

ASX ANNOUNCEMENT

25 July 2016

June 2016 Quarterly Report

Highlights

- DigitalX's mobile application, AirPocket launched in the United States on Google Play and Apple's App in store in June
- Initial launch of the AirPocket App leverages partnership with global telecommunications giant Telefónica providing access to over 230 million mobile devices in Latin America
- SMS marketing has begun to determine the most effective message content ahead of official SMS campaign
- Strong revenue growth from trading activity with a record quarterly sales
- Total working capital including net receivables of \$US2.0m at the end of the June Quarter
- DigitalX is in the final stages of negotiations with a number of large strategic partners in the US and Latin America who are looking to use AirPocket

DigitalX Limited (ASX: DCC) (the "Company" or "DigitalX") today announced its quarterly report for the quarter ended 30 June 2016.

The Company's expansion into the global payments market with its blockchain based AirPocket App is gaining traction at a time when quarterly revenue from its bitcoin trading operations has hit a record high in the three months ending 30 June, 2016. More details are included below.

Operational Overview

AirPocket

DigitalX's money transfer application AirPocket was officially launched on Google Play and the Apple App store in June. The launch of the App will be accompanied by the kick-off of a multi-channel marketing campaign across the United States and Latin America.

The campaign is leveraging DigitalX's partnership with global telecommunications giant Telefónica International S.A.U. (Telefónica) and includes a direct SMS campaign to more than 230 million Telefónica mobile devices. The SMS campaign will ramp up after DigitalX has optimised the marketing message through the initial phase of SMS marketing messages to small groups of Telefónica subscribers.

DigitalX is also running a tandem marketing campaign that is targeting consumers in the United States and Latin America through multiple social media platforms including Facebook, Google, Instagram and Twitter. The company will update the market on the campaign, including key statistics in the September 2016 quarter.

Trading Activity

After a quiet start to the year, trading activity reached record levels over the quarter with total revenue breaking above \$16 million, an increase of 185% over the previous quarter. Revenues have been steadily rising every month and June's revenue of \$6.4 million marks the 5th consecutive month of growth for this business segment.

Trading has been an essential part of the business, generating positive returns, and concluding the year profitable.

The stronger revenue is the result of strong interest in bitcoins in the face of global economic uncertainty that is headlined by global events such as "Brexit". Other factors driving interest in the digital currency include an increased US Investor base and volatile global currencies stemming from central banks use of aggressive monetary policies.

Corporate Overview

Summary of Working Capital Position

DigitalX Ltd had total working capital including net receivables of \$US2.0m at the end of the June Quarter.

The cash burn over the quarter was due to the development of AirPocket, and losses from the mining operations. The mining operations have now ceased, and the company expects a lower operating cash burn in future quarters.

Outlook

The last quarter of the financial year has set the Company up for a strong start to FY17. Following the announcement of Telefónica as a strategic partner, DigitalX continues to pursue opportunities with a number of other strategic partners across the US and Latin America for the AirPocket App.

The Company is in the final stages of negotiations with other global companies in the telecommunications and remittance industries who are interested in using AirPocket for payments and funds transfers.

On the trading front, the Company believes that interest in bitcoin will continue over the medium term at least due to the macro economic climate and the reduction in the supply of bitcoins. This bodes well for DigitalX's trading business and will drive further interest in the blockchain.

DigitalX's Chief Executive Officer, Alex Karis, commented: "We are starting to make significant inroads into the payment and cash transfer space with AirPocket as the industry acknowledges the key benefits of our blockchain based solution. There simply isn't anything in the market that can match the security, cost and universal acceptance of the blockchain, and this is why DigitalX is well placed to become the gold standard for the industry."

-ENDS-



For further information, please contact:

Alex Karis
Chief Executive Officer
Tel: +1 (617) 544-3150 (x) 1010

Leigh Travers
Investor Relations
Tel: +1 (617) 544-3150

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 New Jersey and Australia.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

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

Name of entity

DigitalX Limited

ABN

59 009 575 035

Quarter ended ("current quarter")

30 June 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter US\$'000	Year to date (12 months) US\$'000
1.1 Receipts from customers	16,122	39,757
1.2 Payments for		
(a) staff costs	(319)	(1,393)
(b) advertising and marketing	(31)	(108)
(c) research and development	-	-
(d) leased assets	-	-
(e) administrative and corporate costs	(251)	(684)
(f) professional fees	(93)	(736)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)		
(a) Prepayment of power and hosting**	-	-
(b) Power and hosting of bitcoin mining equipment	(278)	(2,218)
(c) Purchase of bitcoins for Liquidity Desk	(15,396)	(35,132)
(d) Receipt of US Marshall deposit	-	-
(e) Receipt of lease fee for mining hardware	-	-
(f) Receipt of Iceland VAT	-	-
Net operating cash flows	(245)	(514)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter US\$'000	Year to date (12 months) US\$'000
1.8 Net operating cash flows (carried forward)	(245)	(514)
1.9 Cash flows related to investing activities		
Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	(212)	(850)
(d) physical non-current assets	(6)	(17)
(e) other non-current assets	-	-
(f) mining equipment	-	-
(g) joint venture investment	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
(a) loan to related party	-	(156)
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	(218)	(1,023)
1.14 Total operating and investing cash flows	(463)	(1,537)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (cost of capital)	-	(21)
Net financing cash flows	-	(21)
Net increase (decrease) in cash held	(463)	(1,558)
1.21 Cash at beginning of quarter/year to date	1,507	2,608
1.22 Exchange rate adjustments to item 1.20	(2)	(7)
1.23 Cash at end of quarter**	1,042	1,042

** Does not include value of bitcoin inventory

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter US\$'000
1.24	Aggregate amount of payments to the parties included in item 1.2	213
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Salary, Director fees and reimbursement of corporate costs
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Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available US\$'000	Amount used US\$'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

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Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter US\$'000	Previous quarter US\$'000
4.1 Cash on hand and at bank	274	486
4.2 Deposits at call	769	1,021
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	1,042	1,507

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	-	-
5.2 Place of incorporation or registration	-	-
5.3 Consideration for acquisition or disposal	-	-
5.4 Total net assets	-	-
5.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: ..25 July 2016.....
 (Managing Director)

Print name:Alexander Karis.....

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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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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