b>	<b>672,111</b>
Attributable income tax benefit	-	-	-	-	-	-
Profit/(Loss) for the year from discontinued operations (attributable to owners of the Company)	<b>(389,058)</b>	<b>6,370</b>	<b>(175)</b>	<b>665,740</b>	<b>(389,233)</b>	<b>672,111</b>
<b>Cash flows from discontinued operations</b>						
Net Cash Inflows/(Outflows) from Operating activities	487,092	1,863,341	(199,455)	274,264	287,637	2,137,605
Net Cash Inflows from Investing activities	-	-	-	-	-	-
Net Cash Inflows from Financing activities	-	-	-	-	-	-
Net Cash Inflows/(Outflows)	487,092	1,863,341	(199,455)	274,264	287,637	2,137,605

	Trading		Mining		Total	
	Period ended 30-Jun-2017	Period ended 30-Jun-2016	Period ended 30-Jun-2017	Period ended 30-Jun-2016	Period ended 30-Jun-2017	Period ended 30-Jun-2016
	US\$	US\$	US\$	US\$	US\$	US\$
Current assets:						
Trade and other receivables	40,749	852,545	-	-	40,749	852,545
Inventories	-	-	-	-	-	-
<b>Assets pertaining to discontinued operations</b>	<b>40,749</b>	<b>852,545</b>	<b>-</b>	<b>-</b>	<b>40,749</b>	<b>852,545</b>
Current liabilities:						
Trade and other payables	-	134,497	5,000	204,455	5,000	338,952
Accrued expenses	-	-	-	-	-	-
<b>Liabilities pertaining to discontinued operations</b>	<b>-</b>	<b>134,497</b>	<b>5,000</b>	<b>204,455</b>	<b>5,000</b>	<b>338,952</b>

## 6. EARNINGS PER SHARE

	Year ended 30-Jun-17	Year ended 30-Jun-16
<b>Basic and diluted earnings/(loss) per share (cents)</b>		
From continuing operations	(0.017)	(0.023)
From discontinued operations	(0.002)	0.004
<b>Total</b>	<b>(0.019)</b>	<b>(0.019)</b>
The earnings/(loss) used in the calculation of basic and diluted loss per share are as follows:		
From continued operations	<b>(3,459,162)</b>	<b>(4,089,416)</b>
From discontinued operations	<b>(389,233)</b>	<b>672,111</b>
Weighted average number of ordinary shares on issue during the period used in the calculation of basic and diluted EPS	198,937,819	177,889,485

Potential ordinary shares in the form of share options and rights are not considered to be dilutive.

As the Group made a loss for the period, diluted earnings per share is the same as basic earnings per share.

## 7. CURRENT ASSETS – Cash and cash equivalents

	30-Jun-17 US\$	30-Jun-16 US\$
Cash at bank	232,225	262,005
Cash deposits at call	-	780,283
<b>Total cash and cash equivalents</b>	<b>232,225</b>	<b>1,042,288</b>

Cash deposits at all include cash balances on exchanges. The balance originates following a liquidation of bitcoin.

## 8. CURRENT ASSETS – TRADE & OTHER RECEIVABLES

	30-Jun-17 US\$	30-Jun-16 US\$
Trade receivables, gross	81,497	1,102,920
Allowance for doubtful accounts	(40,748)	(250,374)
<b>Trade receivables, net</b>	<b>40,749</b>	<b>852,546</b>
<b>Other receivables</b>		
GST receivable	12,064	13,480
VAT receivable - Iceland	-	-
Loan to a related party <sup>1</sup>	5,932	157,932
Other	29,009	13,561
<b>Total trade and other receivables</b>	<b>87,754</b>	<b>1,037,519</b>
<i>Trade receivables, net, analysis</i>		

Not more three (3) months	-	749,834
More than three (3) months but not more than six (6) months	-	-
More than six (6) months	40,749	102,712
<b>Total</b>	<b>40,749</b>	<b>852,546</b>

**9. CURRENT ASSETS – PREPAYMENT**

	30-Jun-17 US\$	30-Jun-16 US\$
<b>Current</b>		
Prepayment of future cash calls for restoration obligations	-	77,198
Prepayment of insurance and ASX listing fees	-	1,553
Prefunding of AirPocket Top up	1,566	9,981
<b>Total Prepayments</b>	<b>1,566</b>	<b>88,732</b>

**10. CURRENT ASSETS - BITCOINS**

	30-Jun-17 US\$	30-Jun-16 US\$
Bitcoins	10,034	163,380
<b>Total Bitcoins</b>	<b>10,034</b>	<b>163,380</b>

Bitcoins were fair valued using the closing Bitfinex price as at 30 June 2017 of \$2,500 per bitcoin (2016: \$673 per bitcoin).

The Bitfinex price for bitcoins as at 30 August 2017 is US\$4600.

