SUPPLEMENTARY PROSPECTUS

BITCOIN GROUP LIMITED (ACN 601 628 497)

IMPORTANT NOTICE

This Supplementary Prospectus is dated 4 March 2016 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date (**Supplementary Prospectus**). This Supplementary Prospectus supplements the Second Replacement Prospectus lodged with ASIC on 24 December 2015.

This Supplementary Prospectus must be read in conjunction with the Second Replacement Prospectus.

ASIC and ASX Limited take no responsibility for the contents of this Supplementary Prospectus or the Second Replacement Prospectus.

Terms used in this Supplementary Prospectus have the same meaning as in the Second Replacement Prospectus unless otherwise defined or the contrary intention appears.

REASONS FOR THIS SUPPLEMENTARY PROSPECTUS

The purpose of this Supplementary Prospectus is to notify investors that ASIC has exercised its relief powers pursuant to section 741(1) of the *Corporations Act* (**the Act**).

This relief has been granted by ASIC to facilitate the withdrawal rights of investors.

WITHDRAWAL RIGHTS

Any subscribers for shares are entitled to withdraw their subscriptions and receive a refund of subscription monies if they choose to do so.

If you wish to withdraw, you must withdraw in writing by 5pm on 4 April 2016. To do this, please contact Mr Allan Guo on +61 (0)433 348 106 or by email at allan.guo@bitcoingroup.com.au.

RECENT DEVELOPMENTS

Investors will be aware that on 24 December 2015, Bitcoin Group Limited issued a Second Replacement Prospectus, pursuant to which, it raised $5,927,168 (**Total Amount Raised**).

As part of its application to be admitted to the Official List of the ASX, on 18 January 2016 ASX requested Bitcoin Group Limited to produce a working capital report prepared by a first or second tier accounting firm, specifically referencing the Total Amount Raised (**the Report**).

The Report dated 26 February 2016 prepared by Grant Thornton Australia states that the company has sufficient working capital to carry out its stated objectives for the forecast period. A copy of the Report is set out at Annexure A to this Supplementary Prospectus.

On 4 March 2016, ASX issued a letter to Bitcoin Group Limited , rejecting the conclusion of the Report and informing Bitcoin Group that ASX considers Bitcoin Group does not at this stage meet the requirements of Listing Rule 1.3.3(a) for admission to the official list.

ASX has also informed Bitcoin Group that if it wishes to proceed with its listing application, it will need to re-open its offer and raise additional funds from investors in an amount sufficient to deliver it adequate working capital to carry out its stated objectives and to have a sustainable business model.

A copy of the ASX letter is set out at Annexure B to this Supplementary Prospectus

In addition, ASIC has requested Bitcoin Group Limited to provide a further update to the market in relation to certain matters. These matters and a revised IER with updated information will be the subject of a further supplementary prospectus to be issued by Bitcoin Group Limited by 16 March 2016. It is proposed that the Report will form part of the further supplementary prospectus.

The effect of ASIC granting the relief is that the offer period will be extended to 4 June 2016.

OFFER TO BE REOPENED

The securities under the Offer have not been admitted to quotation.

The Company is unable to reopen its offer until the further disclosure issues raised by ASIC have been resolved.

In order for investors to consider the new developments, Bitcoin Group Limited will reopen the offer upon publication of a further supplementary prospectus.

CONSENTS

Each of the Directors of Bitcoin Group Limited has consented to the lodgement of this Supplementary Prospectus with the Australian Securities and Investments Commission.

Grant Thornton Corporate Finance Pty Ltd has consented to its Report being published in this Supplementary Prospectus. ASX Limited has consented to its letter dated 4 March 2016 being published in this Supplementary Prospectus.

Signed for and on behalf of the Bitcoin Group Limited:

Sam Lee
Director

Dated: 4 March 2016

Annexure A

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26 February 2016
PRIVATE AND CONFIDENTIAL

Dear Directors

INDEPENDENT EXPERT'S REPORT ON THE ADEQUACY OF THE COMPANY'S WORKING CAPITAL TO CARRY OUT ITS STATED OBJECTIVES BASED ON THE FINANCIAL FORECAST PREPARED BY THE COMPANY

Introduction

The directors of Bitcoin Group Limited ("**Bitcoin**" or the "**Company**") have engaged Grant Thornton Corporate Finance Pty Ltd ("**Grant Thornton Corporate Finance**") to prepare an independent expert's report (the "**Report**") to specifically address the request from the Australian Securities Exchange ("**ASX**") in its letter of 18 January 2016 in relation to the Company's application to list the Company's shares on the ASX.

