

**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N:

EQUIBIT GROUP LTD

Plaintiff

and

**ATTORNEY GENERAL OF CANADA, JOHN DOE, JANE DOE,
SERGEI SACHKOV and KARTIK PATEL**

Defendants

AFFIDAVIT OF CHRISTOPHER HORLACHER
(Sworn March 30, 2022)

I, Christopher Horlacher of the City of Toronto of the Province of Ontario MAKE OATH
AND SAY:

1. I am the Executive Director of the Plaintiff Equibit Group Ltd. (“**Equibit**”) and as such have direct knowledge of the matters to which I refer. When my evidence is based on information and belief, I have so stated and believe it to be true
2. I am a Chartered Professional Accountant. Prior to Equibit I have worked as a finance consultant, Chief Financial Officer, financial analyst and auditor at a Big 4 accounting firm. In 2015 I realized the enormous potential of cryptocurrencies, especially in relation to the ossified world of securities transfer and settlement that I had previously worked in. Attached hereto as **Exhibit “A”** is a copy of my *curriculum vitae*.
3. Utilizing my know-how in both cryptocurrencies and finance, I incorporated Equibit in 2015 under the *Canada Business Corporations Act*. Attached hereto as **Exhibit “B”** is a copy of Equibit’s Articles of Incorporation. Pursuant to the Amended and Restated Shareholders’

Agreement (“**Shareholders’ Agreement**”) dated February 1, 2017, Equibit’s Board was to consist of two Directors (which, at that time, were Nathan Wosnack and myself). Attached hereto as **Exhibit “C”** is a copy of the Amended and Restated Shareholders’ Agreement.

4. Prior to its dissolution in November 2019, I held 29,750,000 (43.75%) shares in Equibit and was the Executive Director, signing officer and sole Director for the corporation.

The Purpose of Equibit

5. Equibit was meant to introduce new efficiencies into the world of securities transfer and settlement – a multi-billion-dollar industry that processes several quadrillion dollars of transactions annually. I therefore set out, with my team, to create an open-source, capital markets, peer-to-peer solution using blockchain technology, envisioned to be a better alternative to traditional post-trade processing services such as Computershare, Euroclear and DTCC. This involved a decentralized transfer service facilitating the exchange of cryptocurrencies and other blockchain-based crypto-securities (the “**Network**”). In essence, the Network created a communications protocol for securities issuers and those wanting to make transactions.

6. This software also allows for users to produce mineable tokens, or Equibits (“**Equibit Tokens**”). These tokens would function as a means of payment for transaction processing in the same manner as other cryptocurrencies such as Ethereum and Bitcoin. As a result, the value of individual Equibit Tokens would flow from commercial utility of the Network, in the same manner as Ethereum and Bitcoin.

The Value of Equibit Tokens

As the developer of the Network, Equibit was in a unique position to mine the first several hundred blocks of coins before publishing the code. My team and I also decided to create a

system whereby the Equibit Tokens were programmed to contain empty information fields. This data structure allowed the registration, creation, trade and holding of securities on the Network.

7. The Network also allows for secure peer-to-peer trades called “Atomic Swaps”, without the need for centralized matching and execution of trades. Attached hereto as **Exhibit “D”** is a copy of a white paper produced by Equibit outlining the process it undertook to create a modern cryptocurrency and securities trading network.

8. When creating the Network, it was the intention of myself and those that I hired for the Network to produce 22 million Equibit Tokens over the course of 55 years. While the value of Equibit Tokens would be driven by market considerations, as I outline above, we also intended to regulate the value of the Equibit Tokens through a form of supply management. In short, and as explained in more detail in the White Paper exhibited to this affidavit above, the Equibit Tokens were engineered to be produced in a bell curve. A relatively small block of new Equibit Tokens could be generated at the beginning of the Network’s existence. An increasingly larger amount of Equibit Tokens would then be generated with each new block for eight years, at which point, the Network would produce fewer and fewer coins. By following this bell curve format it was our intention to emulate the production of actual natural resources such as oil or gold, which would in theory provide better price stability in the early years of the network when adoption was at its lowest.

