

OSPREY BITCOIN TRUST

A Delaware Trust

Sponsored by

Osprey Funds, LLC
1241 Post Road, 2nd Floor
Fairfield, CT 06824
Telephone: (914) 214-4697
www.ospreyfund.io

Primary Standard Industrial Code: 6221

QUARTERLY REPORT

For the period ending March 31, 2024

(the “Reporting Period”)

Units Representing Common Units of Fractional Undivided Beneficial Interest

No Par Value Per Unit Unlimited Units Authorized

5,940,536 Units Issued and Outstanding as of March 31, 2024

8,340,536 Units Issued and Outstanding as of December 31, 2023

Osprey Funds, LLC (the “Sponsor”), on behalf of Osprey Bitcoin Trust (the “Trust”), is responsible for the content of this quarterly report for the quarter ended March 31, 2024 (the “Quarterly Report”), which has been prepared to fulfill the disclosure requirements of the OTCQX marketplace. The information contained in this Quarterly Report has not been filed with, or approved by, the U.S. Securities and Exchange Commission (the “SEC”) or any state securities commission. Any representation to the contrary is a criminal offense.

All references to “the Trust,” “the Sponsor,” “the Issuer,” “Osprey Bitcoin Trust,” “we,” “us” or “our” refers to the Trust or the Sponsor, as the context indicates. The Trust is a passive entity with no operations, and where the context requires, we provide disclosure with respect to the Sponsor, which administers the Trust.

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933 (“Securities Act”) and Rule 12b-2 of the Securities Exchange Act of 1934).
Yes No

Indicate by check mark whether the company’s shell status has changed since the previous reporting period. Yes No

Indicate by check mark whether a change in control of the company has occurred over this reporting period. Yes No

This Quarterly Report reflects financial results through March 31, 2024. It was prepared as of May 14, 2024.

Capitalized terms used herein shall have the meanings ascribed to them in the by the Second Amended and Restated Declaration of Trust and Trust Agreement dated November 1, 2020, as amended by the Amendment to Trust Agreement dated April 15, 2022 and second Amendment to the Trust Agreement, dated as of January 18, 2024 (the “Trust Agreement”) or the Confidential Private Placement Memorandum Offering Shares in Osprey Bitcoin Trust (“PPM”), dated as of May 18, 2021.¹

¹ The Current version of the PPM is available from the Sponsor at ospreyfund.io.

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Exhibit 1: Unaudited financial statements as of March 31, 2024 and for the three months ended March 31, 2024.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report contains “forward-looking statements” with respect to the Trust’s financial conditions, results of operations, plans, objectives, future performance and business. Statements preceded by, followed by or that include words such as “may,” “might,” “will,” “should,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential” or “continue,” the negative of these terms and other similar expressions are intended to identify some of the forward-looking statements. All statements (other than statements of historical fact) included in this Quarterly Report that address activities, events or developments that will or may occur in the future, including such matters as changes in market prices and conditions, the Trust’s operations, the Sponsor’s plans and references to the Trust’s future success and other similar matters are forward-looking statements. These statements are only predictions. Actual events or results may differ materially from such statements. These statements are based upon certain assumptions and analyses the Sponsor made based on its perception of historical trends, current conditions and expected future developments, as well as other factors appropriate in the circumstances. You should specifically consider the numerous risks outlined under “Risk Factors” in our Annual Report. Whether or not actual results and developments will conform to the Sponsor’s expectations and predictions, however, is subject to a number of risks and uncertainties, including:

- the inability to redeem Units;
- our Sponsor’s ability to provide strategic alternatives to maximize unitholder value or its ability to liquidate and dissolve the Trust pursuant to a specific timeline;
- the economic conditions and risks associated with the Bitcoin industry and market, including competition from exchange-traded Bitcoin products;
- general economic, market and business conditions;
- the use of technology by us and our vendors, including Coinbase Custody Trust Company, LLC, the Trust’s Custodian, in conducting our business, including disruptions in our computer systems and data centers and our transition to, and quality of, new technology platforms;
- changes in laws or regulations, including those concerning taxes, made by governmental authorities or regulatory bodies;
- the costs and effect of any litigation or regulatory investigations;
- our ability to maintain a positive reputation
- lack of an organized trading market for the Units and the risk that any organized trading market that seeks to provide liquidity for the sale of Units in the future will not provide sufficient liquidity for Unitholders seeking to sell their Units or otherwise does not operate efficiently ; and
- other world economic and political developments.

Consequently, all the forward-looking statements made in this Quarterly Report are qualified by these cautionary statements, and there can be no assurance that the actual results or developments the Sponsor anticipates will be realized or, even if substantially realized, that they will result in the

expected consequences to, or have the expected effects on, the Trust's operations or the value of the Units. Should one or more of the risks discussed under "Risk Factors" in our Annual Report or other uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those described in forward-looking statements. Forward-looking statements are made based on the Sponsor's beliefs, estimates and opinions on the date the statements are made and neither the Trust nor the Sponsor is under a duty or undertakes an obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, other than as required by applicable laws. Moreover, neither the Trust, the Sponsor, nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. Investors are therefore cautioned against relying on forward-looking statements.