Grant Thornton Corporate Finance holds an Australian Financial Services Licence (AFS Licence Number 247140). A copy of a Financial Services Guide is attached as **Appendix A**.

Scope

The Company has prepared and provided to us a copy of a financial forecast for the twelve months ending 31 January 2017 (the "**Forecast**").

Grant Thornton Corporate Finance has been requested to prepare this Report to express our opinion on the adequacy of the Company's working capital for the next twelve months based on the Forecast and the level of funds that the Company has raised under the latest prospectus (the "**IPO**") being $5.927 million.

The opening balance for the Forecast was taken from the Company's management accounts for the period ended 31 December 2015. The Forecast comprises the following:

- The Forecast underlying assumptions;
- Working capital analysis;
- Forecast income statement;
- Reconciliation of bitcoins produced, spent and held by the Company;
- Forecast return on the existing machines, i.e. 3,579 units;
- Forecast return on the new bitcoin mining equipment (i.e. 3,252 units) to be acquired for $3.927 million from the funds raised from the Company's IPO; and
- Forecast mining expenses.

In accordance with our engagement letter dated 11 February 2016, our engagement specifically involved the following procedures:

- Obtain and gain an understanding of the Forecast and its key drivers;
- Check cells containing a formula to perform a calculation and extract the relevant data within the Forecast, to ensure the calculation is logical and consistent;
- Check formulae used within the Forecast are arithmetically correct;
- Confirm the underlying assumptions have been applied consistently with the Forecast;
- Check that the Forecast allows changes and sensitivity analysis of assumptions and input data to correctly flow through to the results and outputs;
- Confirm the Forecast reflects the commercial intent as expressly advised by the Company in the documents and websites provided for this purpose, including the following documents and websites:
    - Hash power purchase contracts;
    - Hosting contracts;
    - Mining pool agreement;
    - Mining machine purchase contract;
    - https://bitcoinwisdom.com;
    - http://www.blockexplorer.com;
    - https://blockchain.info;
    - http://bitcoincharts.com; and
    - https://bitmaintech.com.
- Based on the outcome of the procedures above, express an opinion on whether the Company has enough working capital to carry out its stated objectives.

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The Adequacy of the Company's Working Capital to Carry-Out Its Stated Objectives

We have conducted an independent review of the Forecast in order to state whether on the basis of the procedures described above, anything has come to our attention that would cause us to believe that the Company does not have sufficient working capital to carry out its stated objectives for the twelve months ending 31 January 2017.

The Forecast has been prepared by the Company. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast since anticipated events or transactions frequently do not occur as expected and the variation may be material.

The Directors' best estimate assumptions on which the Forecast is based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the assumptions on which the Forecast is based, however such evidence is generally future orientated and therefore speculative in nature.

We do not express any opinion on the achievability of the results. The conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties relating to an investment in the Company, which are detailed in the Company's second replacement prospectus dated 24 December 2015 (the "**Replacement Prospectus**"), and the inherent uncertainty relating to the prospective financial information. Accordingly prospective investors should have regard to the investment risks and sensitivities set out in this Report and the Replacement Prospectus respectively.

The sensitivity analysis conducted under this assignment demonstrates the impacts on the Forecast of changes in key assumptions. The Forecast is therefore only indicative of the financial performance which may be achievable. We express no opinion as to whether the Forecast will be achieved.

We have assumed, and relied on representations from the Company, that all material information concerning the prospects and proposed operations of the Company has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Directors' Responsibility

The Directors are responsible for the preparation and presentation of the Forecast, including the best estimate assumptions underlying the Forecast. These responsibilities include establishing and maintaining such internal controls as the Directors determine are necessary to enable the preparation of a Forecast that is free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express our opinion on the adequacy of the Company's working capital for the next twelve months based on the Forecast after conducting the procedures set out in the "Scope" section above.

Source of information

In conducting this assignment we have relied on the following information:

- The Company's business plan for the next twelve months as represented in the Forecast for the period from 1 February 2016 to 31 January 2017;
- Bitcoin Group Limited's Replacement Prospectus;
- The following contracts;
  - Hash power purchase contract between Star Capital Management Co. Ltd ("**Star Capital**") and Bitcoin Mining Pty Ltd, dated 18 March 2015, 8 April 2015 and 23 April 2015 (the "**Hash Power Purchase Agreements**");
  - Cloud Computing Hosting Service Contract between Bitcoin Mining Pty Ltd and Hu Bo, dated 12 March 2015;
  - Master Services Agreement between Verne Real Estate II ehf – Iceland and Bitcoin Mining Pty Ltd, dated 10 March 2015;
  - Strategic Cooperation Agreement (Mining Pool Agreement); and
  - Various purchase contracts for the Company's existing mining machines which detail the number of the machines and hash rate per type of machine.
- Publicly available information from the following websites;
  - https://bitcoinwisdom.com;
  - http://www.blockexplorer.com;
  - https://blockchain.info;
  - http://bitcoincharts.com; and
  - https://bitmaintech.com.
- Correspondence and discussions with the following:
  - Mr Samuel Lee, Chief Executive Officer;
  - Mr Allan Guo, Chief Financial Officer; and
  - Ms Leah Zhao, Financial Controller

Overview of the Forecast

The Forecast is for the period from 1 February 2016 to 31 January 2017. We have considered the Forecast provided to us as the base case for our assessment of the Company's working capital.