Value of the Network

The value of Equibit Tokens was one of two principal business lines for Equibit. The Network, as referred to above, also provided unique opportunities in the cryptocurrency space. The Network was meant to modify the nature of cryptocurrency and securities markets at their

core by rendering post trade services moot. This was to be done by allowing those processes to happen automatically through the Network without the need for financial intermediaries such as securities transfer agents and custodians. This increased efficiency would allow Equibit to create a sea of change in the world of cryptocurrency where individual users would be able to govern their trades without the added hassle and expense of third-party facilitators.

Personnel

9. Delivering on this process involved employing highly qualified personnel who had access to proprietary data necessary for the company's objectives. Among these individuals were the defendant Sergei Sachkov. Mr. Sachkov possesses a PhD in mathematics and physics. Equibit hired Mr. Sachkov in March of 2017. Attached hereto as **Exhibit "E"** is a copy of the Defendant Sachkov's employment agreement.

10. Sachkov was core to Equibit's plan of delivering Equibit Tokens and the Network. In fact, he was responsible for developing the core code necessary for the Network's operation. Mr. Sachkov developed and communicated his code in two ways:

- a. Sachkov was to deposit uncompiled code he was developing in a GitHub repository as he developed it. This allowed other coders to have access to it for testing and to make additions and revisions.
- b. When Sachkov finished code that was ready for functionality, he was to send compiled code to our testers.

11. We planned to utilize professional code inspectors prior to release, but the interim provision of code to our internal testers ensured that we kept on track and could address issues as they developed.

Sachkov Goes to Russia

12. Mr. Sachkov is a Russian national carrying Russian citizenship. Attached hereto as **Exhibit“F”** is a copy of Sachkov’s resume.

13. During the time of his employment, Mr. Sachkov informed me that he was interviewed multiple times by the Canadian Security Intelligence Services (“**CSIS**”) in 2018. This occurred at a critical time for the company:

- a. On May 30, 2018, the Canada Revenue Agency (“**CRA**”) attended an on-site meeting with me and others at Equibit’s headquarters in Toronto.
- b. In June of 2018, Equibit received a declaration from the Canada Revenue Agency that all work claimed by Equibit met the definition of Scientific Research & Experimental Development in subsection 248(1) of the Income Tax Act. Attached hereto as **Exhibit “G”** is a copy of the declaration that we received.
- c. On July 1, 2018, a private Equibit testnet was deployed. Consequent of that testnet, testers and miners began to support the project.

14. In the middle of these developments, Mr. Sachkov travelled to Russia in or around July of 2018. He told me that it was at the behest of CSIS that he made this trip.

Sachkov’s Harm

15. Upon returning to Canada, the code in Sachkov’s possession could not be reconciled with the compiled applications being utilized by Equibit. When testers reviewed the uncompiled code deposited in the Github repository, they realized that they were unable to find the code that created the functions found in the compiled version. Substantial portions of functionality were immediately lost, resulting in our overall timeline being put back between

three and six months. At this same time, Sachkov began making bizarre enquiries about a promotion to give him greater access to company information. In one such discussion I attach hereto as **Exhibit “H”**, Sachkov requested to join the “inner circle” of Equibit. No such inner circle exists, and I believe his attempts to garner further information about Equibit were done at the behest of intelligence services. His request was therefore rebuffed.

16. On August 13, 2018, Sachkov abruptly resigned from Equibit. Attached hereto as **Exhibit “I”** is a copy of Mr. Sachkov’s resignation email.

17. The proprietary software created by Mr. Sachkov is core to Equibit’s value.

18. Equibit losing code core to its operations and business plan has substantially harmed my ability to deliver for shareholders and investors. Equibit’s resultant inability to deliver on core elements of Equibit’s business has earned the opprobrium of my investors and has greatly tarnished the goodwill Equibit otherwise would have enjoyed within the cryptocurrency field. Attached hereto as **Exhibit “J”** is but one example of the reaction I have received from those who trusted the company to deliver on its projects.

Damages

19. Equibit’s profits would have consisted of its own stock holdings and revenues earned from being an integration partner. These revenues from integration partnerships are called “Adamant fees”, a reference to an enterprise cryptocurrency wallet built on a military-grade encryption device known as a Hardware Security Module. While the wallet code itself was developed as “open source” and to be offered freely and allow anyone to fully participate on the Equibit network, Equibit stood to profit from the launch of the Network via network effects, if there were adopters.

