

**BITCOINICA CONSULTANCY LIMITED
(IN LIQUIDATION)
(formerly known as Core Credit Limited until 30 May 2012)**

1. APPOINTMENT

On 10 January 2013, the sole shareholder of the above named company passed the following resolution:

“THAT Iain McLennan and Peri Micaela Finnigan, Insolvency Practitioners of Auckland, be appointed jointly and severally as liquidators of the company.”

2. BACKGROUND OF COMPANY STRUCTURE

Date of Incorporation:	30 January 2012
Date Company Ceased Trading:	December 2012
Type of Business:	Foreign Currency Trader
Trading Address:	Level 1, 10 Manukau Road, Newmarket, Auckland
Previous Names / Trading Name:	Core Credit Limited
Share Capital:	1,000 Shares
Shareholder:	Christopher Heaslip
Director:	Christopher Heaslip
Associated Entities:	Bitcoinica LP (In Liquidation)

3. OTHER RELEVANT INFORMATION

Bitcoinica Consultancy Limited (In Liquidation) (“BCL”) is the General Partner of the Limited Partnership, Bitcoinica LP (in Liquidation).

4. EVENTS LEADING TO APPOINTMENT OF LIQUIDATORS

The director of the company has advised that the failure of the company was due to and as a result of un completed attempts to have the appointment of new directors to BCL accepted by the Registrar of Companies, and the appointment of liquidators to the limited partnership on 1 November 2012.

The following information has been copied from the PKF Corporate Recovery & Insolvency (Auckland) Limited, liquidators' report relating to Bitcoinica LP (in Liquidation) states that the LP was placed into liquidation due to;

“The Limited Partnership commenced trading on or around 24 April 2012 through the domain name, www.bitcoinica.com. We understand that a breach of the Bitcoinica's servers occurred in May 2012, resulting in the theft of a large number of bitcoins. As a result, the Limited Partners attempted to reimburse claims for some of the affected investors, however, a second breach of the Limited Partnership's server in July 2012 resulted in further losses of bitcoins and also foreign currency. After the second breach, the Limited Partnership ceased trading with the remaining trading positions frozen.”

According to documents available to us the LP offered customers a limited licence which allowed the customers to access trading information and to trade bitcoins using Bitcoinica's trading platform, at the customers own risk. As we understand it each customer would take trading positions based on that customer's view of what the value of Bitcoins would be from time to time.

Trading positions would be covered by payments received from the customer in accepted currency, including bitcoins.

From each trade Bitcoinica would be entitled to a fee.

5. STATEMENT OF AFFAIRS

The LP liquidators report that the estimated financial position was as follows:

Funds on hand \$0.5 million (Cash and Bitcoins)

Owed to Customers \$1.2 million

Further to the above we advise from meetings with the director and key third parties, and documents available to us, we understand;

- That there will be a number of frozen trading positions, and that the entitlement to cash at bank, and separately bitcoins is yet to be established; and
- That funds and bitcoins may be held under at least two different account names with a third party trading platform; and
- That as a result of the liquidation of BCL, the limited partnership was terminated, however we note that BCL has an indemnity from the Limited Partnership that survives termination, and that BCL has some obligations that it may need to discharge which we are currently unable to quantify.

- Accordingly, BCL's sole asset against any claim is the indemnity which we are not presently able to value.
- BCL did not have any employees, and was not registered with the IRD at the time of liquidation, therefore there are no preferential creditors.
- BCL did not have any secured creditors according to the Personal Property Securities Register.

6. PROPOSALS FOR CONDUCTING THE LIQUIDATION

We have offered our assistance to the LP liquidators on certain matters likely to affect the outcome of the liquidations.

- 6.1 The liquidators will take steps to realise all the assets, as required to meet any creditor claim that may arise.
- 6.2 The liquidators will recover the books and records, and legal files of the company.
- 6.3 The liquidators will examine the books and records to ensure all assets have been properly accounted for, including investigations into whether the limited partners have properly met their obligations in regard to committed capital. We will also continue to maintain an interest in the recovery of bitcoins lost as a result of the bitcoin thefts.

The liquidators will also conduct an investigation into the affairs of the company and do all those things that would be expected of liquidators.