The risk factors included in our Annual Report continue to apply to us, and describe risks and uncertainties that could cause actual results to differ materially from the results expressed or implied by the forward-looking statements contained in this Quarterly Report. There have not been any material changes from the risk factors previously described in our Annual Report.

Item 1. The exact name of the issuer and the address of its principal executive offices.

The name of the Trust is Osprey Bitcoin Trust.

The address of the Sponsor is: Osprey Funds, LLC
1241 Post Road, 2nd Floor
Fairfield, CT 06824

The Sponsor's telephone number is: (914) 214-4697

The Sponsor's website: The Sponsor maintains a corporate website, www.ospreyfund.io,

which contains general information about the Trust and the Sponsor. The reference to our website is an interactive textual reference only, and the information contained on our website shall not be deemed incorporated by reference herein.

Investor relations contact: Osprey Funds, LLC
1241 Post Road, 2nd Floor
Fairfield, CT 06824
Telephone: (914) 214-4697
Email: IR@ospreyfund.io

Item 2. Shares outstanding.

As of March 31, 2024, there were 5,940,536 Units issued and outstanding. 61,776 of the Units are restricted securities that may not be resold absent registration or an exemption from registration under the Securities Act, and 5,878,760 of the Units are unrestricted securities. As of March 31, 2024, there were 40 shareholders owning at least 100 Units, and 40 Shareholders of record. This includes Cede & Co. as nominee for DTC for the Units traded on OTCQX. Therefore, this number does not include the individual holders who have bought Units on OTCQX or transferred their eligible Units to their brokerage accounts. Because most of the Trust's Units are held by brokers and other institutions on behalf of unitholders, we are unable to estimate the total number of unitholders represented by these record holders.

Item 3. Interim financial statements.

The Trust's unaudited interim financial statements as of March 31, 2024, and for the three months ended March 31, 2024 are attached as Exhibit 1 to this Quarterly Report. The historical results presented herein and therein are not necessarily indicative of financial results to be achieved in future periods. The Trust's unaudited financial statements attached as Exhibit 1 to this Quarterly Report are incorporated herein by reference and are considered as part of this Quarterly Report.

Item 4. Management's discussion and analysis.

The following discussion and analysis of our financial condition and results of operations should be read together with, and is qualified in its entirety by reference to, our unaudited financial statements and related notes included elsewhere in this Quarterly Report, which have been prepared in

accordance with GAAP. The following discussion may contain forward-looking statements based on current expectations that involve risks and uncertainties. Our actual results could differ materially from those discussed in these forward-looking statements as a result of various factors, including those set forth under “Cautionary Note Regarding Forward-Looking Statements” or in other sections of this Quarterly Report.

Trust Overview

The investment objective of the Trust is for the Units to track the price of Bitcoin, less liabilities and expenses of the Trust. The Units are designed as a convenient and cost-effective method for investors to gain investment exposure to Bitcoin, similar to a direct investment in Bitcoin.

The Trust will not be actively managed. It will not engage in any activities designed to obtain a profit from, or to ameliorate losses caused by, changes in the market prices of BTC.

Proceeds received by the Trust from the issuance and sale of Units consist of Bitcoin deposits and forked or airdropped cryptocurrency coins from the Bitcoin Network, or their respective U.S. dollar cash equivalents. Such Bitcoins (or cash equivalent) will only be (1) owned by the Trust and held by the Custodian (or, if cash, used by the Sponsor to purchase Bitcoins to be held by the Custodian), (2) disbursed (or converted to U.S. dollars, if necessary) to pay the Trust’s expenses, (3) distributed to Accredited Investors (subject to obtaining regulatory approval from the SEC described below) in connection with the redemption of Units, (4) distributed (or converted to U.S. dollars, prior to distribution) to Unitholders as dividends, and (5) liquidated in the event that the Trust terminates or as otherwise required by law or regulation.

The Trust conducts its transactions in Bitcoin, including receiving Bitcoin for the creation of Units and delivering Bitcoin for the redemption of Units (if a redemption program were to be established) and for the payment of the Management Fee.

At this time, the Trust is not operating a redemption program for Units and therefore Units are not redeemable by the Trust. In addition, the Trust may halt issuances of Units for extended periods of time.

As a result, when traded on any secondary market, the Units may trade at a substantial premium over, or discount to, the value of the BTC held by the Trust, less the Trust’s expenses and other liabilities.

