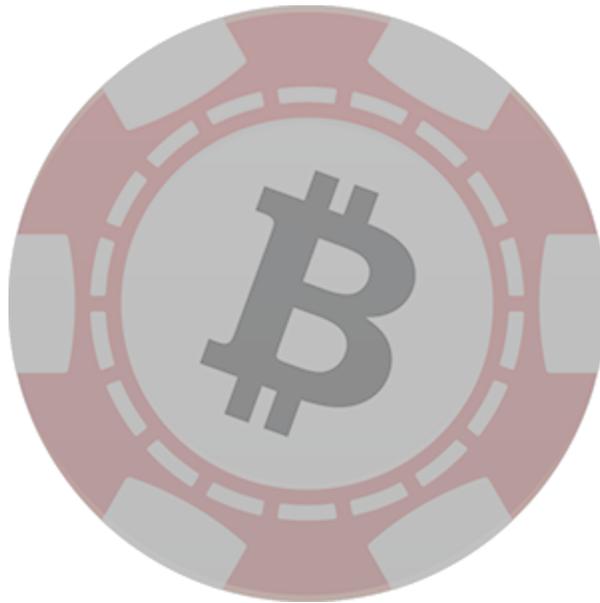


CasinoBitco.in

April 2014 Monthly Report

HavelockInvestments.com



Last Updated: 5/5/2014

Monthly Overview

April was a very exciting month for CasinoBitco.in!

We broke all previous revenue records, bringing in an impressive 50.15 BTC in top line revenue including a 14.42 BTC return from the Sportsbook (a strong showing in that area) plus 33.75 from the Casino and 1.98 from Bit777/Peerbet operations.

Subtracting 26.3471 BTC in monthly expenses left **23.8029 BTC remaining for a monthly dividend of 79 Satoshi**, a new high, and 6.7% increase over last month.

https://docs.google.com/spreadsheet/ccc?key=0AmSWZWkGJ1V3dFpxZHVTN0x6ZldUeHRteWdBd1pMNXc&usp=drive_web#gid=15

Highlights in this report include:

-Update on Bit777/Peerbet performance, reviewing April's battle for profitability, difficulties we encountered and overall health of those properties.

-Detail expenses for April, including those related to security flaws under review with Bit777/Peerbet & CasinoBitco.in

-April successes and encouraging signs for continued growth with CasinoBitco.in, including our proprietary affiliate program (tell your friends & earn!)

-Kick-off of for a new sportsbook odds provider in May - which means more options and higher limits for our players. We feel that we'll really be able to strengthen our sportsbook to a premiere level within the next 60-90 days in conjunction with this technology.

-Technical accomplishments and roadmap, including implementation of Google 2-Factor Authentication for April

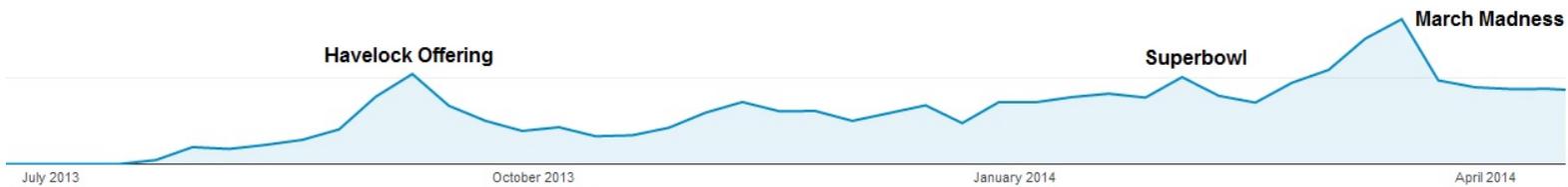
Our overall feel for the month was very positive - as often seems to be necessary, we successfully overcame numerous difficulties - we also strengthened our product and set new financial milestones. Our primary focus continues to be building out a first class online Bitcoin Casino and Sportsbook that can be easily & safely adopted by all players as their online gaming destination of choice. We feel our investments in technology and the right partners are aiding in expediting that process - and we are especially excited to start implementing new betting markets via our new provider early in May.