In addition to the $5.927 million raised under the IPO, Bitcoin Group advised that the Company has separately raised approximately $1.03 million in January 2015. The $1.03 million is currently held in escrow. These funds can only be released to the Company upon the Company's listing on the ASX. For the purpose of this assignment we have assumed the Company will list on the ASX and this $1.03 million forms part of the Company's forecast cash flow.

We note that for the Forecast period which is from 1 February 2016 to 31 January 2017, ideally the opening balance of the statement of the financial position in the Forecast should be as at 31 January 2016. However, as at the date of this Report the Company's management accounts as at 31 January 2016 were not available. Accordingly, with the exception of the cash and cash equivalent balance and the bitcoins held balance, the opening balance of the statement of the financial position applied in the Forecast is 31 December 2015.

For the opening balance of cash and cash equivalents and the fair value of bitcoins held we have applied the balance as at 31 January 2016 in our assessment. We are advised there have been no significant changes in the Company's trading activities in January 2016. Therefore, we consider it is not unreasonable to apply the Company's financial position as at 31 December 2015 as the opening balance for the Forecast.

Assumptions

Our analysis of the Forecast identified that the key drivers in the Forecast include the bitcoin price, Difficulty and occupancy costs/electrical costs.

In addition, the Forecast's assumptions also include the Bitcoin Network Hash Power, Mining Pool fees, Bitcoin Group hash rate and number of bitcoins. A definition of these terms is provided in the Replacement Prospectus section 12.

The following table summarises the key assumptions of the base case Forecast:

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Key Assumptions		
Bitcoin Price	$500.00	AUD / bitcoin
Difficulty/period	3.5%	
Network Hash Rate:	1,095 billion and is assumed to increase by difficulty per period	
Hash Rate by type of Machine:		
New (Antminer S7)	4,730	GHz/s
Existing		
Avalon 4.1	1,000	GHz/s
Antminer S5	1,150	GHz/s
Asicminer Prisma	1,400	GHz/s
Electricity Rate	$0.41	CNY / KWh

In regard to these assumptions we make the following comments:

Bitcoin price

The bitcoin price is highly volatile and driven by supply and demand for bitcoins in the market.

In analysing the reasonableness of the bitcoin price assumption applied in the Forecast we have considered the historical bitcoin price for the last 24 months. The following table summarise the result of our analysis.

Bitcoin average daily price *)	AUD	USD
For the last 3 months	592.53	414.41
For the last 6 months	436.94	318.38
For the last 12 months	398.38	288.49
For the last 24 months	403.48	371.97

**) up to 11 February 2016*
Source: http://bitcoincharts.com

We note that the closing price as at 31 December 2015, 31 January 2016 and 11 February 2016 were $602.90, $535.95 and $550.01 respectively. In the base case Forecast the Company has assumed the bitcoin price to be $500 during for the forecast period. As mentioned above, the bitcoin price is highly volatile and it is not possible to predict its future price with any degree of certainty. Any changes in the bitcoin price will significantly impact the Forecast.

Difficulty

Difficulty is a measure of how hard it is to generate a new block in the blockchain.

Given the increasing levels of computing power being devoted to bitcoin mining, the difficulty tends to increase over time. The history of the difficulty over various time periods is publicly available information and can be sourced from various websites. The difficulty is dependent on the amount of hash power available in the network which is reliant on many factors including the miners' hash power that join or leave the bitcoin network and the introduction of new technologies. To analyse and forecast the difficulty based on these factors is beyond our area of expertise as accountants. However, we note it is possible to estimate a range of potential future difficulty rates based on an analysis of historical difficulty rates observed.

Bitcoin Network Hash Power

The network hash rate information at any point in time is publicly available through websites. The Company has applied the network hash rate as at February 2016 of 1.095 billion as a starting point for the Forecast.