20. After releasing the Network the goal was to move the company into becoming a

mining and wallet company. I planned for Equibit to possess its own wallet into which it would deposit mined Equibit Tokens. It would also provide an institutional wallet, the Adamant, that we would charge customers for access to.

21. In arriving at the below damages calculations, I have liaised with our head of marketing Steven Barnard. Mr. Barnard's credentials are attached hereto as **Exhibit "K"** We assessed financial projections based on the Equibit Tokens still in our wallet in conjunction with Equibit Tokens that Equibit had mined. I have also reviewed our previous financial statements from 2016 through 2019, which I attach hereto as **Exhibit "L"**.

22. Utilizing all the above inputs, Equibit's financial projections in 2019 predicted net income of \$7,109,380 in 2019; \$1,744,711 in 2020; \$6,838,433 in 2021; \$18,643,570 in 2022; and \$47,850,653 in 2023. Attached hereto as **Exhibit "M"** is a copy of those financial projections.

23. Despite being served with the Statement of Claim, Sachkov did not provide a Statement of Defence or Notice of Intent to Defend. He was noted in Default on May 17, 2021. Attached hereto as **Exhibit "N"** is a copy of the signed Requisition to Note in Default.

24. I swear this affidavit in support of the Plaintiff's motion for default judgment and for no other or improper purpose.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario on March 30, 2022



Commissioner for Taking Affidavits
IAN LITEROVICH

CHRISTOPHER HORLACHER

EXHIBIT A

This is **EXHIBIT "A"**

to the Affidavit of

CHRISTOPHER HORLACHER

sworn before me by videoconference

this 30th day of March, 2022

Ian Literovich

Chris Horlacher, CPA, CA, CBP

354 Mountain Brow Blvd
Hamilton, ON L8T 1A6
647-985-6430
chris@horlacher.ca

Summary

A seasoned financial professional with international C-level and board experience. Chris began his career as an auditor at a Big Four accounting firm. Before the age of 30, he was the CFO of a start-up stock brokerage that now manages over \$4 billion in assets. Following that, he went on to create his own management consulting firm, playing an instrumental role in the success of numerous start-ups as well as multi-million-dollar projects for some of the world's largest companies, SME's and non-profit organizations.

Work Experience

Horlacher Professional Corporation

2011-Present

Contract CFO & Management Consultant

- Providing part-time CFO services to numerous businesses and startups
- Performed incorporations, company registry searches, tax and payroll registrations, advised on business and transaction structuring
- Created advanced algorithms to accurately solve for bond yields, internal rate of return and complex financial projections
- Created a CRM system tailored for an allocated bullion storage program that handles multiple storage facilities, account representatives, monthly statements and invoicing

Coin Creatour

2019-Present

Blockchain Product Consultant

- Designed the architecture and protocols necessary for a cross-chain decentralized crypto exchange
- Established best practices for user and business financial security when handling cryptocurrencies
- Conducted market research, sought out and secured vendor relationships for KYC/AML and custodianship of digital assets

Equibit Group

2015-2019

Executive Director & Chief Financial Officer

- Pioneered the design and development of the Equibit blockchain protocol
- Raised \$2.7 million in progressive financing rounds
- Public speaking and panel participation at dozens of blockchain and FinTech industry events
- Performed company bookkeeping, payables, budgeting and reporting
- Administered company payroll and benefits
- Negotiated contracts with vendors and suppliers
- Worked with legal counsel to obtain a no-action letter from FINMA

Ludwig von Mises Institute of Canada

2011-2018

Treasurer

- Oversaw all treasury functions including financial reporting, funds management and payment systems
- Created an accredited continuing education program for financial planners and other professionals

CAA South Central Ontario

April 2012 – September 2014 Contract

Manager, Accounting, Planning & Reporting

- Oversaw a team of 30 employees and supervisors, producing over 500 manual journal entries per month for 15 corporate entities, implemented new journal entry policy that greatly improved tracking and record-keeping
- Monthly reporting to the Director of Finance, Director of Financial Analysis and the CFO, quarterly reports to the Board of Directors, industry regulators (FSCO, ATB, TICO, IATA, RIBO) and associated clubs (CAA National, AAA)