CasinoBitco.in

Perhaps the best testament to our continued growth is to measure one simple number - repeat visitors. Below, we showcase our past year "Direct" traffic graph from Google Analytics. While we focus mostly on building Organic Search Traffic, driving quality ad conversions & affiliate/social traffic, we thought this was an appropriate time to reflect on the growth of our loyal user base thus far.

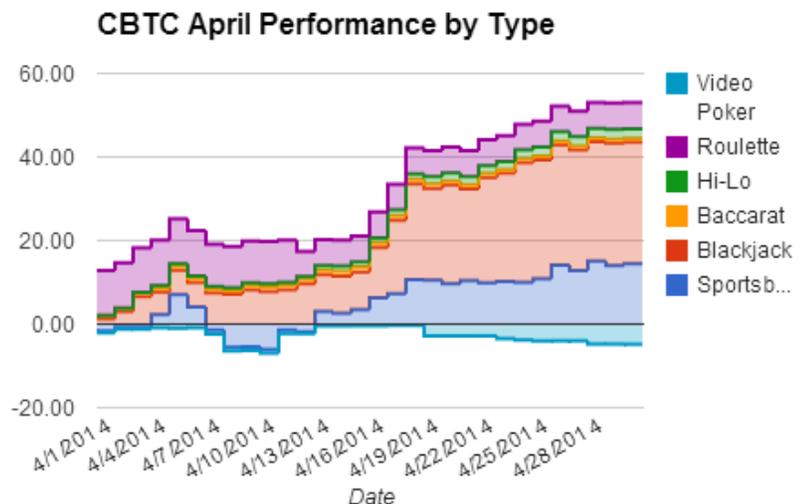
As can be seen from our chart below, we've experienced consistent monthly growth with a few peak and valleys - **averaging 21% per month**. We feel this is the best representation of our user base growth. We can't wait to see where we are for next year's "busy season" - the start of football in September!

We're also very excited at how "busy" we were for March Madness, as this is a great indicator that we are "the place" to go for casual bettors during big events (Note: Traffic for the Kentucky Derby this past weekend was huge as well!)



Clearly what made April really special was our success in the Sportsbook, where we usually suffers occasional losses. We attribute much of this to our new player mapping strategy, and techniques to manage risk with our best bettors, as well as special and very personal promotions around big events, including UFC/MMA. It will be interesting to see the undoubtedly continued positive effects as we implement our new sportsbook provider going forward!

From the graph on the right, readers can see our performance at CBTC by game type through the month - all generally met or exceeded expectations, with the exception of some big payouts benefitting our players again at Video Poker, for the 2nd month running



Bit777/Peerbet

This month was the first month of many where we'll spend noteworthy resources making the Bit777.com and PeerBet.org acquisition an ultimate success. Specifically last month we migrated the code bases for all these applications into a much more hardened environment that can scale proportionally to the large amount of traffic and data being passed from the client to server. We also hired a part-time .NET consultant who will be able to refactor the legacy and underperforming code and SQL procedures running on PeerBet to make it run a lot smoother compared to other Dice competition.

From a financial performance perspective, Bit777/PeerBet underperformed in April - barely breaking even for the month (not including capital and operational expenses incurred). We're attributing this to a Bit777.com exploit which was taken advantage of early in the month - as well as negative variance on relatively small volume. To course-correct, we implored the help of an expert white hat hacker to help find more issues across both sites and are actively plugging known exploits as they surface. Our team is also working on organic search opportunities to help earn more players for both properties - but we stress that most of our efforts are going to take a few months. While we are micromanaging the operations day to day to ensure we spot and mitigate exploits quickly, we still remain bullish on the potential of both Bit777.com and PeerBet.org with time.