Mining Pool fees

Bitcoin Group currently participates in a mining pool to aggregate its hash power capacity in order to smooth out mining returns to the effect that smaller rewards are earned more frequently. The mining pool does not impact the number of bitcoins that can be mined. Therefore we do not consider the mining pool to be a key driver in the Forecast. However, we note that to participate in a mining pool the Company is required to pay a fee, i.e. 2.5% of the Company's revenue. Our analysis indicates that the mining pool fees are not a key expense of the Company.

Bitcoin Group hash rate

Based on agreements currently held, up until April 2016, Bitcoin Group's hash rate is the sum of the hash rate generated through mining machines managed by Star Capital under the hash power purchase contract (refer to Source of information section) and the total hash rate of the mining machines owned by the Company. Therefore, the Bitcoin Group hash rate in the Forecast period is highly dependent on the type of mining machines that the Company intends to acquire using the IPO proceeds

Number of bitcoins

As stated in the Replacement Prospectus the total number of bitcoins available to be mined per month is approximately 108,000 bitcoins (25 bitcoins x 6 x 24 hours x 30 days) and this has been applied in the Forecast from 1 February 2016 to 30 June 2016. Post the Block Halving in July 2016 (Refer to section 3.2.4 of the Replacement Prospectus for an explanation regarding Block Halving), the total number of bitcoins available to be mined per month will be halved to approximately 54,000 bitcoins. This has been considered in the Forecast from 1 July 2016 to 31 January 2017.

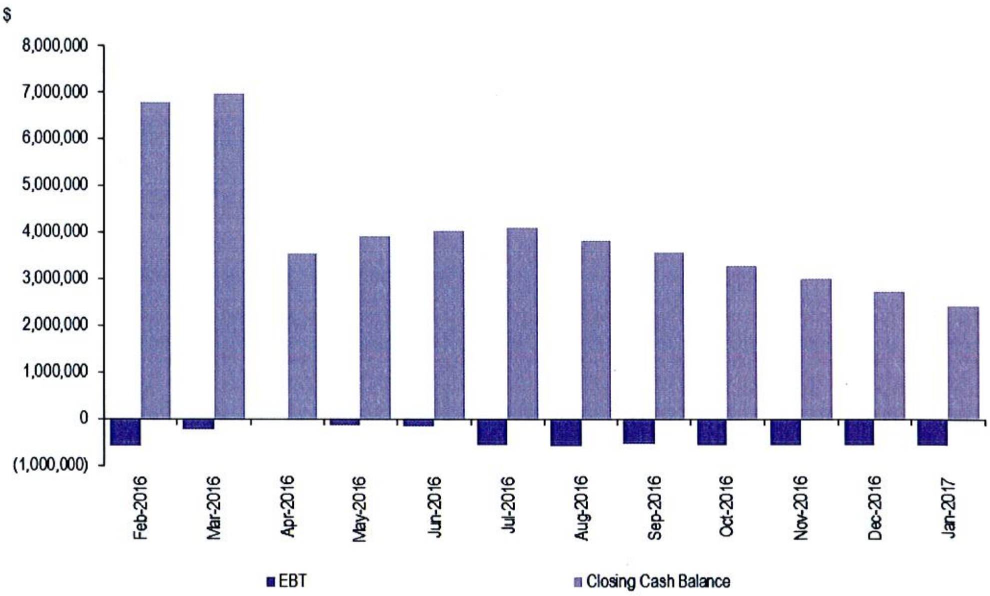
The assumption for the number of bitcoins that the Company will mine per month is an outcome of the total number of bitcoins available and variables mentioned above, i.e. network hash rate, difficulty and Bitcoin Group hash rate. We have relied upon our analysis of these variables to determine whether the number of bitcoins applied in the Forecast appears to be reasonable.

Further details of these key drivers are set out in the Replacement Prospectus issued by the Company.

Conclusion for the base case scenario

The following chart shows the Company's earnings before tax and closing cash position during the Forecast period.

Closing cash balance and earnings before tax – Base case scenario



Based on the procedures noted above, nothing has come to our attention that causes us to believe that:

- The Forecast has not been prepared by the Company with due care; and
- The base case for the Forecast working capital does not adequately support the Company's operation for the next twelve months.

We have reviewed the assumptions in the Forecast regarding bitcoin price, difficulty, network hash rate, mining pool fees, bitcoin group hash rate and the number of bitcoins expected to be mined and consider the assumptions adopted to be reasonable in the circumstances. On this basis, we consider that the Company has sufficient working capital to carry out its stated objectives for the forecast period.