- Compiled monthly, quarterly and annual IFRS financial statements for a non-profit organization of 1.9 million members, 2 insurance underwriters, an insurance brokerage, travel brokerage, 34 retail stores, 13 car repair centers, 2 joint ventures, 2 foreign subsidiaries, 2 DB and 1 DC pension plan
- Led the finance team in a \$25 million project to create the Orion Travel Insurance Company and an \$85 million project to create CAA's Telematics program
- Helped shape distributor agreements writing \$50+ million in annual premiums for Orion
- Created a multidimensional chart of accounts, established accounting policies and procedures, worked closely with IT and operational teams to set up software and accounting reports
- Worked with external tax advisers to develop a tax strategy resulting in \$11+ million in cash savings
- Administered corporate insurance portfolio, negotiated with brokers on premiums and coverage
- Led the audit committees' external auditor RFP and appointed actuary RFQ, established evaluation criteria and scored bid documents to determine winner, negotiated annual fees
- Worked closely with Operations team in the integration of NIS and Guidewire insurance systems
- Met and worked with auditors, actuaries, reinsurers on various accounting issues and year-end audit

Tarion Warranty Corporation

January 2012 – March 2012 Contract

Senior Financial Analyst

- Assisted in the compilation of IFRS-compliant financial statements for an insurance company and DB/DC pension plan, including early-adoption of IFRS 9 – Financial Instruments
- Acted as a point of contact between Deloitte auditors and Tarion staff, guiding the audit process
- Audit results had no detectable errors in the financial statements
- Reviewed and approved bank reconciliations, payables and payments

Direct Energy

October 2011 – December 2011 Contract

Risk & Internal Controls Finance Consultant

- Assisted with the design and implementation of a revised set of entity level controls providing complete COSO framework coverage and reduced effectiveness testing by 25%
- Performed a detailed analysis over segregation of duties issues present in the SAP accounting system

Euro Pacific Canada Inc.

2010-2011

Chief Financial Officer

- Continuous monitoring of firm capital and weekly risk-adjusted capital reporting directly to the CEO
- Prepared and filed Monthly Financial Reports and quarterly consolidated GAAP financial statements to the firm directors and industry regulators
- Calculated payroll in-house by creating a sophisticated excel spreadsheet, including all deductions, taxes, employee advances, receivables, reimbursements and benefits that greatly increased efficiencies in running payroll
- Maintained all HR and firm financial records and administered employee benefits plan

Deloitte & Touche LLP

2005-2010

Assistant Manager

- Member of audit engagements for major companies in the mining, retail, medical, aerospace, rail, automotive, defense industries, and pension funds
- Planned, performed and oversaw the audits of numerous clients, including one of the country's largest retailers and pension funds
- Worked with a wide array of accounting and ERP software packages including Peoplesoft, Oracle, Hyperion, SAP, Multiflex and Great Plains
- Evaluated the design and implementation of controls, tested their operating effectiveness and ensured compliance with the COSO and SOX frameworks for numerous large enterprises
- Assessed valuations, hedge effectiveness testing and accounting treatments for foreign currency futures, interest rate swaps and other derivative products for SME's and large businesses
- Performed detailed business valuations, budgetary and cash flow analysis

Board Experience

Chairman – Equibit Group

2015-2019

Vice-Chairman – Ludwig von Mises Institute of Canada

2011-2018

Education & Certifications

Chartered Professional Accountants of Ontario

- CA designation, February 2010
- CPA designation, November 2012
- In-Depth Brokers & Investment Dealers Course, September 2010

CryptoCurrency Certification Consortium (C4)

- Certified Bitcoin Professional, January 2020

Chartered Financial Analyst Institute

- CFA Level I, January 2013

Canadian Securities Institute

- Partners, Directors and Senior Officers Course, November 2010
- Chief Financial Officers Qualifying Examination, February 2011