On March 5, 2024, the Trust filed a certification on Form 15 with the Securities and Exchange Commission to terminate the registration of the Trust’s Units under Section 12(g) of the Securities Exchange Act of 1934, as amended. The Trust also announced that, as part of the strategic process, the Sponsor plans to consider a wide range of options and is in various discussions about a potential sale of the Trust to, or merger with, an existing Bitcoin exchange-traded fund. In the event such talks do not conclude positively, the Sponsor intends to liquidate and dissolve the Trust within 180 days from March 5, 2024.

Trust Expenses

The Trust is expected to pay the remuneration due to the Sponsor (the “Management Fee” or “Sponsor Fee”). The Management Fee is charged by the Sponsor to the Trust at an annual rate of

0.49% of the daily Net Asset Value of the Trust and accrues daily in Bitcoin. The Management Fee is payable at the Sponsor's sole discretion, in Bitcoin or in U.S. Dollars for the Bitcoin Market Price (as defined herein) in effect for such Bitcoin at the time of payment.

In accordance with the Trust Agreement, the Sponsor bears the routine operational, administrative and other ordinary administrative operating expenses of the Trust (the "Assumed Expenses") other than audit fees, index license fees, aggregate legal fees in excess of \$50,000 per annum and the fees of the Custodian ("Excluded Expenses") and certain extraordinary expenses of the Trust, including but not limited to taxes and governmental charges, expenses and costs, expenses and indemnities related to any extraordinary services performed by the Sponsor (or any other service provider, including the Trustee) on behalf of the Trust to protect the Trust or the interest of Unitholders, indemnification expenses, fees and expenses related to public trading on OTCQX ("Extraordinary Expenses").

Review of Financial Results

Unaudited financial statements as of March 31, 2024 and for the three months ended March 31, 2024 are attached as Exhibit 1 to this Quarterly Report.

Item 5. Legal proceedings.

There are no current, past, pending or, to the Trust's knowledge, threatened legal proceedings or administrative actions either by or against the Trust or the Sponsor that could have a material effect on the Trust's or the Sponsor's business, financial condition, or operations and any current, past or pending trading suspensions by a securities regulator.

Item 6. Defaults upon senior securities.

None.

Item 7. Other information.

None.

Item 8. Exhibits.

Exhibit 1: Unaudited financial statements as of March 31, 2024 and for the three months ended March 31, 2024.

Item 9. Issuer's certifications.

Certification

I, Gregory D. King, certify that:

1. I have reviewed this quarterly disclosure statement, exhibits, and all notes thereto of Osprey Bitcoin Trust;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Date: May 14, 2024

/s/ Gregory D. King

By: Gregory D. King

Title: Chief Executive Officer of
Osprey Funds, LLC

Certification

I, Robert J. Rokose, certify that:

1. I have reviewed this quarterly disclosure statement, exhibits, and all notes thereto of Osprey Bitcoin Trust;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Dated: May 14, 2024

/s/ Robert J. Rokose

By: Robert J. Rokose

Title: Chief Financial Officer of
Osprey Funds, LLC

Exhibit 1

Unaudited financial statements as of March 31, 2024 and for the three months ended March 31, 2024.



**Osprey Bitcoin Trust
Financial Statements**

March 31, 2024

Osprey Bitcoin Trust

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Osprey Bitcoin Trust
Statements of Assets and Liabilities
March 31, 2024 (unaudited) and December 31, 2023

(Amounts in U.S. dollars, except units issued and outstanding)

	March 31, 2024 (Unaudited)	December 31, 2023
Assets		
Investment in Bitcoin, at fair value (cost \$72,803,650 and \$75,663,326, respectively)	\$ 138,304,951	\$ 115,545,433
Cash	301	370
Other assets	28,179	76,531
Total assets	<u>138,333,431</u>	<u>115,622,334</u>
Liabilities		
Management Fee payable	77,779	48,081
Due to Sponsor	301	370
Other payable	77,556	109,619
Total liabilities	<u>155,636</u>	<u>158,070</u>
Net assets	<u>\$ 138,177,795</u>	<u>\$ 115,464,264</u>
Net assets		
Paid-in capital	\$ 76,978,282	\$ 76,978,282
Redemptions	(54,057,318)	-
Accumulated net investment loss	(3,881,626)	(3,352,516)
Accumulated net realized gain on investment in Bitcoin	53,636,266	1,951,467
Accumulated net change in unrealized appreciation (depreciation) on investment in Bitcoin	65,502,191	39,887,031
	<u>\$ 138,177,795</u>	<u>\$ 115,464,264</u>
Units issued and outstanding, no par value (unlimited Units authorized)	<u>5,940,536</u>	<u>8,340,536</u>
Net asset value per Unit	<u>\$ 23.26</u>	<u>\$ 13.84</u>

The accompanying notes are an integral part of these financial statements.

