

Blue Star Capital plc
("Blue Star" or the "Company")

**Restoration of Trading, Termination of Exclusivity Agreement
and General Update**

Blue Star Capital plc (AIM: BLU) provides an update to the proposed acquisition of the entire issued share capital of SatoshiPay Ltd ("SatoshiPay").

The Company announces that, due to difficult market conditions, it has agreed with SatoshiPay not to proceed with the proposed acquisition. The decision is not related to any findings arising from the extensive due diligence work performed on SatoshiPay in the period since the signing of the exclusivity agreement on 26 July 2018. As the period following the suspension was marked by significant uncertainty in global financial markets. It therefore proved more difficult to reach the targeted level of fundraise in the time anticipated. As such, SatoshiPay will continue to operate as a private company.

The extension of the exclusivity agreement, as announced on 20 December 2018, was due to expire on 31 January 2019 and has now been terminated by mutual consent of both parties. As such, the Company has requested that trading in its shares resumes on AIM at 7:30 a.m. on 24 January 2019.

The Company remains supportive of SatoshiPay and confident in its management team. The Company therefore looks forward to supporting SatoshiPay as it continues to further establish itself as a leader in blockchain based micropayment services.

Furthermore, as announced on 20 December 2018, the terms of the convertible loan notes issued by SatoshiPay ("CLN") to the Company were extended to become redeemable on 31 January 2019, after which the Company can convert or redeem the CLN at its election. An update will therefore be made to the market in due course.

The Company has an interest of 30.1 per cent. in SatoshiPay. Based on the valuation of SatoshiPay of £15m at its last fundraising round on 26 July 2018, the Company's shareholding in SatoshiPay is valued at approximately £4.5m. Combined with the carrying value of the Company's other investments totalling £1.5 million, the Company estimates its NAV per share to be approximately 0.30 pence following the Placing.

The Company also announces:

- completion of the Placing;
- the appointment of Sean King as a non-executive director of the Company;
- further information on the current SatoshiPay private fundraise; and
- a general update on SatoshiPay.

Placing

The Company is pleased to announce that it has raised £200,000 (before expenses) through the issue of 111,111,111 new ordinary shares at a price of 0.18 pence per ordinary share (the "Placing"), conditional on the admission of such new ordinary shares to trading on AIM ("Admission").

The proceeds of the Placing are intended to be used principally for working capital purposes and the settlement of certain outstanding adviser fees incurred over the course of the last six months relating to due diligence performed on SatoshiPay.

Application will be made for the new ordinary shares to be admitted to trading on AIM. It is expected that Admission will become effective at 8.00 a.m. on or around 29 January 2019.

The new ordinary shares will be issued credited as fully paid and will rank *pari passu* in all respects with the existing ordinary shares.

Following Admission, the total number of ordinary shares in issue will be 1,992,582,852. The Company does not hold any ordinary shares in treasury. Therefore, the total number of ordinary shares with voting rights will be 1,992,582,852. This figure may be used by shareholders in the Company as the

denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the Financial Conduct Authority's Disclosure and Transparency Rules.

Board Appointment

The Company announces the appointment of Sean King as a non-executive director of the Company with immediate effect.

Mr. King has over 20 years' experience in publishing and digital content, having set up Square One Group in 1994, which was one of the fastest growing independent content agencies in the UK. In 2007, Square One Group was acquired by rival Seven Publishing (backed by Guardian Media Group and Caledonia Investment Trust) with Mr. King acting as CEO for the enlarged group until stepping down in April 2018. Seven was in turn acquired by German content agency C3 (part of Hubert Burda Media) in 2016.

After stepping down as CEO of SevenC3, Mr. King now acts as an independent adviser to a number of brands including Captify, (a fast growing pioneer in Search Intelligence); Octaive (an ad:tech start-up based in London and New York); DADI (a blockchain-powered decentralised global cloud computing network); and Liberty AIM (a new blockchain-powered ethical search engine).

Pursuant to Rule 17 and Schedule 2(g) of the AIM Rules for Companies, the following information is disclosed in respect of Sean Stephen King (aged 54):

Current directorships and partnerships

Cleeve Workshops LLP
Discflipper Limited
Planit LGPM Limited
Seven Custom Publishing Limited
Three S Ventures Limited

Directorships and partnership within the last five years

Blue Door Media Limited
Captify Technologies Limited
Cottage Publishing Limited
Herbert Ypma Images Limited
London Travel Clinic Limited
New Crane Limited
Now Defunct Limited
Planit Gaming Limited
Que Pasa Communications Limited
Seven International Holding Company Limited
Seven Publishing Group Limited
Seven Publishing Limited
Seven Squared Limited
Seven Squared North America Limited
Square One Group Limited
Square One Publishing Limited
The Content Marketing Association Limited

Mr. King holds 6,250,000 ordinary shares in the Company, representing 0.31 per cent. of the Company's total issued share capital.

There is no further information to be disclosed under Schedule 2(g) of the AIM Rules for Companies.

SatoshiPay Fundraise

SatoshiPay is in the process of raising money privately at a valuation of £15 million in order to support its continued growth in 2019. A further update on the progress of this fundraise will be made in due course.

Update on SatoshiPay

SatoshiPay has made significant progress in a number of areas in 2018 and early 2019 including:

- Launching pilot projects with two key publishers (British tech magazine “The Register” and British financial publisher “City A.M.”);
- Introduction of cross-compatibility of SatoshiPay wallets across multiple devices following implementation of an export/import feature in March 2018;
- Security enhancements that include multi-signature authorisation requirements (ensuring lumens in consumer wallets can only be spent within the SatoshiPay ecosystem), and a multi-tiered KYC registration process for publishers wishing to implement the SatoshiPay platform;
- In support of further decentralisation and resilience of the Stellar network, SatoshiPay has started operating the network’s first globally distributed cluster of full validator nodes, thereby maintaining a database of all past ledger operations, with publicly accessible history archives and the fastest available API for querying the ledger;
- Introduction of a referral program allowing publishers to be automatically rewarded when referring new SatoshiPay clients;
- Recognised as the one of the most trusted entities in the Stellar Network, second only to the Stellar Foundation itself;
- Growing the team by strengthening all departments (tech, product, sales and operations), and moving to new offices; and
- Launch of “Solar”, a multi-signature Stellar Lumen wallet with a strong focus on user experience and security.

Additionally, SatoshiPay remains in advanced discussions with a number of potential partners which have taken an interest in its blockchain based micropayment solutions, including multinational corporations and some of Europe’s largest publishing houses.

A more comprehensive summary of these highlights, together with a description of the product pipeline for 2019, can be found on its website <https://satoshipay.io/>.

Tony Fabrizi, CEO of Blue Star said: "We are obviously disappointed not to have completed the proposed acquisition of SatoshiPay. Although there is strong interest in SatoshiPay and its offering, it fell short of the level that had been targeted and we therefore all agreed it was preferable to allow SatoshiPay greater time to build its business as a private company. The work undertaken during the extensive due diligence has strengthened SatoshiPay’s business and that is already showing through in the strong start they have made to 2019. Our confidence in SatoshiPay remains high and we look forward to continuing to work with their management team to help build their business into a leader in blockchain micropayments."

SatoshiPay CEO Meinhard Benn said: "We’ve had an amazing year in 2018, with exciting technological and business advances at SatoshiPay. While timing for the planned completion of the Blue Star acquisition was unfortunate, the strong interest we have seen from institutional investors along the way gives us great confidence that we are on the right track to growing our company into a leading FinTech player in the future."

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014. For further information, please contact:

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