



Fatfish Internet Group Ltd
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ASX Announcement

Retraction of previous 19 April 2018 announcement to be replaced by this. Investors should not rely on the retracted announcement for their investment decisions.

Operation Update – APAC Mining Yields Positive Early Results From Mining Bitcoins And Ethers

International venture builder Fatfish Internet Group Limited (ASX Code: FFG) (“FFG” and “the Company”) is pleased to provide operation updates on its 51% owned investee, APAC Mining Corp (“APAC Mining”), a crypto mining business.

1. Operating Capacity

The current mining server farms of APAC Mining in Malaysia are **operating at 60%** of their equipment capacity. There is delay in electrical engineering work at the mining server farms, but APAC Mining is looking to have all its mining server farms running in **full capacity** within the **next 30 days**.

2. Production Yield

The crypto mining farms, even though at 60% capacity, are producing very encouraging early results. Approximately **2 Bitcoins (BTC) and 8 Ethereum Ethers (ETH) are being mined every week**. This production rate translates to an **annualised production rate** of approximately **170 Bitcoins and 690 Ethereum Ethers** being mined per annum, at 100% equipment capacity.

At prevailing market price (Bitcoin at US\$8000 and Ether at US\$520), this production rate translates to an **annualised gross revenue** of approximately **US\$1.7million (A\$2.19million) per annum**. As the operation is still in its early stage it is too early to estimate its gross profit margin at this juncture.

The underlying assumptions for projecting the annualised gross revenue of approximately US\$1.7 million include:

- i. 2 Bitcoins and 8 Ethereum Ether are able to be mined every week over 52 weeks and at full 100% capacity.
- ii. Bitcoin price continue to trade around US\$8000, Ethereum price to trade around US\$520

Crypto mining refers to the process of providing computing power to the blockchain network to solve extremely difficulty mathematical algorithm that governs the transactions on the blockchain network. Bitcoin and other blockchain networks remunerate this computing power by creating new cryptocurrency tokens that are being rewarded to providers of the computing power. In addition the transaction fees paid on the blockchain network are being given to the providers of the computing power as well. As such APAC Mining is being paid in cryptocurrencies for its crypto mining activities.

3. Operation Risks

APAC Mining intends to convert a portion of the cryptocurrencies it receives into cash via international cryptocurrency exchanges. The proportion of cryptocurrencies APAC Mining converts to cash will be dependent on its operational requirement, which is estimated to be 25%-60% for now. Cryptocurrencies that APAC Mining does not convert to cash will be subject to volatility of cryptocurrency price. This poses a risk to its revenue model. Other long term risk of the crypto mining operation include changes to technology such as changes in the algorithm and operation model of the blockchain networks

4. Expansion of equipment capacity and facilities

Once its current batch of mining equipment is 100% up and running APAC Mining is looking to procure additional crypto mining equipment to add to its capacity. Consequently it will also need to build more mining server farms across new locations to host the additional equipment.

APAC Mining is currently in discussion with various service providers to secure new location and energy supply in Canada and Mongolia, in addition to its existing locations in Malaysia. APAC Mining is confident that the energy tariffs of all the locations it is securing are among the most favourable rates of the crypto mining industry. As such APAC Mining believes that it has a strong business case to scale up its operating capacity significantly in the near future.

APAC Mining's immediate aim is to quickly scale up its operating capacity to a capacity where it will be producing one Bitcoin per day in the near term future.

The expansion requirement will mean that APAC Mining may have to raise funding via equity or debt to fund its expansion plan. It will also utilize its existing cashflow from operation to fund part the expansion plan.

Cautionary Statement – Cryptocurrency Related Business Activities

FFG notes the following in relation to cryptocurrency-related business activities:

- Investment into cryptocurrencies is high risk in nature as cryptocurrencies are currently highly speculative
- Cryptocurrency prices are volatile currently
- Cryptocurrency-related businesses have a number of other risks factors, including but not limited to the following:
 - I. The development of new regulatory framework involving cryptocurrencies



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- II. Cryptocurrencies, cryptocurrency exchanges and its related topics of Initial Coin Offerings (ICO) have raised regulatory issues across multiple jurisdictions. A number of regulators have issued guidance on the relevance of their existing securities and financial services laws with regards to ICOs that have underlying cryptographic tokens that are securities or investment in nature.
- III. In many countries cryptocurrencies are subject to anti-money laundering and counter-terrorism funding legislations.

For its cryptocurrency-related business activities FFG will always endeavour to the best of its ability to ensure that FFG and its subsidiaries comply with relevant local in-country regulatory requirement.

Impact on FFG

As FFG currently owns 51% of APAC Mining the positive results from its crypto mining operations will enhance the value of FFG's investment in APAC Mining. FFG intends to maintain its 51% shareholding and as such FFG will participate in any equity funding round of APAC Mining when and if it plans on raising capital via equity.

- End -

About Fatfish Internet Group

Fatfish Internet Group Ltd (ASX Code: FFG) is a publicly traded international venture investment and development firm. FFG partners with entrepreneurs and experienced executives to build and grow tech businesses via a co-entrepreneurship model. FFG focusses on emerging global technology trend, specifically FFG has been investing strategically across various sectors of **cryptocurrency, fintech and consumer internet** technologies.



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FFG operates from its international venture hubs located in Singapore, Kuala Lumpur and Stockholm.

For further question on this release, please contact Investor Relations Team ir@fatfish.co or visit www.fatfish.co