## 11. NON - CURRENT ASSETS - INTANGIBLE ASSETS

	CONSOLIDATED GROUP	
	30-Jun-17 US\$	30-Jun-16 US\$
<i>Intellectual property</i>		
Cost	2,016,187	1,305,113
Accumulated amortisation	-	(4,267)
Provision for Impairment	(1,966,669)	(1,106,641)
<b>Net Carrying amount</b>	<b>49,519</b>	<b>194,205</b>
<i>Reconciliation</i>		
Carrying amount at beginning of period	194,205	476,362
Additions	1,915,609	824,484
Write down of Intangible Assets	(93,626)	-
Provision of impairment of Intangible Assets	(1,966,669)	(1,106,641)
Amortisation charge for the period	-	-
<b>Carrying amount at end of period, net of accumulated amortisation and provision for impairment</b>	<b>49,519</b>	<b>194,205</b>

The Group has raised a US\$1,966,669 impairment provision against the costs capitalised for its AirPocket intangible asset. AirPocket's gross capitalised cost totals US\$2,016,187. This provision has been recorded in the current period as a result of a lack of historical data with respect to the estimates used in determining the fair value of AirPocket. The provision is to be reassessed at the next reporting date with anticipation that more information will be available to assess the recoverable amount of the asset.

## 12. CURRENT LIABILITIES – TRADE & OTHER PAYABLES

	30-Jun-17 US\$	30-Jun-16 US\$
Trade payables	169,774	491,052
PAYG withholding payable	9,430	29,443
	179,203	520,495

## 13. CURRENT LIABILITIES – RESTORATION PROVISION

	30-Jun-17 US\$	30-Jun-16 US\$
Restoration provision for environmental rehabilitation <sup>1</sup>	-	103,981
	-	<b>103,981</b>

<sup>1</sup> Restoration provision relates to the prior operations of Macro Energy Limited. During the year ending 30 June 2017, the provision has been reversed, as it has been concluded that the likelihood of incurring environmental rehabilitation costs is minimal.

#### 14. INTEREST BEARING LIABILITIES

	30-Jun-17 US\$	30-Jun-16 US\$
Convertible Notes – Debt-Liability Component	343,796	-
Convertible Notes – Derivative Liability Component	121,026	-
Convertible Loan	223,920	-
<b>Net Carrying amount</b>	<b>688,742</b>	<b>-</b>
<i>Reconciliation</i>		
Carrying amount at beginning of period	-	-
Convertible Notes Debt Liability Component recognised	389,129	-
Convertible Note Transaction costs	(93,314)	-
Convertible Notes – Derivative Liability Component recognised	141,223	-
Fair value adjustment of Derivative liability Component	(20,197)	-
Amortisation of Debt Liability Component	47,981	-
	-	-
Convertible Loan	223,920	-
<b>Carrying amount at end of period</b>	<b>688,742</b>	<b>-</b>

#### 15. PROPERTY, PLANT AND EQUIPMENT – COMPUTER EQUIPMENT

	30-Jun-17 US\$	30-Jun-16 US\$
Cost	40,417	42,694
Accumulated depreciation	(29,585)	(18,444)
<b>Net Carrying amount</b>	<b>10,832</b>	<b>24,250</b>
<i>Reconciliation</i>		
Carrying amount at beginning of period	24,251	16,435
Additions	1,955	17,528
Disposals	(2,317)	-
Depreciation charge for the period	(13,057)	(9,712)
<b>Carrying amount at end of period, net of accumulated depreciation</b>	<b>10,832</b>	<b>24,250</b>

#### 16. ISSUED CAPITAL

##### (a) Issued and paid up Capital

	30-Jun-17 US\$	30-Jun-16 US\$
212,044,933 (2016: 178,119,581) fully paid ordinary shares	22,653,332	21,249,214
	<b>22,653,332</b>	<b>21,249,214</b>



**(b) Movement in Ordinary Share Capital**

Date	Details	Number of Shares	Issue Price A\$	US\$ <sup>8</sup>
<b>1 July 2016</b>	Opening Balance	178,119,581		21,249,214
<b>7 September 2016<sup>1</sup></b>	Placement of Shares	10,580,303	0.05	401,119
	Share Issue costs			(22,942)
<b>8 December 2016<sup>2</sup></b>	Placement of Shares	32,780,000	0.05	1,257,296
	Share Issue costs			(92,189)
<b>14 December 2016<sup>3</sup></b>	Share Buy-back and cancellation	(17,633,839)	0.03	(394,117)
	Buy-back costs			(2,585)
<b>19 January 2017<sup>4</sup></b>	Share Purchase Plan	4,232,000	0.05	159,549
	Share Issue costs			(17,291)
<b>7 February 2017<sup>5,6</sup></b>	Former Director share issue	1,466,888	0.05	56,263
	Share Issue costs			(3,056)
	Issue of shares to key employees	1,700,000	0.041	53,467
	Share Issue costs			(1,499)
<b>10 February 2017<sup>7</sup></b>	Shares Issued pursuant to Directors	800,000	0.05	11,447
	Share Issue costs			(1,344)
<b>30 June 2017</b>	Closing Balance	212,044,933		22,653,332

<sup>1</sup> On 7 September 2016, the Company has announced the completion of a capital raising through the issue of 10,580,303 ordinary fully paid shares at AUD\$0.05 per share to raise AUD\$529,015 before costs.