Retention & Organic Growth Efforts

CasinoBitco.in executed several in-depth campaigns in April to bring back past players - paying out several BTC in comps to our best Casino players since the inception of CBTC, along with targeted email campaigns inviting players to come back and test our new interface and games. We'll continue to measure the results of these efforts and take new approaches on a regular basis.

In addition, we're stepping up our efforts at organic marketing, launching regular promotions targeted around our monthly events calendar, currently published on our blog (<http://gambleonlinewithbitcoin.com/blog/?p=183>), coupled with email & forum campaigns - thus far, with very promising community response.

Marketing/SEO

Our marketing/advertising spend continues to be an area for small steps and careful measurement as we continue to seek a positive return on our investment in this area. If we see the right opportunity that we feel will draw serious traffic, we'll assign more budget to our spend here - however, we want to make CBTC as ready as an offering with best conversion rate we can muster before any serious spending.

In April, our spend continued at roughly 2 BTC targeted towards Peerbet vouchers and banner ads which also referred another 25 sign-ups to CasinoBitco.in with mixed results. We'll evaluate the impact of advertising on both Peerbet/Bit777 and CBTC in May (*Note: vouchers are currently on hold as we explore Peerbet.com site security*).

Another area of focus for May will be increased outreach to our referrers to make sure they are familiar with, and having success, with our affiliates program. We feel **organic growth is always the best and most cost effective growth** - and this will be the best place to focus. Potential affiliates are encouraged to reach out to affiliates@casinobitco.in directly!

On the SEO front, in addition to the keyword changes below (which indicate increased competition or competitive SEO expertise on some, and improvements by us in others), we're engaging a SEO improvement and content firm for direct involvement supporting all 4 of our web properties. We've put together an in-depth plan to add focused content and links to CasinoBitco.in that would surely increase our SEO foothold, and will be moving forward through further negotiations, planning, and ultimately execution on these efforts as soon as mid-May via a redesigned CasinoBitco.in and other properties to support all this added content. SEO is a lot of work, and these efforts and SEO-focused updates would continue on a monthly basis via our third party SEO provider.

Keyword	Rank	Previous
bitcoin blackjack	7	5
bitcoin casino	10	9
bitcoin gambling	29	33
bitcoin mma	3	2
bitcoin ncaab	2	3
bitcoin ncaaf	1	4
bitcoin nfl	8	4
bitcoin sportsbook	6	8
bitcoin tennis	4	4
bitocin nhl	9	5
btc baccarat	0	0
btc blackjack	13	0
btc casino	5	40

btc gambling	0	0
btc roulette	0	0
btc sportsbook	9	5
html5 baccarat	7	8
html5 blackjack	4	2
html5 hi-lo	6	20
html5 roulette	57	64
provably fair bacc	3	3
provably fair black	7	10
provably fair hi-lo	7	9
provably fair roulette	18	18

Technical Product Accomplishments

1. As mentioned earlier in this report, one of the rather large projects we had to undertake as a first-step necessary to merge Bit777/PeerBet under the CasinoBitco.in umbrella was **migrating the code bases to our hosting environment**. This took quite a bit of planning and test execution as the previous owners were running SQL Server, IIS (for 3 sites), 8 Wallets, and an App Server *all on 1 Machine*. As we migrated the code base into our infrastructure, we separated key components logically to help ensure the sites operate much more efficiently and scale as demand increases.

2. In rapid fashion we were able to **successfully integrate our Sportsbook into our new 3rd party hosted odds maker**. Beginning this week, we will slowly migrate most offerings over to this managed model - starting with NBA and followed by MLB and other sports once we are comfortable with performance. By virtue of migrating to this model we can now effectively scale our max bets and offer even more types of betting options over time to help ensure that CasinoBitco.in stands out amongst its peers.

3. Based on several users getting their credentials hacked by brute force measures, we implemented enhanced security around authentication and session management on CasinoBitco.in. Further, by very popular community demand - we **introduced Google 2 Factor Authentication** to help users better protect their accounts and balances with us.