Osprey Bitcoin Trust
Schedules of Investment
March 31, 2024 (unaudited) and December 31, 2023

(Amounts in U.S. dollars, except units)

March 31, 2024 (Unaudited)	Units	Fair Value	Percentage of Net Assets
Investment in Bitcoin , at fair value (cost \$72,803,650)	<u>1,952.33</u>	<u>\$ 138,304,951</u>	<u>100 %</u>
Liabilities, less cash and other assets		<u>(127,156)</u>	<u>0 %</u>
Net assets		<u>\$ 138,177,795</u>	<u>100 %</u>
December 31, 2023	Units	Fair Value	Percentage of Net Assets
Investment in Bitcoin , at fair value (cost \$75,663,326)	<u>2,750.14</u>	<u>\$ 115,545,433</u>	<u>100 %</u>
Liabilities, less cash and other assets		<u>(81,169)</u>	<u>0 %</u>
Net assets		<u>\$ 115,464,264</u>	<u>100 %</u>

The accompanying notes are an integral part of these financial statements.

Osprey Bitcoin Trust
Statements of Operations
For the three months ended March 31, 2024 and 2023

(Amounts in U.S. dollars)

	Three months ended March 31, 2024 (Unaudited)	Three months ended March 31, 2023 (Unaudited)
Expenses		
Management Fee	\$ 176,449	\$ 76,394
Professional fees	191,680	39,685
Custodian fees	53,989	23,554
Other	106,992	66,335
Total expenses	<u>529,110</u>	<u>205,968</u>
Net investment loss	<u>(529,110)</u>	<u>(205,968)</u>
Net realized gain and net change in unrealized appreciation on investment in Bitcoin		
Net realized gain on investment in Bitcoin	51,684,799	108,356
Net change in unrealized appreciation on investment in Bitcoin	<u>25,615,160</u>	<u>33,095,266</u>
Total net realized gain and net change in unrealized appreciation on investment in Bitcoin	<u>77,299,959</u>	<u>33,203,622</u>
Net increase in net assets resulting from operations	<u>\$ 76,770,849</u>	<u>\$ 32,997,654</u>

The accompanying notes are an integral part of these financial statements.

Osprey Bitcoin Trust
Statements of Changes in Net Assets
For the three months ended March 31, 2024 and 2023

(Amounts in U.S. dollars, except units issued and outstanding)

	Three months ended March 31, 2024 (Unaudited)	Three months ended March 31, 2023 (Unaudited)
Increase (decrease) in net assets from operations		
Net investment loss	\$ (529,110)	\$ (205,968)
Net realized gain on investment in Bitcoin	51,684,799	108,356
Net change in unrealized appreciation on investment in Bitcoin	<u>25,615,160</u>	<u>33,095,266</u>
Net increase in net assets resulting from operations	<u>76,770,849</u>	<u>32,997,654</u>
Decrease in net assets from capital transactions		
Redemptions	<u>(54,057,318)</u>	<u>-</u>
Net decrease in net assets resulting from capital transactions	<u>(54,057,318)</u>	<u>-</u>
Net increase in net assets	<u>22,713,531</u>	<u>32,997,654</u>
Net assets at the beginning of the period	115,464,264	46,014,780
Net assets at the end of the period	<u>\$ 138,177,795</u>	<u>\$ 79,012,434</u>
Change in units issued and outstanding		
Shares issued and outstanding at the beginning of the period	8,340,536	8,340,536
Redemptions	<u>(2,400,000)</u>	<u>-</u>
Shares issued and outstanding at the end of the period	<u>5,940,536</u>	<u>8,340,536</u>

The accompanying notes are an integral part of these financial statements.

Osprey Bitcoin Trust

Notes to the Financial Statements (unaudited)

As of March 31, 2024

1. Organization

Osprey Bitcoin Trust (the “Trust”) is a Delaware Statutory Trust, formed on January 3, 2019, which commenced operations on January 22, 2019, and is governed by the Second Amended and Restated Declaration of Trust and Trust Agreement dated November 1, 2020, as amended by the Amendment to Trust Agreement dated April 15, 2022 and second Amendment to the Trust Agreement, dated as of January 18, 2024 (the “Trust Agreement”). In general, the Trust holds Bitcoin and, from time to time, issues common units of fractional undivided beneficial interest (“Units”) in exchange for Bitcoin. The investment objective of the Trust is for the Units to track the price of Bitcoin, less liabilities and expenses of the Trust. The Units are designed as a convenient and cost-effective method for investors to gain investment exposure to Bitcoin, similar to a direct investment in Bitcoin.

Osprey Funds, LLC (the “Sponsor”) acts as the sponsor of the Trust. Other funds under the Osprey name are also managed by the Sponsor. The Sponsor is responsible for the day-to-day administration of the Trust pursuant to the provisions of the Trust Agreement. The Sponsor is responsible for preparing and providing annual reports on behalf of the Trust to investors and is also responsible for selecting and monitoring the Trust’s service providers. As consideration for the Sponsor’s services, the Trust pays the Sponsor a Management Fee (as defined herein) as discussed in Notes 2 and 5. As of January 1, 2024, Rex Shares, LLC (“Rex Shares”) entered into agreements with the Sponsor to provide operational services to the Sponsor. As of January 31, 2024, Rex Financial, LLC was formed and became the parent company to Rex Shares.