<sup>2</sup> On 8 December 2016, The Company has announced the completion of a capital raising through the issue of 31,940,000 ordinary fully paid shares at AUD\$0.05 per share to raise AUD\$1,622,000 before costs. The Company has also issued 840,000 Shares to a consultant in part consideration for the provision of services

<sup>3</sup> On 13 December 2017, the Company announced the completion of a buy-back of 17,633,839 shares held by entities associated with previous Director, Zhenya Tsvetnenko, for AUD\$0.03 per share.

<sup>4</sup> On 16 January 2017, the Company has announced the completion of a Share Purchase Plan totalling AUD\$211,600 through the issue of 4,232,000 new fully paid ordinary shares at an issue price of AUD\$0.05 per Share. The Share Purchase Plan will also come with attaching 1 for 2 option exercisable at AUD\$0.08.

<sup>5</sup> On 7 February 2017, The Company issued 1,466,888 shares to key personnel as part of their remuneration packages. The incentive equity program was put in place to incentivise performance of the Group's key personnel outside of the Board of Directors, and form a plank of the Group's personnel retention strategy for their ongoing service to the Group.

<sup>6</sup> On 7 February 2017, The Company issued 1,700,000 shares to former Director William Brindise, as part of his termination package.

<sup>7</sup> On 10 February 2017, The Company issued 800,000 shares to the Directors of the Company, Leigh Travers and Toby Hicks, as part of their subscription for shares in the placement completed on 8 December 2016, once the issue was approved by shareholders.

<sup>8</sup> Based on AUD/USD as at the date of transaction

**Period ended 30 June 2016**

<b>1 July 2015</b>	Opening Balance	176,405,603		21,068,773
<b>19 August 2015<sup>1</sup></b>	Issue of shares to key employees	1,713,978	0.15	182,195
	Share Issue costs			(1,754)
<b>30 June 2016</b>	Closing Balance	178,119,581		21,249,214

<sup>1</sup> The Company issued 1,713,978 shares to key personnel as part of their remuneration packages. The incentive equity program was put in place to incentivise performance of the Group's key personnel outside of the Board of Directors, and form a plank of the Group's personnel retention strategy for their ongoing service to the Group.

**Rights Attaching to Shares**

The rights attaching to fully paid ordinary shares arise from a combination of the Company's constitution, statute and general law. Fully paid ordinary shares carry one vote per share and carry a right to dividend.

## 17. RESERVES

	30-Jun-17 US\$	30-Jun-16 US\$
Option premium and share-based payment reserve	117,283	642,360
	<b>117,283</b>	<b>642,360</b>

### (a) Valuation of options issued

The fair value of the share options at grant date are determined using a binomial option pricing method that takes into account the exercise price, the term of the option, the probability of exercise, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

*Value of share options in DigitalX Limited relating to Convertible notes issued on 23 May 2017*

The following table lists the inputs to the model used for valuation of the unlisted options:

Item	Inputs
Volatility (%) (see below)	118.81%
Risk-free interest rate (%) – range	1.78%
Expected life of option (years)	2
Exercise price per terms & conditions	\$0.06
Underlying security spot price	\$0.024
Valuation date	23 May 2017
Expiry date	23 May 2019
Valuation per option	\$0.01

*Value of share options in DigitalX Limited relating to Convertible notes issued on 21 April 2017*

The following table lists the inputs to the model used for valuation of the unlisted options:

Item	Inputs
Volatility (%) (see below)	118.81%
Risk-free interest rate (%) – range	1.78%
Expected life of option (years)	2
Exercise price per terms & conditions	\$0.06
Underlying security spot price	\$0.036
Valuation date	24 April 2017
Expiry date	24 April 2019
Valuation per option	\$0.018

*Value of share options in DigitalX Limited relating to Convertible notes issued on 21 April 2017*

The following table lists the inputs to the model used for valuation of the unlisted options:

Item	Inputs
Volatility (%) (see below)	118.81%
Risk-free interest rate (%) – range	1.78%
Expected life of option (years)	2
Exercise price per terms & conditions	\$0.06
Underlying security spot price	\$0.036
Valuation date	21 April 2017
Expiry date	21 April 2019
Valuation per option	\$0.018