4. Early in the month we acquired the talents of a white hat hacker who consulted on our behalf finding holes and security vulnerabilities on CasinoBitco.in - and he found many almost in every casino game we offer. Luckily for us - these exploits never truly cost us 'real' bitcoin as the withdrawal system would have caught each anomaly in gameplay and would have forced a manual review of the play before processing the withdrawal. That said, it's important for our

product to be locked down and exploit free, **and we're happy to have closed 14 different defects / exploits!**

Near Term Product Developments

1. We are currently in negotiations with a 3rd party SEO firm to help us gain better traction across all our properties. As a short term tactic, we are going to re-launch our blog (www.gambleonlinewithbitcoin.com) as blog.casinobitco.in. We are also going through an extensive audit of all pages on CasinoBitco.in to ensure they are optimized for search engines and the content is properly updated.
2. While we plug defects on the Bit777/PeerBet side, we will be looking to optimize the Dice and Wheel portions of PeerBet, potentially converting from VB.NET to C# based on advice from our .NET consultant. We are also going to be switching out Anonicoin for DarkCoin based on a community poll that ran on Bitcointalk.org.
3. Our design team is finalizing a new revision of the global nav (for both unauthenticated and authenticated) which we are hopeful to introduce as early as this week. The team is also looking to reskin every Casino game we offer on CasinoBitco.in to make them more uniform and part of one consistent and true brand.
4. We are looking into offering a Peer to Peer game to celebrate the World Cup which is set to begin in June. Similar to our Survivor Pool in NFL and March Madness Squares - we feel a community game will help draw new users to CasinoBitco.in, ultimately converting them into long-term players.
5. Our product team will begin construction of a new HTML5 Casino Game which we aim to launch on CasinoBitco.in in Q214 - making us the leading HTML5 Bitcoin Casino with 6 games (*and a sportsbook - which no other HTML5 Casino offers*).

Expenses / Investment back into the Company

Most of our long-term investors will notice an uptick in Expenses incurred in April. While we have always shared our P&L publicly, we want to take a moment out in this report to callout the uptick in expenses and how they relate to reinvestment back into the company.

- We spent more than our usual allocated budget in Player Comps this month due to two primary reasons. First, for all users who had their accounts compromised due to brute force attacks - we made them partially “whole” as a sign of good gesture to help retain them and not leave with a bad taste in their mouth. Second, we are trialing a best-in-class comp system for our loyal Casino players. We’re hopeful we can fine-tune this program over the next few weeks - and ultimately steal some whales from other sites which offer little or no Comp program (there are many).

- As we grow beyond just one property, the cost to run these sites is obviously increasing. This includes relatively expensive hosting for the Microsoft properties Bit777/ PeerBet, as well as support staff to help address issues that arise from any of our 3 properties.

- CasinoBitco.in is gaining significant traction in the Bitcoin Gaming community, and we are now becoming a target for hackers. With that, we need to spend money on hardening the platform not just from a user security perspective but also from a game exploit perspective.

- We have, and will continue to, inject resources into Bit777 / PeerBet sites to make them run more optimal, upgrade the user experience, and ultimately merge all users into 1 user base so we can seamlessly single-sign-on across all 3 properties hopefully in a few months. We believe this strategy is the best not just for our bottom-line as we’ll have more “sticky” users - but will benefit our user base the most as CasinoBitco.in can be their one-stop shop for all their Bitcoin gaming desires.

About CasinoBitco.in:

After months of groundwork, CasinoBitco.in was launched in earnest in May 2013 with the vision of bringing bitcoin as a comprehensive online gaming chip to the masses. CasinoBitco.in is based in Panama. With each passing week and the progress it brings, we are ever-closer to our goal - appealing to the gaming market through a truly unique hybrid of proprietary, entertaining casino games and sportsbook, and revolutionizing online gaming with “provably-fair” mechanics building upon the versatility of bitcoin.

Visit our social media platforms here:

<https://www.facebook.com/casinobitcoin>

<https://twitter.com/casinobitcoin>

Appendix

View our public documents, including full P&L, here: [Public Drive](#)