Further, taking into account the outcome of the base case Forecast analysis above and considering the risks of this business as detailed in the Replacement Prospectus we note the following:

- The base case Forecast shows the Company will experience losses during the forecast period. Under the base case the losses will be approximately $550,000 per month subsequent to the bitcoin halving in July 2016 (Refer to section 3.2.4 of the

Replacement Prospectus). After adjusting for depreciation of approximately $240,000 per month, the average monthly cash deficit will be approximately $310,000;

- Even though the forecast cash position indicates the Company will have sufficient cash to fund its daily operations for the next twelve months, the Company's financial performance and cash position are not expected to improve during the forecast period. Therefore to support the Company's sustainability and solvency subsequent to the forecast period, under the base case scenario with a cash deficit of approximately $310k per month, the Company will require a further capital injection within the 8 month period ending 30 September 2017. We note that the timing and level of any future capital injection is subject to the key sensitivities set out later in this Report; and

- In addition, a further capital injection will be required if the Company decide to replace the existing mining machines, which are projected to be fully depreciated from September 2016. We note that innovation in technology and the increasing level of computing power of upcoming machines/equipment result in the mining machines only having an 18 month useful life. It is expected the newer more sophisticated machines will have a higher hash rate and lower electricity consumption which eventually will increase the efficiency of the machines and this is expected to support the performance of the Company. However, the acquisition of the new mining machines will require additional capital expenditure. With the exception of the new investment in the mining machines of $3.9 million which has been incorporated in the Forecast, at this stage the quantum of the additional capital expenditure required cannot be estimated.

Sensitivities

In the course of our work we have identified certain assumptions which we consider to be the key drivers of the Forecast, i.e. bitcoin price, difficulty and electricity costs, and have performed a sensitivity analysis on these inputs.

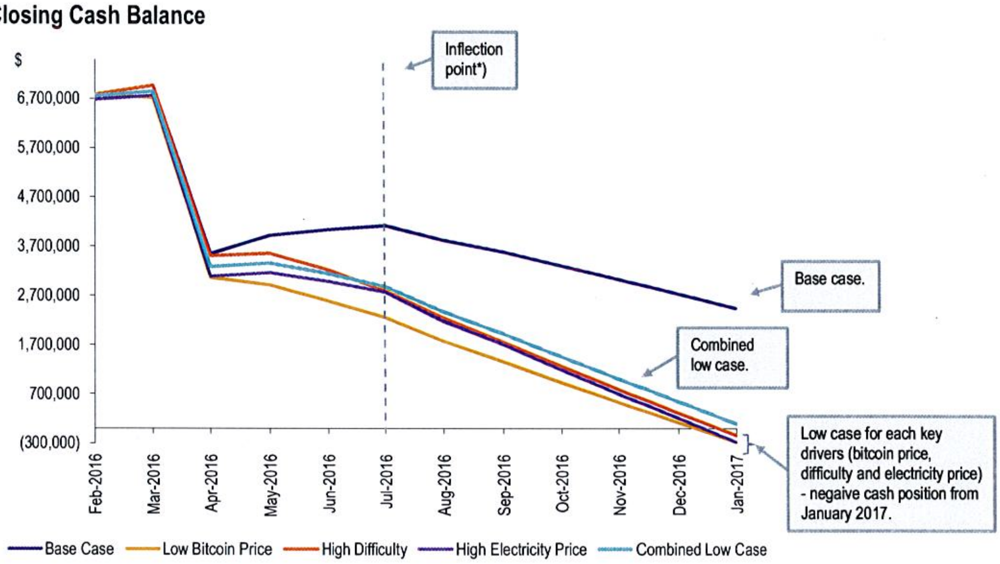
As mentioned above the base case scenario indicates that the Company will have sufficient cash to carry out its stated objectives for the forecast period. Therefore for sensitivity analysis purposes we have focused on the low case scenarios by taking into account a number of scenarios where key drivers move against the Company. The low case scenarios assist in understanding the flexibility that the Company may have in unfavourable circumstances.

The following table and chart summarises the key assumptions applied in the base case scenario and also low case scenarios for each key variable and an illustrative combined low case scenario.

Scenario Assumptions	Bitcoin Price	Difficulty Rate (%)	Electricity Price (CNY / KWh)
Base Case	A$500	3.5%	0.41
Low Bitcoin Price	A$200	3.5%	0.41
High Difficulty	A$500	19.0%	0.41
High Electricity Price	A$500	3.5%	0.70
Combined Low Case	A$420	7.0%	0.49

Note: The highlighted assumption will result in an unfavourable cash position to the Company.

Closing Cash Balance



**) Refer to the second point below for further commentary in relation to the inflection point.*

In regard to the table above we make the following comments:

- The base case scenario and low case scenarios above are analysed based on the total monthly number of bitcoins available of 108,000 bitcoins and 54,000 bitcoins for the period 1 February 2016 to 30 June 2016 (pre-Block Halving) and 1 July 2016 to 31 January 2017 (post Block Halving) respectively.