Coinbase Custody Trust Company, LLC (the “Custodian”) is the digital asset custodian of the Trust. Fidelity Digital Assets Services, LLC (“FDAS”) served as our digital asset custodian until March 2022. The Custodian is responsible for safeguarding the Bitcoin held by the Trust.

The transfer agent for the Trust (the “Transfer Agent”) is Continental Stock Transfer & Trust Company. The Transfer Agent is responsible for the issuance and redemption of Units, the payment, if any, of distributions with respect to the Units, the recording of the issuance of the Units and the maintaining of certain records therewith.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements are expressed in US dollars and have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”). The Trust qualifies as an investment company for accounting purposes pursuant to the accounting and reporting guidance under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 946, Financial Services – Investment Companies. The Trust is not registered with U.S. Securities and Exchange Commission (“SEC”) under the Investment Company Act of 1940.

Osprey Bitcoin Trust

Notes to the Financial Statements (unaudited)

As of March 31, 2024

Use of Estimates

GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. The most significant estimate in the financial statements is the fair value of investments in Bitcoin. Actual results could differ from those estimates and these differences could be material.

Cash

Cash is received by the Trust from investors and converted into Bitcoin for investment. At times, bank deposits may be in excess of federally insured limits. In accordance with ASC 230 “Statement of Cash Flows,” the Trust qualifies for an exemption from the requirement to provide a statement of cash flows and has elected not to provide a statement of cash flows.

Subscriptions and Redemptions of Units

Proceeds received by the Trust from the issuance and sale of Units consist of Bitcoin deposits and forked or airdropped cryptocurrency coins from the Bitcoin Network, or their respective U.S. dollar cash equivalents. Such Bitcoins (or cash equivalent) will only be (1) owned by the Trust and held by the Custodian (or, if cash, used by the Sponsor to purchase Bitcoins to be held by the Custodian), (2) disbursed (or converted to U.S. dollars, if necessary) to pay the Trust’s expenses, (3) distributed to Accredited Investors (subject to obtaining regulatory approval from the SEC described below) in connection with the redemption of Units, (4) distributed (or converted to U.S. dollars, prior to distribution) to Unitholders as dividends, and (5) liquidated in the event that the Trust terminates or as otherwise required by law or regulation.

The Trust conducts its transactions in Bitcoin, including receiving Bitcoin for the creation of Units and delivering Bitcoin for the redemption of Units (if a redemption program were to be established) and for the payment of the Management Fee.

During June 2020, the Trust began a continuous offering of up to \$5,000,000 of Units with no par value, each Unit representing a fractional undivided beneficial interest in the Trust. 154,183 Units were sold to both accredited and non-accredited investors in an offering of up to \$5,000,000 of Units, dated June 1, 2020, registered in Connecticut and qualified in New York, pursuant to Rule 504 of Regulation D under the Securities Act of 1933, as amended (the “Securities Act”) (“Rule 504 Offering”). The Rule 504 Offering closed on August 12, 2020.

On November 12, 2020, the Trust began an offering of an unlimited number of Units pursuant to Rule 506(c) under the Securities Act (“November 2020 Offering”). 4,206,224 Units were sold in the November 2020 Offering.

On January 14, 2021, the Financial Industry Regulatory Authority (“FINRA”) determined that the Trust’s Units met the criteria for trading on the over-the-counter market (“OTC Market”). On February 16, 2021, the Trust’s Units began trading in the OTC Market, operated by OTC Markets Group, Inc., under the ticker symbol “OBTC.” On March 3, 2021, the Trust’s Units began trading in the OTCQX tier of the OTC Market, under the ticker symbol “OBTC.”

Osprey Bitcoin Trust

Notes to the Financial Statements (unaudited)

As of March 31, 2024

On March 5, 2024, the Trust had filed a certification on Form 15 with the Securities and Exchange Commission to terminate the registration of the Trust's Units under Section 12(g) of the Securities Exchange Act of 1934, as amended. The Trust had also announced that, as part of the strategic process, the Sponsor planned to consider a wide range of options and is in various discussions about a potential sale of the Trust to, or merger with, an existing Bitcoin ETF.

Effective November 1, 2021, the Trust suspended the November 2020 Offering under Rule 506(c) under the Securities Act.

In the event such talks do not conclude positively, the Sponsor intends to liquidate and dissolve the Trust within 180 days from March 5, 2024.

As of March 31, 2024, there were 5,940,536 Units issued and outstanding. 61,776 of the Units are restricted securities that may not be resold absent registration or an exemption from registration under the Securities Act, and 5,878,760 of the Units are unrestricted securities.

