



ASX ANNOUNCEMENT

30 January 2015

DigitalCC Limited

Innovative Digital Currency Solutions

Digital CC Limited ABN 59 009 575 035

ASX Code: DCC

Trading as digitalBTC

Level 7 1008 Hay Street Perth WA 6000

PO Box 7209 Cloisters Square Perth WA 6850

T: +61 8 9389 2000 F: +61 8 9389 2099

www.digitalbtc.com

digitalBTC Reaches Agreement to Cancel CloudHashing Shares

Emerging digital payments company Digital CC Limited (ASX: DCC) (the “Company” or “digitalBTC”) is pleased to announce it has reached an agreement with Technology IQ Limited trading as CloudHashing (“CloudHashing”) to dissolve a supply arrangement for the provision of Bitcoin mining services to the Company. Pursuant to this agreement, the parties have agreed to the cancellation of all the ordinary and performance shares previously issued by the Company to CloudHashing for such services.

The settlement agreement stipulates that 8,276,465 ordinary shares in the company (4.9% of the issued capital) are to be cancelled for nil consideration, delivering a net benefit to all remaining shareholders by reducing the total number of ordinary shares on issue. In addition, 3,742,520 Performance Rights issued to CloudHashing under the previous supply agreement are to be cancelled. These share cancellations will take place pursuant to Section 257A of the Corporations Act 2001 (Cth) and will be subject to the approval of shareholders at a general meeting of the Company to be convened as soon as practicable.

Board Recommendation to Approve Share Cancellation

The Board unanimously recommends all shareholders vote in favour of the shareholder resolution at the general meeting to be convened, as it will deliver an increase in the enterprise value per share for all remaining shareholders. Importantly, the buy-back will not require any cash payments to CloudHashing under the settlement agreement.

The Company and CloudHashing came to the arrangement after the key outcomes from the strategic agreement signed in March 2014 did not eventuate. digitalBTC has been managing its own transaction verification operations (i.e. Bitcoin mining) without the input of CloudHashing since mid-2014, including a lowered cost base through effective sourcing of lower power contracts and the imminent launch of the Mintsy product which is expected to enable the Company to on sell significant processing capacity.

The Company has applied for and been granted the necessary waivers under ASX Listing Rule 9.7 by the ASX, allowing for the cancellation of shares that would otherwise be subject to escrow. The waiver granted by ASX is condition on:

- (a) Shareholders approving the Buy-Back in accordance with section 257D of the Corporations Act;

For personal use only

- (b) a new restriction agreement is entered into in relation to the balance of the restricted Shares and Options held by Technology IQ following the cancellation, with those securities remaining subject to escrow for the remainder of the 24 month escrow period;
- (c) a copy of the restriction agreement is given to ASX;
- (d) the Company instructs its share registry to immediately reinstate a holding lock on restricted securities for the balance of the escrow period, ending 16 June 2016 and not to remove the holding lock without ASX's prior written consent; and
- (e) the Company makes an appropriate announcement to the market advising of the waiver and the terms upon which it was granted.

digitalBTC looks forward to the Company's continued evolution towards becoming a vertically integrated payment technology company. These new consumer digital payment applications will be the focus of the Company's resources and a key driver of its future growth and value creation for shareholders.

-ENDS-

For further information, please contact:

digitalBTC

Zhenya Tsvetnenko
Executive Chairman
Tel: +61 8 9389 2000

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

Media

Shane Murphy, FTI Consulting
Direct: +61 8 9485 8804
Mobile: +61 420 945 291
Email: shane.murphy@fticonsulting.com
Skype: shane.murphy999

For personal use only