- Under the base case scenario, subsequent to the acquisition of the new mining machines in March and April 2016, the Company's cash position is forecast to improve until July 2016 when the Block Halving is expected to occur. Post Block Halving, the cash position is forecast to steadily decrease (refer to the "inflection point" in the chart above). This is due to the halving of the number of bitcoins available to be produced per month without taking into account any potential upside that may occur as a result of the Block Halving.

- The sensitivity analysis has taken into account the impact of Block Halving, which is a decrease in the monthly number of bitcoins that can be produced from 108,000 bitcoins to 54,000 bitcoins. However this sensitivity analysis has not taken into account any other impacts of Block Halving which may provide potential upside to the Company, such as:

  - An increase in the bitcoin price as the bitcoin mining rewards become more scarce in the market; and
  - Decrease in the difficulty as some of the miners may decide to leave the industry.

- Block Halving has only occurred once before in 2012 when the industry was in its infancy. The potential upside of the Block Halving in July 2016 on the bitcoin price and difficulty are uncertain and any forecast in this regard would be speculative. We have therefore not attempted to include the potential impact of Block Halving on the bitcoin price and difficulty in our sensitivity analysis as the impacts are uncertain at this stage.

If any of the key drivers, i.e. a low bitcoin price, high difficulty or high electricity price, individually significantly move against the Company compared to the base case assumption (assuming other assumptions remain the same) as summarised in the table above, the Company is expected to experience a negative cash position by January 2017 as depicted in the chart above.

Other Matters

- As mentioned in the "Overview of the Forecast" section, the Forecast is based on the current level of funds that the Company has raised, i.e. $5.9 million plus $1.03 million which is currently held in escrow. These funds will only be available upon the Company's listing on the ASX and our analysis of the Forecast is prepared on the basis the Company does list. Should the Company not manage to list on the ASX, The Company is required to return the funds to the investors. In this event, our analysis presented in the Report becomes irrelevant.

- As explained in the Replacement Prospectus, the Block Halving of the bitcoin industry takes place approximately every 4 years. The next Block Halving is expected to take place during July 2016. The Block Halving is a major milestone event for the bitcoin industry. This event may have a significant impact on the base case assumptions applied in our assessment, such as difficulty and the price of a bitcoin. There exists uncertainty in regard to how these assumptions and how the market participants will respond to any changes in the market. Due to this uncertainty we have not taken into account any potential impact of the Block Halving on price and difficulty in our analysis of the Forecast.

- As stated in the Replacement Prospectus (refer to Section 4.7.2) under the Hash Power Purchase Agreements, the hash power must be maintained at 100% of the contracted hash rate. If the hash rate drops below the contracted rate, the Company is entitled to compensation in bitcoins to the extent of any hash rate shortfall calculated at the end of the term. We are advised that as at 31 January 2016 Star Capital owed the Company

2,276 bitcoins as a result of the cumulative shortfall in the production of bitcoins to that date. The Forecast assumed that by the end of the term of the Hash Power Purchase Agreements, Star Capital would owe the Company 2,276 bitcoins and this receivable is assumed to be settled in May 2016. If the settlement of this receivable does not occur as forecast, the Company's forecast cash position will be negatively impacted by approximately $1.14 million (assuming $500 per bitcoin).

- As part of the scope of this assignment we have considered the information contained in the Replacement Prospectus and identified some differences between the financial information and assumptions stated in the Replacement Prospectus and those which have been applied in the Forecast. We are advised that the Forecast has been updated to reflect the Company's current financial performance and business plan, particularly in regard to its investment plans. The key differences include the following:

New investment in mining machines

As a result of the improvement in new technology and in line with the Company's strategy to increase the efficiency of the business, the Company has amended the investment plan stated in the Replacement Prospectus. The following table summarises the differences between the information provided in the Replacement Prospectus and the assumption applied in the Forecast in regard to the investment plan.

	Replacement Prospectus	Forecast
No. of units (approximately)	7,368	3,252
Average hash power/machine	1,335 GHz/s	4,730 GHz/s
Price/unit (approximately in AUD)	533	1,208

Hash Power Purchase Agreements

Section 4.7.1 of the Replacement Prospectus stated," Under the Hash Power Purchase Agreements, an annual service fee of totalling $2,884,760 is payable by way of instalment over the term of the Agreements provided Hash Rate is achieved. The Hash Power Purchase Agreements have a term of 12 months and are expected to be renewed on similar or more favourable terms on expiry in March and April 2016"

The Forecast has assumed that the Hash Power Purchase Agreement will not be renewed as the Management considers the Hash Power Purchase Agreements are less cost effective compared to the Fully Hosted Service Agreements.

