

## ASX ANNOUNCEMENT

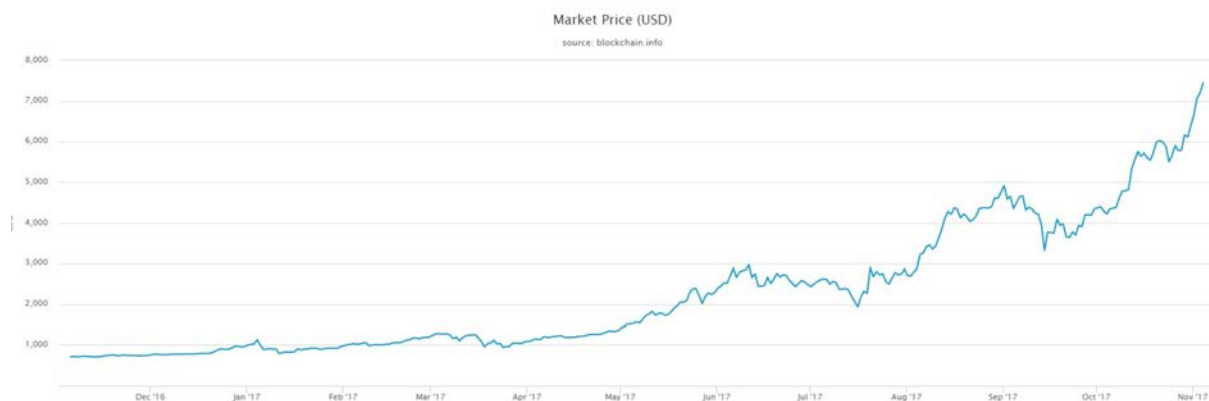
8 November 2017

### Bitcoin Update – Upcoming Bitcoin Fork

**DigitalX Limited** (ASX:DCC, **DigitalX** and **the Company**) is pleased to provide the following market update about the continued appreciation in the Bitcoin price and the upcoming Bitcoin forks of which investors may not be aware.

As announced to the market on 30 August 2017, DigitalX elected to receive approximately \$2m of the investment from Blockchain Global Ltd as Bitcoins rather than Australian Dollars for the subscription of shares, a first for an ASX Listed entity. The transfer was 345.8921BTC at a price of AUD\$5,782 according to the Tradeblock XBX index, a trade weighted index of major Bitcoin exchanges. DigitalX currently holds 453 Bitcoins.

The price of Bitcoin hit an all-time high on the Tradeblock XBX index of over US\$7,500 earlier this week.



The key drivers of the price appreciation in Bitcoin recently include:

- new money flow from over 100 cryptocurrency hedge funds<sup>1</sup>;
- recent positive regulatory changes surrounding cryptocurrencies;<sup>2,3</sup>
- the announcement from the CME Group Inc of its plans to launch Bitcoin Futures and the Chicago Board Options Exchange (CBOE) announcement of its plans for the trading of Bitcoin Futures;<sup>4</sup> and
- important technical improvements to the Bitcoin protocol.

These developments come in addition to continued cryptocurrency adoption generally and increased awareness of cryptocurrencies.

<sup>1</sup> <https://www.cnbc.com/2017/10/27/there-are-now-more-than-120-hedge-funds-focused-solely-on-Bitcoin.html>

<sup>2</sup> <https://www.cnbc.com/2017/09/29/Bitcoin-exchanges-officially-recognized-by-japan.html>

<sup>3</sup> <http://www.afr.com/business/banking-and-finance/government-to-strengthen-money-laundering-rules-regulate-Bitcoin-20170817-gxyuob>

<sup>4</sup> <https://www.ft.com/content/8ed7fe5f-ed2f-3390-a977-2d489f995cd5>

The majority of these events are well covered by the press. However, less known to many new investors in cryptocurrencies are the proposed protocol updates, which are also having a strong price effect. Discussion about the optimal trade-offs between usability and decentralization in Bitcoin have resulted in several proposed modifications to the Bitcoin Protocol. This month, Bitcoin will undergo a hard-fork, in which some Bitcoin nodes will begin running a competing version of the Bitcoin Protocol, branching off the existing blockchain to create a new, divergent chain.

After the fork, all users with a Bitcoin balance will hold an equal amount of the new cryptocurrency. There are two Bitcoin forks which will start trading during November 2017:

- Bitcoin Gold (BTG) launched on 25 October 2017; and
- Segwit2X (Bitcoin2X, S2X, or B2X) which will be available to users that hold a Bitcoin balance on 16 November 2017.

A Bitcoin hard-fork is not an unprecedented event. In August 2017, a fork of Bitcoin called Bitcoin Cash was created that offers a higher block capacity and which therefore requires a lower transaction fee to incentivise inclusion of transactions in a block. DigitalX has 5 Bitcoin Cash. The Bitcoin Cash fork and the upcoming Segwit2X fork have both corresponded with a large appreciation in the price of Bitcoin in the weeks prior to the fork. This is partly due to investors buying Bitcoin to attempt to profit from selling the forked coins they will receive. Bitcoin Gold is currently trading at only 2% of the Bitcoin price on the futures market, whilst Segwit2X futures are currently valued at approximately 15% of the Bitcoin price, a good indicator for the level of community support.

DigitalX holds the view that cryptocurrency forks can be beneficial to the Bitcoin community and highlight the commitment from the decentralised global participants to improve the protocol. Alternative implementations of Bitcoin with varying objectives for security, decentralisation, and scaling contribute new technology ideas and proofs of concept to the Bitcoin ecosystem and provide a mechanism for testing protocol modifications, thereby improving the robustness of the Bitcoin network. While these technical contributions can be valuable, Bitcoin derives its value primarily from the large network of cryptocurrency service providers, wallets, miners, exchanges, retailers, and users that support it.

DigitalX will continue to manage its holdings of Bitcoin and all forked variants so as to optimise for the total value across all publicly tradable variants. The Company makes an assessment internally with its team of Blockchain developers and experienced miners and then actively engages with prominent stakeholders from the Bitcoin industry to finalise a decision prior to making any decision on the trading or selling of its Bitcoin.

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**About DigitalX**

DigitalX is a Blockchain technology Company with offices in Perth and New York. DigitalX provides Blockchain consulting services, ICO advisory services and software development. DigitalX's partners can use DigitalX's Blockchain technology expertise to deliver innovative products to global markets.