7. CREDITORS' CLAIMS

Personal Property Securities Act / Reservation of Title

Should any creditor believe that they have registered a Purchase Money Security Interest (PMSI) on the Personal Property Securities Register (PPSR) over any goods, or proceeds from realisation of goods, they should contact this office immediately. We note that as at the date of liquidation that there were no registrations on the PPSR.

If any creditor believes that they have a Reservation of Title over goods and they have not registered their interest on the Personal Property Securities Register, they should also contact this office immediately.

Creditors' Claim Forms

Enclosed is a notice to creditors to prove debts or claims and an Unsecured Creditors' Claim form for completion and return to this office by Thursday, 14 March 2013. If you believe that you are a secured creditor please contact this office and the appropriate form will be sent to you.

In accordance with the Companies Act 1993, the liquidator will issue second and subsequent reports within one month of each successive six monthly period.

Should any creditor wish to receive six monthly reports by email as and when they are published, they should ensure that they provide an email address on the attached creditor claim form.

8. ESTIMATED DATE OF COMPLETION OF LIQUIDATION

It is too early yet to estimate a date of completion for this liquidation.

9. CREDITORS' MEETING

After having regard to the assets and liabilities of the company and the likely result of the liquidation, it is proposed to dispense with a meeting of creditors pursuant to Section 245 of the Companies Act 1993.

We do not, however, wish to preclude creditors from expressing their views. Please contact Iain McLennan of this office if you have any specific enquiries.

You are advised that should you desire a meeting, notice in writing is required within 10 working days of receiving this notice.

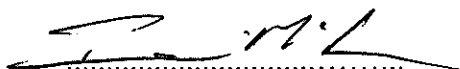
At the time of giving notice you must also state the reason you require a meeting so that an agenda can be prepared and advertised and creditors can be given the opportunity to vote on any issue by voting letter.

Note: Pursuant to Section 314 of the Companies Act 1993 creditors are advised that at any time in the course of the liquidation the liquidator shall, at the request in writing of any creditor or shareholder, call a meeting for the purpose of appointing a Liquidation Committee.

10. WEBSITE www.mvp.co.nz

Creditors are advised that this report and all subsequent reports will be available on the liquidator's website. Further information is also available on this site.

Enquiries to: Iain McLennan
Phone: (09) 303 9512 DDI



IAIN McLENNAN
LIQUIDATOR

DATED this 18th day of February 2013

BITCOINICA CONSULTANCY LIMITED (IN LIQUIDATION)
(formerly known as Core Credit Limited until 30 May 2012)

SCHEDULE OF CREDITORS' NAMES AND ADDRESSES

PURSUANT TO SECTION 255(2)(c)(ii) OF THE COMPANIES ACT 1993

CREDITOR	ADDRESS 1	ADDRESS 2	ADDRESS 3
Not known			

IN THE MATTER of The Companies Act 1993

and

IN THE MATTER of BITCOINICA CONSULTANCY LIMITED
(IN LIQUIDATION)
(formerly known as Core Credit Limited until
30 May 2012)

NOTICE TO CREDITORS TO PROVE DEBTS OR CLAIMS

Notice is hereby given that the undersigned, the Liquidator of Bitcoinica Consultancy Limited (In Liquidation), does hereby fix Thursday, the 14th day of March 2013, as the day on or before which the creditors of the Company are to make their claims, and to establish any priority their claims may have under Section 312 of The Companies Act 1993, or to be excluded from the benefit of any distribution made before such claim is made.


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IAIN McLENNAN
LIQUIDATOR

DATED this *18th* day of February 2013

ADDRESS OF LIQUIDATOR

McDonald Vague
Insolvency Specialists
Level 4, 143 Nelson Street
P.O. Box 6092
Wellesley Street
AUCKLAND

Telephone: (09) 303 0506
Facsimile: (09) 303 0508
Website: www.mvp.co.nz

DATE OF LIQUIDATION: 10 January 2013



The Insolvency & Business Recovery Specialists

PO Box 6092, Wellesley St, Auckland 1141, New Zealand.
Telephone 0-9-303 0506, Facsimile 0-9-303 0508

Unsecured Creditor's Claim

(Also for use by Preferential Creditors)

SECTION 304(1) COMPANIES ACT 1993
(For help see www.mvp.co.nz or email claims@mvp.co.nz)

NAME AND POSTAL ADDRESS OF CREDITOR IN FULL

Telephone Numbers: ()
()

E-Mail

My Reference is:
(if applicable)

* Any personal information collected is for the purpose of administering the liquidation in accordance with the Companies Act 1993.