Hash Rate of New Machines

We note that the Replacement Prospectus (at section 4.9.2, page 42) refers to a weighted average hash rate of new mining equipment of 1,335 GHz/s. However, under the new investment plan the Company has confirmed it plans to acquire new mining equipment with a higher hash rate, i.e. 4,730 GHz/s.

Electricity Usage

We note that the Replacement Prospectus (at section 4.9.2, page 42) refers to a weighted average electricity usage of 0.742 KW. Due to the implementation of the new investment plan, the Forecast has assumed a weighted average electricity usage of the newly acquired mining equipment to be 1.239 KW. That is, whilst the newly acquired mining equipment is expected to operate more efficiently, the unit electricity consumption or usage is substantially greater.

Electricity Rate

We note that the Replacement Prospectus (at section 4.7.3, page 41) refers to a daily occupancy expense per machine of 1.6902. Implicit within this charge is an electricity rate of CNY 0.47 per KWh (or $0.10 per KWh). The Forecast has assumed an electricity rate to be CNY 0.41 per KWh (or $0.09 per KWh).

Conclusion

We refer to our assessment of the base case scenario earlier in the Report. We have reviewed the assumptions in the Forecast regarding bitcoin price, difficulty, network hash rate, mining pool fees, bitcoin group hash rate and the number of bitcoins expected to be mined and consider the assumptions adopted to be reasonable in the circumstances. On this basis, we consider that the Company has sufficient working capital to carry out its stated objectives for the forecast period.

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General Advice Warning

This Report has been prepared, and provided to the ASX specifically to address the request from the ASX in its letter of 18 January 2016. Accordingly, the Report does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Restriction on Use

The Company recognises that our Report was prepared for the purpose as set out in the "Introduction" section above and confirms that neither the whole or part of our report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement other than the Company's application to list its shares on the ASX without prior written consent of Grant Thornton Corporate Finance as to the form and content in which it appears.

Consent

Grant Thornton Corporate Finance has consented to the provision of this Report to the ASX in relation to the Company's application to list the Company's shares on the ASX.

Disclosure of Interest

Grant Thornton Corporate Finance does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Grant Thornton Corporate Finance will receive a professional fee for the preparation of this Report.

Yours faithfully
GRANT THORNTON CORPORATE FINANCE PTY LTD

Phillip Rundle Partner	John Blight Partner

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Appendix A (Financial Service Guide)

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Financial Services Guide

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W www.grantthornton.com.au

This Financial Services Guide is dated 26 February 2016.

1 About us

Grant Thornton Corporate Finance Pty Ltd (ABN 59 003 265 987, Australian Financial Services Licence no 247140) (Grant Thornton Corporate Finance) has been engaged by Bitcoin Group Limited (Bitcoin Group) or (the Company) to provide general financial product advice in the form of an independent expert's report (the Report) in relation to the adequacy of the Company's working capital for the next twelve months based on the Forecast and the level of funds that the Company has raised under the IPO being $5.927 million.

This report is to address the request from the ASX in its letter of 18 January 2016 in relation to the Company's application to list the Company's shares on the ASX. You have not engaged us directly but have been provided with a copy of the report as a retail client because of your connection to the matters set out in the report.

2 This Financial Services Guide

This Financial Services Guide (FSG) is designed to assist retail clients in their use of any general financial product advice contained in the report. This FSG contains information about Grant Thornton Corporate Finance generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the report, and how complaints against us will be dealt with.

3 Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities and superannuation products and deal in a financial product by applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of securities and superannuation products.

4 General financial product advice

The report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of the report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail finance product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

5 Fees, commissions and other benefits we may receive

Grant Thornton Corporate Finance charges fees to produce reports, including the report. These fees are negotiated and agreed with the entity who engages Grant Thornton Corporate Finance to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this report, Grant Thornton Corporate Finance will receive from the Company a fee in the range of $50,000 to $60,000 plus GST, which is based on commercial rates plus reimbursement of out-of-pocket expenses.

Partners, Directors, employees or associates of Grant Thornton Corporate Finance, and related bodies corporate, may receive dividends, salary or wages from Grant Thornton Australia Ltd.

None of those persons or entities receive non-monetary benefits in respect of, or that is attributable to the provision of the services described in this FSG.

6 Referrals

Grant Thornton Corporate Finance including its Partners, Directors, employees or associates and related bodies corporate, does not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licenced to provide.

7 Associations with issuers of financial products

Grant Thornton Corporate Finance and its Partners, Directors, employees or associates and related bodies corporate may from time to time have associations or relationships with the issuers of financial products. For example, Grant Thornton Australia Ltd may be the auditor of, or provide financial services to the issuer of a financial product and Grant Thornton

Corporate Finance may provide financial services to the issuer of a financial product in the ordinary course of its business.