Brock University - Goodman School of Business

- Honors Bachelor of Accounting Co-op, June 2008

EXHIBIT B

This is **EXHIBIT "B"**

to the Affidavit of

CHRISTOPHER HORLACHER

sworn before me by videoconference

this 30th day of March, 2022

Ian Literovich



Corporate Profile / Profil corporatif

Date and time of Corporate Profile (YYYY-MM-DD)	2022-03-28 10:27 AM	(AAAA-MM-JJ) Date et heure du Profil corporatif
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CORPORATE INFORMATION		RENSEIGNEMENTS CORPORATIFS
Corporate name	Dénomination	
	Equibit Group Ltd.	
Corporation number	944419-0	Numéro de société ou d'organisation
Business number	805344322RC0001	Numéro d'entreprise
Governing legislation	Régime législatif	
	<i>Canada Business Corporations Act (CBCA) - 2015-09-17</i> <i>Loi canadienne sur les sociétés par actions (LCSA) - 2015-09-17</i>	
Status	Statut	
	Active	
	Active	

REGISTERED OFFICE ADDRESS	ADRESSE DU SIÈGE
	250 Yonge Street, 2200 Toronto ON M5G 1B1 Canada

ANNUAL FILINGS	DÉPÔTS ANNUELS
Anniversary date (MM-DD)	09-17 (MM-JJ) Date anniversaire
Filing period (MM-DD)	09-17 to/au 11-16 (MM-JJ) Période de dépôt
Status of annual filings	Statut des dépôts annuels
	Not due 2022 N'est pas dû
	Filed 2021 Déposé
	Filed 2020 Déposé
Date of last annual meeting (YYYY-MM-DD)	2021-10-09 (AAAA-MM-JJ) Date de la dernière assemblée annuelle
Type	Type
	Non-distributing corporation with 50 or fewer shareholders
	Société n'ayant pas fait appel au public et comptant 50 actionnaires ou moins

DIRECTORS		ADMINISTRATEURS
Minimum number	1	Nombre minimal
Maximum number	15	Nombre maximal
Current number	1	Nombre actuel
Chris Horlacher	c/o Rueters LLP, 2200 - 250 Yonge Street, Toronto ON M5G 1B1, Canada	

CORPORATE HISTORY		HISTORIQUE CORPORATIF
Corporate name history (YYYY-MM-DD)		(AAAA-MM-JJ) Historique de la dénomination
2015-09-17 to / à 2017-06-05 2017-06-05 to present / à maintenant	Equibit Development Corporation Equibit Group Ltd.	
Certificates issued (YYYY-MM-DD)		(AAAA-MM-JJ) Certificats émis
Certificate of Incorporation	2015-09-17	Certificat de constitution en société
Certificate of Amendment	2017-06-05	Certificat de modification
Amendment details:		Renseignements concernant les modifications aux statuts :
Corporate name		Dénomination sociale
Certificate of Dissolution	2019-11-11	Certificat de dissolution
Certificate of Revival	2020-07-16	Certificat de reconstitution
Amendments details are only available for amendments effected after 2010-03-20. Some certificates issued prior to 2000 may not be listed.	Seuls les renseignements concernant les modifications effectuées après 2010-03-20 sont disponibles. Certains certificats émis avant 2000 pourraient ne pas être listés.	
Documents filed (YYYY-MM-DD)		(AAAA-MM-JJ) Documents déposés

The Corporate Profile sets out the most recent information filed with and accepted by Corporations Canada as of the date and time set out on the Profile.	Le Profil corporatif fait état des renseignements fournis et acceptés par Corporations Canada à la date et à l'heure indiquées dans le profil.
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EXHIBIT C

This is **EXHIBIT "C"**

to the Affidavit of

CHRISTOPHER HORLACHER

sworn before me by videoconference

this 30th day of March, 2022

Ian Literovich

AMENDED AND RESTATED SHAREHOLDERS' AGREEMENT

THIS SHAREHOLDERS' AGREEMENT ("Agreement") effective as of the 17th day of September 2015, as amended and restated on February 1, 2017.

B E T W E E N:

CHRIS HORLACHER ("Chris")

-and-

BRENT KIEVIT-KYLAR ("Brent")

-and-

2394790 ONTARIO INC. (hereinafter called "239 Ontario")

-and-

NATHAN WOSNACK ("Nathan")

-and-

CHRISTIAN SAUCIER ("Christian")

-and-

MARIO MALT ("Mario")

-and-

the other shareholders party hereto who have agreed to be bound to this Agreement as listed on Schedule "C"

-and-

EQUIBIT DEVELOPMENT CORPORATION (the "Corporation"), a corporation duly constituted according to the *Canada Business Corporation Act* (the "Act")

WHEREAS the Corporation was incorporated under the Act on September 17, 2015, and copies of the Articles of Incorporation (the "Articles") are attached as Schedule "A".