As of March 31, 2024, the Trust does not operate a redemption program.

Investment Transactions and Revenue Recognition

The Trust identifies Bitcoin as an "other investment" in accordance with ASC 946. The Trust records its investment transactions on a trade date basis and changes in fair value are reflected as the net change in unrealized appreciation or depreciation on investments. Realized gains and losses are calculated using a first in, first out method. Realized gains and losses are recognized in connection with transactions including settling obligations for the Management Fee and other expenses in Bitcoin.

Management Fee

The Trust is expected to pay the remuneration due to the Sponsor (the "Management Fee" or "Sponsor Fee"). The Management Fee is charged by the Sponsor to the Trust at an annual rate of 0.49% of the daily Net Asset Value of the Trust and accrues daily in Bitcoin. The Management Fee is payable at the Sponsor's sole discretion, in Bitcoin or in U.S. Dollars for the Bitcoin Market Price (as defined herein) in effect for such Bitcoin at the time of payment.

Trust Expenses

In accordance with the Trust Agreement, the Sponsor bears the routine operational, administrative and other ordinary administrative operating expenses of the Trust (the "Assumed Expenses") other than audit fees, index license fees, aggregate legal fees in excess of \$50,000 per annum and the fees of the Custodian ("Excluded Expenses") and certain extraordinary expenses of the Trust, including but not limited to taxes and governmental charges, expenses and costs, expenses and indemnities related to any extraordinary services performed by the Sponsor (or any other service provider, including the Trustee) on behalf of the Trust to protect the Trust or the interest of Unitholders, indemnification expenses, fees and expenses related to public trading on OTCQX ("Extraordinary Expenses").

Osprey Bitcoin Trust

Notes to the Financial Statements (unaudited)

As of March 31, 2024

Fair Value Measurements

The Trust's investment in Bitcoin is stated at fair value in accordance with ASC 820-10 "Fair Value Measurements," which outlines the application of fair value accounting. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. ASC 820-10 requires the Trust to assume that Bitcoin is sold in its principal market to market participants or, in the absence of a principal market, the most advantageous market. Principal market is the market with the greatest volume and level of activity for Bitcoin, and the most advantageous market is defined as the market that maximizes the amount that would be received to sell the asset or minimizes the amount that would be paid to transfer the liability, after taking into account transaction costs. The principal market is generally selected based on the most liquid and reliable exchange (including consideration of the ability for the Trust to access the specific market, either directly or through an intermediary, at the end of each period).

GAAP utilizes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Trust. Unobservable inputs reflect the Trust's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Trust has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, these valuations do not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary by investment. To the extent that valuations are based on sources that are less observable or unobservable in the market, the determination of fair value requires more judgment. Fair value estimates do not necessarily represent the amounts that may be ultimately realized by the Trust.

Definition of Net Asset Value

The net asset value ("NAV") of the Trust is used by the Trust in its day-to-day operations to measure the net value of the Trust's assets. The NAV is calculated on each business day and is equal to the aggregate value of the Trust's assets less its liabilities (which include accrued but unpaid fees and expenses, both estimated and finally determined), based on the Bitcoin Market Price. In calculating the value of the Bitcoin held by the Trust on any business day, the Trust will use the market price as

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of 4:00 p.m. New York time. The Trust will also calculate the NAV per Unit of the Trust daily, which equals the NAV of the Trust divided by the number of outstanding Units (the “NAV per Unit”). The Trust considers 4:00 p.m. New York time as a cut off for the end of day reporting.

3. Fair Value of Bitcoin

The investment measured at fair value on a recurring basis and categorized using the three levels of fair value hierarchy consisted of the following as of December 31, 2023, and December 31, 2022:

March 31, 2024	Number of Bitcoin	Per Bitcoin Fair Value	Amount at Fair Value	Fair Value Measurement Category		
				Level 1	Level 2	Level 3
Investment in Bitcoin	1,952.33	\$ 70,840.97	\$ 138,304,951	\$ -	\$ 138,304,951	\$ -
December 31, 2023	Number of Bitcoin	Per Bitcoin Fair Value	Amount at Fair Value	Fair Value Measurement Category		
				Level 1	Level 2	Level 3
Investment in Bitcoin	2,750.14	\$ 42,014.39	\$ 115,545,433	\$ -	\$ 115,545,433	\$ -

The Trust determined the fair value per Bitcoin using the price provided at 4:00 p.m., New York time, by principal market on the last business day of the reporting period.

The Management Fee payable accrued in Bitcoin is converted into United States dollar amount at the period-end Bitcoin Market Price. The fluctuations arising from the effect of changes in liability denominated in Bitcoin are included with the net realized or unrealized appreciation or depreciation on investment in Bitcoin in the statements of operations.