*Value of share options in DigitalX Limited issued on 30 March 2017*

The following table lists the inputs to the model used for valuation of the unlisted options:

Item	Inputs
Volatility (%) (see below)	118.81%
Risk-free interest rate (%) – range	1.78%
Expected life of option (years)	2
Exercise price per terms & conditions	\$0.06
Underlying security spot price	\$0.04
Valuation date	30 March 2017
Expiry date	30 March 2019
Valuation per option	\$0.021

*Value of share options in DigitalX Limited issued on 16 February 2017*

The following table lists the inputs to the model used for valuation of the unlisted options:

Item	Inputs
Volatility (%) (see below)	79.19%
Risk-free interest rate (%) – range	1.77%
Expected life of option (years)	1
Exercise price per terms & conditions	\$0.08
Underlying security spot price	\$0.042
Valuation date	10 February 2017
Expiry date	10 February 2018
Valuation per option	\$0.0053

Expected volatility is a measure of the amount by which a price is expected to fluctuate during a period. The measure of volatility used in option pricing models is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time.

Furthermore, given there are no other companies on the ASX, or any other exchange, whose primary activities are Bitcoin mining and digital currency trading, we do not consider there to be any comparable companies from which to determine an appropriate volatility. Volatility has therefore been based on one-year volatility of DigitalX Limited shares traded on the ASX.

## (b) Valuation of performance rights issued

**Year ended 30 June 2016**

During the financial year ended 30 June 2016, the Director's assessed the probability that the Class B Performance Rights, as issued in the prior period, would vest at 1 July 2016, to be 0%, and therefore the fair value of the Class B Performance rights has been determined to be nil. As the fair value is consistent with the amount recorded in prior period no impact on the financial performance is to be reflected at 30 June 2016.

**(c) Valuation of options and performance rights on issue as at 30 June 2017**

	30-Jun-17 US\$	30-Jun-16 US\$
<i>Value of share options in DigitalX Limited (formerly Macro Energy Limited) as at 6 June 2014</i>		
3,849,518 unlisted options	-	642,360
<i>Value of unlisted options issued on 16 February 2017</i>		
5,000,000 unlisted options	20,440	-
<i>Value of unlisted options issued on 30 March 2017</i>		
3,000,000 unlisted options	48,047	-
<i>Value of share options in DigitalX Limited relating to Convertible notes issued on 21 April 2017</i>		
3,000,000 unlisted options	40,689	
<i>Value of share options in DigitalX Limited relating to Convertible notes issued on 24 April 2017</i>		
100,000 unlisted options	1,361	
<i>Value of share options in DigitalX Limited relating to Convertible notes issued on 23 May 2017</i>		
900,000 unlisted options	6,746	
<b>Total</b>	<b>117,283</b>	<b>642,360</b>

## 18. NOTES TO THE CASH FLOW STATEMENT

<i>Reconciliation of cash flow from operations with profit / (loss) after income tax</i>		Year ended 30-Jun-17 US\$	Year ended 30-Jun-16 US\$
	<i>Note</i>		
Loss after income tax		(3,848,394)	(3,417,305)
<i>Non-cash flows in loss</i>			
Revenue from bitcoins earned		-	(1,904,171)
Net fair value (gain)/ loss on bitcoins		184,577	(1,307,211)
Mined Coins Sold		-	2,572,581
Loss of coins on exchange		47,331	36,742
Intangible asset impairment	11	953,653	1,106,641
Depreciation	14	13,057	141,375
Employee Share Issue		109,729	182,195
Fair value adjustment of debt conversion options		(20,197)	-
Restoration Provision Write-down	13	(103,981)	
Other non-cash (income)/expenses including foreign exchange (gains)/losses		(267,392)	1,499,927
		(2,931,615)	(1,089,226)
<i>Change in assets and liabilities, net the effects of purchase of subsidiaries</i>			
Decrease / (increase) in trade and other receivable		797,765	382,305
Decrease / (increase) in prepayments		87,166	(2,850)
(Decrease) / increase in trade payables and accruals		(174,056)	195,673
(Decrease) / increase in tax payable		-	-
Net cash used in operating activities		<b>(2,220,741)</b>	<b>(514,098)</b>

## 19. EVENTS AFTER THE REPORTING DATE

Date of event	Details of event
<b>25/08/2017</b>	On 25 August 2017, the Company held an extraordinary general meeting of shareholders, with all the resolutions proposed being approved including approval for the acquisition of a relevant interest in the Company by Blockchain Global Limited. Once the acquisition is successfully processed, Blockchain Global Limited will acquire up to a 40% equity stake in the Company, to the value of AUD\$4,355,118. The transaction will provide the Company with the funding and experienced Blockchain expertise to complete current projects and commence new projects and revenue verticals in the Blockchain ecosystem.

There were no other reportable subsequent events.