AND WHEREAS 239 Ontario, Chris, Brent, Nathan, Christian, Mario and those other shareholders listed on Schedule "C" are the owners of all of the issued and outstanding common shares in the capital of the Corporation;

AND WHEREAS the parties hereto have entered into this Agreement for the purposes of, inter alia, (i) setting forth the manner in which the affairs of the Corporation shall be conducted; (ii) providing

for their respective rights and obligations arising out of or in connection with the operations and affairs of the Corporation; and (iii) governing the transfer of common shares in the Corporation.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and the terms and conditions herein contained, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties hereto agree with each other as follows:

ARTICLE 1 – INTERPRETATION

1.01 In this agreement, unless the context otherwise requires:

- (a) “Act” means the Canada Business Corporation Act, and in the event the Corporation continues into another jurisdiction, the equivalent governing statute for incorporations registered in that jurisdiction.
- (b) “Agreement” means this agreement and all preambles, recitals and schedules hereto, along with any amendments hereto or thereto.
- (c) “Articles” means the certificate of incorporation and Articles of Incorporation of the Corporation, as amended from time to time.
- (d) “Board” means the board of Directors of the Corporation as constituted from time to time and “director” or “directors” shall mean a member or members of the Board, respectively.
- (e) “By-laws” means the by-laws of the Corporation, as amended and supplemented from time to time.
- (f) “Option Plan” means the share option plan adopted by the Corporation on February 1, 2017.
- (g) “Ordinary Vote” means a vote of greater than fifty percent of all of the Directors on the Board with respect to any decision of the board; and greater than fifty percent of all Shares outstanding with respect to any decision of the Shareholders.
- (h) “Principal” means an owner of voting shares in the capital of any corporate Shareholder.
- (i) “Shareholders” shall mean collectively such of the parties to this agreement as are at the relevant time holders of shares in the capital of the Corporation and “shareholder” shall mean such parties individually.
- (j) “Shares” shall mean common shares in the capital of the Corporation including those shares issued as of the date of this Agreement to each of the Shareholders.

1.02 The parties hereto irrevocably and mutually acknowledge and declare the statements contained in the recitals hereto to be true in substance and in fact.

ARTICLE 2 – SHARE OWNERSHIP

2.01 Schedule “C” sets out a complete list of all the issued and outstanding Shares, and the parties that own those Shares, which schedule shall be updated from time to time by the

Corporation to reflect the holdings of all the issued and outstanding Shares, and each of the Shareholders approves of the Corporation so updating such schedule from time to time.

- 2.02 Each Shareholder hereby represents and warrants to and covenants with each of the other parties hereto that the Shares held by the Shareholder are and shall be owned beneficially by the said Shareholder and not as nominee of any party, and are free and clear of all mortgages, charges, pledges or other encumbrances. The representations and warranties contained in this paragraph shall not merge in the closing of this Agreement.
- 2.03 (a) Other than Shares issued on exercise of options in accordance with the Option Plan, in the event of the allotment and issuance of additional Shares, the same Shares shall first be offered to the Shareholders on a pro rata basis equal to the number of Shares held by each of them at such date.
- (b) In the event any of the Shares in the capital of the Corporation offered to the Shareholders pursuant to subparagraph 2.03(a) are not purchased and paid for by a particular Shareholder, all or a portion of such Shares may be purchased by the other Shareholders at their option on a pro rata basis.

ARTICLE 3 – FINANCIAL

- 3.01 The books of account of the Corporation shall be kept and maintained at all times at a location and in a form agreed upon by the Board. The books of account shall be maintained on an accrual basis in accordance with generally accepted Canadian accounting principles, consistently applied. The Shareholders unanimously agree to waive the auditor requirement.
- 3.02 The Corporation shall furnish to each Shareholder such information on the Corporation's affairs as may be reasonably required by a Shareholder, and each Shareholder shall have the right at all reasonable times at its expense during usual business hours to audit, exercise and make copies of or extracts from the books of account and other books and records of the Corporation.