In the context of the report, Grant Thornton Corporate Finance considers that there are no such associations or relationships which influence in any way the services described in this FSG.

8 Independence

Grant Thornton Corporate Finance is required to be independent of [short name] in order to provide this report. The guidelines for independence in the preparation of an independent expert's report are set out in Regulatory Guide 112 *Independence of expert* issued by the Australian Securities and Investments Commission (ASIC). The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

"Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with [short name] (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the [activity].

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the [activity], other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the [activity]. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

Grant Thornton Corporate Finance considers itself to be independent in terms of Regulatory Guide 112 "Independence of experts" issued by the ASIC.

9 Complaints

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Financial Ombudsman Service (membership no. 11800). All complaints must be in writing and addressed to the Head of Corporate Finance at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service who can be contacted at:

GPO Box 3
Melbourne, VIC 3001
Telephone: 1800 367 287

Grant Thornton Corporate Finance is only responsible for the report and FSG. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

10 Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

11 Contact Details

Grant Thornton Corporate Finance can be contacted by sending a letter to the following address:

Head of Corporate Finance
Grant Thornton Corporate Finance Pty Ltd
Level 17, 383 Kent Street
Sydney, NSW, 2000

Annexure B

ASX

4 March 2016

Mr Sam Lee
Chief Executive Officer
Bitcoin Group Limited
Level 1, 89-91 City Road
Southbank VIC 3006

By email: sam.lee@bitcoingroup.com.au

Dear Mr Lee,

ASX LISTING APPLICATION – BITCOIN GROUP LIMITED ("COMPANY")

ASX Limited ("ASX") refers to:

- your email dated 26 February 2016 enclosing a copy of the report by Mr Phillip Rundle and Mr John Blight of Grant Thornton on the adequacy of the Company's working capital ("IER"); and
- the letter dated 3 March 2016 from Mr Alan Foster attaching an email from ASIC that requires the Company to publish a supplementary prospectus to address various disclosure issues, and asking ASX to suspend consideration of the Company's listing application until that supplementary prospectus has been issued.

ASX agrees with ASIC as to the disclosure issues the IER has given rise to and the need for the Company to address those issues in a supplementary or replacement prospectus.

In addition, ASX considers that the conclusion in the IER that the Company has adequate working capital to carry out its stated objectives is simply not borne out by the finding referred to at page 9 that:

> *"to support the Company's sustainability and solvency subsequent to the forecast period, under the base case scenario with a cash deficit of $310k per month, the Company will require a further capital injection within the 8 month period ending 30 September 2017."*

In addition, ASX notes that the proposed issue of the supplementary prospectus mentioned in Mr Foster's letter will require withdrawal rights to be offered to all current investors and, if any of those rights are exercised, this will further impact on the adequacy of the Company' working capital.

At this stage, therefore, ASX's considers the Company does not meet the requirements of Listing Rule 1.3.3(a) for admission to the official list.

If the Company wishes to proceed with its listing application, it will need to re-open its offer and raise additional funds from investors in an amount sufficient to deliver it adequate working capital to carry out its stated objectives and to have a sustainable business model. This in turn will require:

- the directors of the Company to make a genuine and considered estimate of the minimum working capital the Company in fact requires to carry out its stated objectives and to have a sustainable business model;

ASX

- the directors to verify that estimate with the independent expert and have it confirmed in a written report for inclusion in a supplementary or replacement prospectus; and
- the Company to impose a minimum subscription condition in its supplementary or replacement prospectus that will ensure it receives enough subscriptions to raise the minimum necessary working capital, after paying the expenses of the offer and meeting its various other commitments.

This will obviously entail having a revised IER prepared.

ASX notes that the current IER is marked "private and confidential". As previously mentioned, ASX expects the IER to be released to the market to support any conclusion expressed by the board of directors of the Company as to the adequacy of its working capital. In the ordinary course, ASX would expect such a report to be included in the Company's supplementary or replacement prospectus as material information for investors.

If the Company intends to use Grant Thornton as the author of the revised IER, it should arrange to have the "private and confidential" tag removed from the IER and obtain Grant Thornton's written consent to the inclusion of the report in the Company's supplementary or replacement prospectus.

If you have any further enquiries in relation to this letter, please contact the undersigned.

Yours sincerely,

[Sent electronically without signature]

Kobe Li
Senior Adviser, Listings Compliance (Melbourne)

cc: Alan Foster and Shannon Ryan of Foster Nicholson Jones Lawyers
Australian Securities and Investments Commission