The following represents the changes in quantity and the respective fair value of Bitcoin for the period from January 1, 2024 to March 31, 2024:

	Bitcoin	Fair Value
Balance at January 1, 2024	2,750.14	115,545,433
Bitcoin distributed for redemptions	(788.11)	(54,057,318)
Bitcoin distributed for Management Fee, related party	(3.36)	(165,317)
Bitcoin distributed for other fees	(6.34)	(336,372)
Net realized gain on investment in Bitcoin	-	51,699,331
Net change in unrealized appreciation on investment in Bitcoin	-	25,619,194
Balance at March 31, 2024	1,952.33	138,304,951

Net realized gain on the transfer of Bitcoins to pay the Management Fee, redemptions, and other expenses for the three months ended March 31, 2024, was \$51,684,799, which includes \$51,699,331 net realized gain on investment in Bitcoin, and \$14,532 net realized loss resulted from the changes in liabilities denominated in Bitcoin. Net change in unrealized appreciation on investment in Bitcoin for

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the three months ended March 31, 2024, was \$25,615,160, which includes net change in unrealized appreciation on investment in Bitcoin of \$25,619,194, and \$4,034 net unrealized depreciation due to changes in value of liabilities denominated in Bitcoin.

The following represents the changes in quantity and the respective fair value of Bitcoin for the year ended December 31, 2023:

	<u>Bitcoin</u>	<u>Fair Value</u>
Balance at January 1, 2023	2,792.88	46,253,445
Bitcoin distributed for Management Fee, related party	(13.57)	(376,173)
Bitcoin distributed for other fees	(29.17)	(832,036)
Net realized gain on investment in Bitcoin	-	1,055,021
Net change in unrealized depreciation on investment in Bitcoin	-	69,445,176
Balance at December 31, 2023	<u>2,750.14</u>	<u>115,545,433</u>

Net realized gain on the transfer of Bitcoins to pay the Management Fee and other expenses for the year ended December 31, 2023, was \$1,039,910, which includes \$1,055,021 net realized gain on investment in Bitcoin, and \$15,111 net realized loss resulted from the changes in liabilities denominated in Bitcoin. Net change in unrealized appreciation on investment in Bitcoin for the year ended December 31, 2023, was \$69,445,270, which includes net change in unrealized appreciation on investment in Bitcoin of \$69,445,176, and \$94 net unrealized appreciation due to changes in value of liabilities denominated in Bitcoin.

4. Income Taxes

The Trust is a grantor trust for U.S. federal income tax purposes. Accordingly, the Trust will not be subject to U.S. federal income tax. Rather, each beneficial owner of Units will be treated as directly owning its pro rata share of the Trust's assets and a pro rata portion of the Trust's income, gain, losses and deductions will "flow through" to each beneficial owner of Units.

In accordance with GAAP, the Trust has defined the threshold for recognizing the benefits of tax return positions in the financial statements as "more-likely-than-not" to be sustained by the applicable taxing authority and requires measurement of a tax position meeting the "more-likely-than-not" threshold, based on the largest benefit that is more than 50% likely to be realized. As of March 31, 2024 and December 31, 2023, the Trust did not have a liability for any unrecognized tax amounts for uncertain tax positions related to federal, state, and local income taxes.

However, the conclusions concerning the determination of "more-likely-than-not" tax positions may be subject to review and adjustment at a later date based on factors including, but not limited to, further implementation guidance and on-going analyses of and changes to tax laws, regulations and interpretations thereof.

The Sponsor of the Trust has evaluated whether or not there are uncertain tax positions that require financial statement recognition and has determined that no reserves for uncertain tax positions related

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to federal, state and local income taxes existed as of March 31, 2024 and December 31, 2023. The Trust's 2021, 2022, and 2023 tax returns are subject to audit by federal, state and local tax authorities.

5. Related Parties

The Sponsor pays certain expenses on behalf of, and is reimbursed by, the Trust. For the three months ended March 31, 2024, and 2023 the Trust reimbursed the Sponsor the expenses in the amount of \$336,372 and \$63,322, respectively. As of March 31, 2024 and December 31, 2023, there were unreimbursed expenses of \$301 and \$370 due to the Sponsor, respectively.

For the three months ended March 31, 2024, and 2023 the Trust incurred Management Fees of \$176,449 and \$76,394, respectively, which are recorded in the accompanying statements of operations. As of March 31, 2024 and December 31, 2023, there were unpaid Management Fees of \$77,779 and \$48,081, respectively, which are recorded as management fee payable in the accompanying statements of assets and liabilities.

The Trust's Management Fee is accrued daily in Bitcoins and will be payable, at the Sponsor's sole discretion, in U.S. dollars or in Bitcoins at the Bitcoin Market Price in effect at the time of such payment. From inception through December 31, 2023, all Management Fees have been paid in Bitcoin to the Sponsor.

On March 27, 2024, the Trust effected a redemption of 2,400,000 Units in the amount of \$54,047,318 for an affiliated investor, Anax Trading, LLC which is under common control with the Sponsor. This redemption represented approximately 29% of Units of the Trust.