ARTICLE 4 – BOARD, MANAGEMENT AND MEETINGS

- 4.01 The number of directors to be elected to the Board shall be two, unless and until changed by Ordinary Vote of the Shareholders. As of the date of this Agreement, the two directors on the Board shall be Chris and Nathan.
- 4.02 Notice of the date, time and place of a meeting of the Board together with a description of all business to be transacted, shall be sent to each of the directors, not less than fifteen (15) days before the proposed meeting, provided that the provisions of this section may be waived by the written consent of all of the directors. If any business requiring approval of the directors, under corporate law or this Agreement, is not outlined in detail in the above meeting notice, it may not be carried out or voted on at the meeting that is the subject of said notice.
- 4.03 Any meeting of the Shareholders may be called by the Board or by any one of the Shareholders, on not less than five (5) days written notice given to all the Shareholders that are entitled by law to receive notice of the same, which notice shall set out the matters to be raised at such meeting.

- 4.04 Meetings of Shareholders may be held at any place within or outside of Canada. A meeting of Shareholders may be held by means of such telephone, electronic or other communications facilities that permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and a Shareholder participating in such a meeting by such means is deemed for the purposes of the Agreement to be present at that meeting. The Shareholders shall meet at least annually.
- 4.05 A quorum for a meeting of the Board is a majority of the directors then on the Board as of the date of the meeting, present in person, by telephone or other communications facilities that permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously. If any director is not present within one (1) hour following the time at which the meeting is scheduled to take place, the meeting shall stand adjourned to the immediately following day (or, if that day is not a business day, the next following business day) at the same time and place. If the previously absent director is not present within one (1) hour following the time at which the adjourned meeting is scheduled to take place, the meeting shall again stand adjourned to the next day (or, if that day is not a business day, the next following business day), unless the present director or directors at the adjourned meeting, as the case may be, are aware of any reasonable unavailability of the absent director, then the meeting will be adjourned to the next business day that the directors are available, at the same time and place, and if the previously absent director is not present within thirty (30) minutes following the time at which the second adjourned meeting is scheduled to take place, subject to the Act, the directors present thereat shall constitute a quorum for the transaction of the business for which the meeting was called.
- 4.06 A quorum for a meeting of the Shareholders is a sufficient number of Shareholders (represented by a Principal or a proxy) (each a "Shareholder Proxy") to represent a majority of the issued and outstanding Shares, present in person, by telephone or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously. If any Shareholder Proxy is not present within one (1) hour following the time at which the meeting is scheduled to take place, the meeting shall stand adjourned to the immediately following day (or, if that day is not a business day, the next following business day) at the same time and place. If the previously absent Shareholder Proxy is not present within one (1) hour following the time at which the adjourned meeting is scheduled to take place, the meeting shall again stand adjourned to the next day (or, if that day is not a business day, the next following business day), at the same time and place, and if the previously absent Shareholder Proxy is not present within thirty (30) minutes following the time at which the second adjourned meeting is scheduled to take place, subject to the Act, the Shareholder Proxies present thereat shall constitute a quorum for the transaction of the business for which the meeting was called.
- 4.07 As of the date of this Agreement, the following appointments are confirmed: Chris to act as Chairman, Chief Executive Officer, Chief Financial Officer and Secretary; Nathan to act as Chief Operations Officer; Marc Godard to act as Chief Technical Officer; and Brent to act as Chief Science Officer.
- 4.08 Subject to the Act, all matters to be voted on by either the Shareholders or directors shall be by Ordinary Vote. Where a deadlock arises between the Directors, the matter at hand will be decided by the Shareholder vote. In the case of a deadlock between the Shareholders, the

Chairman shall have a casting vote.

- 4.09 Subject to the Act, all management decisions will be made by the Board, but for those matters listed in Schedule "B", which shall be determined by Ordinary Vote of the Shareholders.
- 4.10 The accountants of the Corporation shall be appointed by the Board.

ARTICLE 5 - TRANSFER OF SHARES

- 5.01 No Shareholder may sell, assign or transfer ("Transfer") any Shares without consent of the Shareholders established by Ordinary Vote. Consent will be deemed for transfers of Shares by a Shareholder to a corporation or trust that Shareholder controls ("Holding Company") and any other Transfer made in accordance with this Agreement. Any change of control in a Shareholder that is an entity will be deemed a violation of this transfer restriction. But for Transfers to a Holding company, all transfers are conditional upon compliance with the following provisions.

