

FINANCIAL REVIEW

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HD Digital CC first bitcoin company to float
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Micro-cap resources investment outfit Macro Energy will go from funding dirt diggers to mining its own digital currency after becoming the back door for a listing of bitcoin company Digital CC Holdings on Thursday. It is one of the first listings on a major exchange for a company associated with bitcoin, the volatile virtual currency which has caught major banks and global regulators' interest in recent months.

Founded by Perth rich-lister Zhenya Tsvetnenko just six months ago, Digital CC trades bitcoins on behalf of clients. It is also developing mobile apps that will allow users to hold digital currencies in a virtual wallet, and it is planning a debit card for bitcoin.

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The company also mines its own bitcoins. Bitcoin is programmed to have a maximum of 21 million coins during its lifetime, about half of which are currently available to own or trade.

These are released slowly to create artificial scarcity in the currency and are hidden behind digital locks, which require powerful computers to crunch complex mathematical problems to crack them. As more coins are released on the market, the digital locks and algorithms required to release more bitcoins get more complex, requiring more sophisticated computers and spawning an entire industry of bitcoin miners racing each other to unlock the next allocation of the currency.

The listing is the latest in a series of technology listings on the Australian Securities Exchange through mining back doors. The merged company resumed trading after a week's suspension in which it raised \$9.1 million capital. Shares in Digital CC, trading as digital BTC, were up 50 per cent to 3.9¢ on Thursday.

The company is backed by Navitas chief executive Rod Jones and Mirabela Nickel chairman Craig Burton, both of whom are believed to have their own stakes in the currency.

Neither could be reached on Thursday but significantly increased their stake during the capital raising round.

Mr Tsvetnenko was named executive chairman of the newly merged company. Alex Karis, a former chief executive of a United States marketing company, will become chief executive. RBA won't rush to regulate

The listing comes just weeks after bitcoin's largest currency exchange Mt.Gox went bankrupt after it reported the theft of 744,000 bitcoins, causing serious losses for users. The company is now under threat of legal action in the US from users who claim they were defrauded out of their money on the exchange.

The currency has also experienced wild fluctuations in price, rocketing from \$US10 to \$US1200 in the space of 12 months, a volatility Mr Tsvetnenko acknowledged could affect trading in Digital CC stock in the short term.

"I'm not claiming we're risk-free but I think there's a big difference between buying bitcoin and investing in a **company** that's focused on the various opportunities from the bitcoin space," Mr Tsvetnenko said. "One of the reasons we decided to go public is in fact to capitalise on the opportunity and go into the space with the credibility associated with being a public **company**."

He pointed to growing acceptance of the currency at online and bricks-and-mortar retail stores as a sign of increased confidence in the currency.

The **company** will use the \$9.1 **million** raised through the back-door listing to fund development, bitcoin trading and acquisitions, and to bolster data centres it uses in Texas and Iceland to mine the currency virtually.

Mr Tsvetnenko, who is worth \$60 **million** according to BRW's 2013 Young Rich list, is a serial technology entrepreneur who has owned a variety of companies, including one providing micro-payments generated by Google advertisements and mobile apps. He also jointly owns another **company**, Digi8, which deals in bitcoin **mining** contracts in **China**.

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