The aggregate number of Units owned by related parties is 538,490, valued at \$12,525,362, and 2,938,490 Units, valued at \$40,679,711 on March 31, 2024, and December 31, 2023, respectively.

6. Risks and Uncertainties

Investment in Bitcoin

The Trust is subject to various risks including market risk, liquidity risk, and other risks related to its concentration in a single asset, Bitcoin. Investing in Bitcoin is currently unregulated, highly speculative, and volatile.

The net asset value of the Trust relates primarily to the value of Bitcoin held by the Trust, and fluctuations in the price of Bitcoin could materially and adversely affect an investment in the Units of the Trust. The price of Bitcoin has a limited history. During such history, Bitcoin prices have been volatile and subject to influence by many factors including the levels of liquidity.

If Bitcoin exchanges continue to experience significant price fluctuations, the Trust may experience losses. Several factors may affect the price of Bitcoin, including, but not limited to, global Bitcoin supply and demand, theft of Bitcoin from global exchanges or vaults, and competition from other

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forms of digital currency or payment services. The Bitcoin held by the Trust are commingled and the Trust's Unitholders have no specific rights to any specific Bitcoin. In the event of the insolvency of the Trust, its assets may be inadequate to satisfy a claim by its Unitholders.

There is currently no clearing house for Bitcoin, nor is there a central or major depository for the custody of Bitcoin. There is a risk that some or all of the Trust's Bitcoin could be lost or stolen. Further, Bitcoin transactions are irrevocable. The Trust does not have insurance protection on its Bitcoin which exposes the Trust and its Unitholders to the risk of loss of the Trust's Bitcoin. The Custodian may maintain, at its sole expense, commercially reasonable insurance coverage for the custody services it provides to the Trust.

Stolen or incorrectly transferred Bitcoin may be irretrievable. As a result, any incorrectly executed Bitcoin transactions could adversely affect an investment in the Trust.

To the extent private keys for Bitcoin addresses are lost, destroyed or otherwise compromised and no backup of the private keys are accessible, the Trust may be unable to access the Bitcoin held in the associated addresses and the private keys will not be capable of being restored. The processes by which Bitcoin transactions are settled are dependent on the Bitcoin peer-to-peer network, and as such, the Trust is subject to operational risk. A risk also exists with respect to previously unknown technical vulnerabilities, which may adversely affect the value of Bitcoin.

The Custodian

The digital assets owned by the Trust are held by the Custodian and secured in a segregated custody account. All digital asset private keys are stored in offline storage, or "cold" storage. "Cold" storage is a safeguarding method by which the private keys corresponding to digital assets are disconnected and/or deleted entirely from the internet. As a result of digital assets being stored in "cold" storage, any withdrawal and subsequent transaction request to the Custodian by the Trust requires up to twenty-four (24) hour prior notice to process. Such time delay between the withdrawal request and processing of the withdrawal may negatively impact the price of the digital asset upon sale. The Custodian provides the Trust with monthly account statements. The Custodian is independent from the Sponsor.

7. Indemnifications

In the normal course of business, the Trust enters into contracts with service providers that contain a variety of representations and warranties and which provide general indemnifications. It is not possible to determine the maximum potential exposure or amount under these agreements due to the Trust having no prior claims. Based on experience, the Trust would expect the risk of loss to be remote.

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8. Financial Highlights

	Three months ended March 31, 2024	Three months ended March 31, 2023
Per Unit Performance		
(for a unit outstanding throughout the period)		
Net asset value per unit at beginning of period	\$ <u>13.84</u>	\$ <u>5.52</u>
<i>Net increase (decrease) in net assets resulting from operations</i>		
Net realized gain and change in unrealized appreciation on investment	9.48	3.98
Net investment loss	<u>(0.06)</u>	<u>(0.03)</u>
Net increase in net assets resulting from operations	<u>9.42</u>	<u>3.95</u>
Net asset value per unit at end of period	\$ <u><u>23.26</u></u>	\$ <u><u>9.47</u></u>
Total return ⁽¹⁾	<u><u>68.06 %</u></u>	<u><u>71.56 %</u></u>
Ratios to average net asset value		
Expenses ⁽²⁾	<u><u>1.42 %</u></u>	<u><u>1.30 %</u></u>
Net investment loss ⁽²⁾	<u><u>(1.42) %</u></u>	<u><u>(1.30) %</u></u>

⁽¹⁾ *Not annualized.*

⁽²⁾ *Annualized.*

An individual Unitholder's return, ratios, and per Unit performance may vary from those presented above based on the timing of Unit transactions. Total return and ratios to average net asset value are calculated for the Unitholders taken as a whole.

9. Subsequent Events

There are no events that have occurred through May 14, 2024, the date the financial statements were available to be issued, that require disclosure other than that which has already been disclosed in these notes to the financial statements.