The information will be used and retained by the liquidators and McDonald Vague and will be released to other parties only with your authorisation or in compliance with the Privacy Act 1993.

Under Section 304(1) of the Companies Act 1993 any claim by an unsecured creditor against a company in liquidation must be in this prescribed form and must –

(a) Contain full particulars of the claim; and
(b) Identify any documents that evidence or substantiate the claim.

You may have access to and request correction of any personal information.

(*Not applicable, if creditor is not an individual within the meaning of the Privacy Act 1993.)

NAME OF COMPANY IN LIQUIDATION:

_____ (IN LIQUIDATION)

I _____

(If claim is made on behalf of creditor, specify relationship to creditor and authority)

claim that the company was at the date it was put into liquidation indebted to the abovenamed creditor for the sum of (Amount in words):

STATUS OF CLAIM:

1. I am an unsecured creditor for
(Also applicable to secured creditors who hereby surrender their security) \$ _____

2. I am a preferential creditor for
(Refer details on reverse) \$ _____

3. My total claim is for
(State currency if other than \$NZ) Other Currency NZ \$ _____

4. I have claimed retention/reservation of title rights pursuant to rights held by me
Note: If you are a secured creditor contact this office and a Secured Creditors Claim Form will be sent to you. Tick if Applicable
(Refer details on reverse)

Full particulars of the claim are set out, and any supporting documents that substantiate the claim, are identified on the reverse of this form.
(The liquidator may require the production of a document under Section 304(2) of the Companies Act 1993. You are **not required to attach any supporting documents** at this stage, but you may attach them now, if you think it would expedite the processing of the claim.)

SIGNED: _____ Date: ____ / ____ / ____

WARNING — It is an offence under Section 304(6) of the Companies Act 1993 to –
Make or authorise the making of, a claim that is false or misleading in a material particular knowing it to be false or misleading; or
Omit, or authorise the omission from a claim of any matter knowing that the omission makes the claim false or misleading in a material particular.

Received (Date Stamp)

RESERVED FOR OFFICE USE:

Claim admitted/rejected for voting purposes: (Delete one) Signed: _____ Date: ____ / ____ / ____

Preferential Claim for: _____ Ordinary Claim for: _____

CLAIM REJECTED FOR PAYMENT: \$ _____ \$ _____

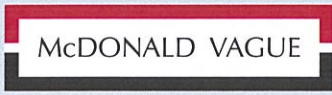
or
CLAIM ADMITTED FOR PAYMENT: \$ _____ \$ _____

Signed Liquidator: _____ Date: ____ / ____ / ____

Note: If the decision to admit or reject a claim is amended, regulation 8 of the Companies Act 1993 Liquidation Regulations 1994 requires that it be recorded in writing.



The Insolvency & Business Recovery Specialists



The Insolvency & Business Recovery Specialists

PO Box 6092, Wellesley St, Auckland 1141, New Zealand.
Telephone 0-9-303 0506, Facsimile 0-9-303 0508

Particulars of Claim

If the creditor owes money to the company, please give full details.

Date	Details of Claim and Identification of Documents that Evidence or Substantiate the Claim	Amount \$

CLAIMS AGAINST INVENTORY (Romalpa Claims)(Consignment Goods) (Retention of Title) etc.

Please provide details of the basis of the retention of title claim filed by you and/or details of entry on the Personal Property Securities Register.

PREFERENTIAL CLAIMANTS ONLY

Guideline

The Seventh Schedule of the Companies Act 1993 sets out those claims which are regarded as preferential and shows their extent and order of priority. For example, wages and salary of any employee in respect of services rendered to the company during the four months preceding the commencement of liquidation are preferential AND the total sum to which priority is to be given in the case of any one employee for wages, holiday pay, deductions, redundancy and child support must not exceed \$20,340 or such greater amount as is prescribed at the commencement of the liquidation.

1. Why do you believe you are a preferential creditor?
(eg. employee, GST, etc) _____
2. Details of your claim: _____

If applicable please record here your GST Registration number: _____

and total GST included in your tax invoice: \$ _____