

Coinsilium Group Limited (COIN)

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31 October 2018

COINSILIUM GROUP LIMITED

("Coinsilium" or the "Company")

**Coinsilium to establish Flowstone Capital Limited,
a Private Crypto Fund based in Gibraltar**

A cornerstone of Coinsilium's accelerating growth strategy in the rapidly maturing blockchain and distributed ledger technology sector

Coinsilium Group Limited (NEX:COIN), the blockchain venture builder, advisor and investor that finances and manages the development of early-stage blockchain technology companies, is pleased to announce an update on the establishment of Flowstone Capital Limited, a new 100%-owned private crypto fund based in Gibraltar ("the Fund"). Today's news follows on from the Company's announcement on 23 January 2018.

The Fund is to be established by the Company for the purposes of managing the cryptocurrencies and tokens paid to the Company, in relation to fees earned from the provision of advisory services, in addition to bonus tokens granted to the Company in conjunction with seed stage equity investments. A private scheme (such as the Fund) that is seeking to invest in digital assets such as cryptocurrencies and similar Distributed Ledger Technology ("DLT") based tokens can only be created for a small group of persons who are previously known to each other. There can be no promotion of the Fund. The Fund is not, nor will it be, licensed, authorised or regulated by the Gibraltar Financial Services Commission ('the GFSC'), the regulatory body for financial services in Gibraltar.

The Fund will be self-managed by Flowstone Management Limited ("FML"), a Gibraltar private limited company, which is to be appointed as the Fund's sole director and has been incorporated for this purpose alone. Accordingly, and as part of the setup process, the Company has now created two new companies based in Gibraltar:

Flowstone Capital Limited (The Fund)

The Fund will issue Participation Shares to investors of the Fund, which will initially be the Company. The purpose of the Fund will be to take long-term positions in selected cryptocurrencies, whilst selectively acquiring newly issued tokens, and potentially equity, in blockchain start-ups in accordance with the Fund's investment criteria. As set out above, the Fund will only be open to a small group of persons who are previously known to each other.

Flowstone Management Limited (FML)

FML will operate as the sole director of the Fund. It will set the operating and investment policies of the Fund and will charge management and performance fees to the Fund. FML is wholly-owned by the Company.

Abacus Financial Services Limited ("Abacus"), a regulated Funds Administrator based in Gibraltar, has been appointed as the fund administrator of the Fund and will provide accounting, customer management, administration, valuation and reporting services to the Fund.

An offering document has been prepared in conjunction with Abacus and the Fund's Gibraltar lawyers, ISOLAS LLP, and is in the process of being finalised. The offering document has been designed in order for participants in the Fund to have in their possession sufficient information to be able to make a reasonable evaluation of the offer.

The Gibraltar Funds and Investments Association ("GFIA") has issued a Corporate Governance Code for Gibraltar Crypto Funds (an addendum to GFIA's Corporate Governance Code for Gibraltar Collective Investment Schemes) which aims to formalise, what is considered to be, best practice in respect of collective investment schemes investing in the digital asset and wider related space. While its adoption is voluntary, GFIA considers use of the code and the general guidance within it as "strongly recommended" by collective investment schemes to which the code applies, and their directors. The Fund is looking to operate within the code and has taken a first step in doing so, through the appointment of Abacus, even though as an unregulated collective investment scheme, the Fund is not legally required to appoint a Fund Administrator.

In addition, the Company is aware that on 17 October 2018 the GFSC issued a statement titled '*Statement on Funds Investing in Digital Assets*'. Whilst this statement was issued in respect to Experienced Investor Funds, and therefore is not directly applicable to the Fund, it is the intention of the Fund to follow the recommendations set out in this statement.

Appointment of Gary Fisher as Director of FML

The Company is pleased to announce the appointment of Gary Fisher to the board of FML, alongside the Company's directors Eddy Travia and Malcolm Palle.

Gary has been advising the Company's Board on the design and structure of the Fund since May 2018. Prior to working with the Company, Gary has operated for many years as a board level strategy consultant working with IBM, AT Kearney, Lansdowne Consulting and others, and has been CEO of a tech start-up, Accent Media Ltd., since 2013. He has also been an active investor in the crypto space since 2013.

Further announcements regarding the progress of the Fund will be made in due course.

For the avoidance of any doubt, this announcement is issued exclusively for the purposes of the Company complying with its requirement to publish announcements under the rules of the NEX Exchange. Accordingly, this announcement is not an offer to sell, nor the solicitation of any offer to buy any shares in the Fund and should not be treated or relied upon as one.

Coinsilium Executive Chairman Malcolm Palle commented: "The establishment of Flowstone Capital in Gibraltar is an exciting milestone in Coinsilium's corporate development which builds firmly on the successes of our advisory services division and further accelerates the Company's growth strategy in the rapidly maturing blockchain technology sector.

"Gibraltar's proactive approach to DLT and cryptocurrency regulation provides us with the certainty we need as an innovation driven business and is the right place to build a substantial fund as a vehicle to invest in some of the future leaders in the sector, with the objective of generating material shareholder value. We look forward to updating investors on the Fund's progress over the coming weeks and months."

The Directors of Coinsilium Group Limited take responsibility for this announcement.

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Notes to Editor

About Coinsilium

Coinsilium is a blockchain venture builder, advisor and investor that finances and manages the development of early-stage blockchain technology companies. It does this through its consortium of top-tier investors, industry thought leaders and executive managers. Coinsilium's focus is on driving innovation in fintech and blockchain technologies, enabling businesses to take advantage of growth opportunities.

Through its advisory division, Coinsilium also provides strategic services to companies planning Token Generation Events.

Coinsilium shares are traded on NEX Exchange Growth Market, the primary market for unlisted securities operated by NEX Exchange, a Recognised Investment Exchange under the Financial Services and Markets Act 2000.

For further information about Coinsilium please visit www.coinsilium.com

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