ARTICLE 6 - RIGHT OF FIRST REFUSAL

- 6.01 In the event that a Shareholder (the "Selling Shareholder"), at any time during the term of this Agreement, proposes to Transfer Shares owned by the Selling Shareholder to any person, the Selling Shareholder shall give notice in writing (the "Transfer Notice") to all of the other Shareholders (the "Remaining Shareholders") specifying the number of Shares to be sold, assigned or transferred (the "Offered Shares") and the price and terms upon which the proposed sale, assignment or transfer is to take place.
- 6.02 The Remaining Shareholders shall for a period of sixty (60) days from the date on which the Transfer Notice is received by them (the "Option Period") have the option to purchase the Shares described in the Transfer Notice at and for the purchase price and upon the terms and conditions set forth in the Transfer Notice (the "Option").
- 6.03 Remaining Shareholders who exercise the Option shall be entitled and obligated to purchase all of the Shares described in the Transfer Notice. In the event that more than one of the Remaining Shareholders exercises the Option, the Remaining Shareholders who have exercised the Option shall be entitled and obligated to purchase all of the Shares described in the Transfer Notice in proportion to their holdings of Shares relative to the other Remaining Shareholders who have exercised the Option.
- 6.04 If the Remaining Shareholders do not exercise the Option, the Selling Shareholder may within a period of sixty (60) days from the expiration of the Option Period sell the Offered Shares to any person at the price and upon the terms set forth in the Transfer Notice. No such sale to a third party shall be made at a lower price or on different terms and conditions than those specified in the Transfer Notice or on more favourable terms as to the manner of payment of the purchase price of the Offered Shares without the Shares first being offered again to the Remaining Shareholders in accordance with this Article. If no sale is completed within the sixty (60) day period, no sale of Shares shall be made by the Selling Shareholder without the Shares first being offered again to the Remaining Shareholders.

- 6.05 The closing date of the purchase and sale of the Offered Shares pursuant to this Article shall be the day thirty (30) calendar days from the last day of the Option Period. The closing date of the purchase and sale of the Offered Shares pursuant to paragraph 1.04 shall be as agreed upon between the affected parties within the sixty (60) day period described in that paragraph.

ARTICLE 7 - TAG-ALONG/PIGGY BACK AND DRAG ALONG

- 7.01 Subject always to the prior compliance by the Selling Shareholder with the provisions of Article 6, in the event that all or any portion of the Shares held by the Selling Shareholder are to be sold by the Selling Shareholder pursuant to a share purchase and sale transaction with a third party purchaser (such third party being a person other than a Shareholder hereto), then in such event the Selling Shareholder shall not be entitled to complete the sale of Shares to the third party unless the third party also offers to purchase all of the Shares held by the Remaining Shareholders who also desire to sell their Shares (on the same terms and conditions as are being offered to the Selling Shareholder (the "Piggy Back Offer"). The Piggy Back Offer shall be communicated by the Selling Shareholder to the Remaining Shareholders and shall be irrevocable and shall be open for acceptance by the Remaining Shareholders for thirty (30) days following receipt from the Selling Shareholder of the Piggy Back Offer.
- 7.02 Subject always to the prior compliance by the Selling Shareholders with the provisions of Article 6, if Selling Shareholders collectively owning more than fifty (50) percent of the issued and outstanding Shares wish to sell their Shares to the same third party then such Shareholders may, by notice in writing to the other Shareholders, compel the other Shareholders ("Other Shareholders") to sell their Shares on the same terms. The Other Shareholders shall do all acts and things and execute all documents necessary or desirable to give effect to the transaction and each Shareholder hereby irrevocably appoints the Corporation as its true and lawful attorney for the purposes of accepting any such offer and completing the sale of the Shares of the Shareholders in accordance with the terms of the offer.

ARTICLE 8 - PURCHASE FOR CANCELLATION

- 8.01 The Corporation may purchase for cancellation all the Shares of a Shareholder at full Fair Market Value, upon any of the following occurrences:
- (a) Shareholder or Principal attempts to transfer Shares in a manner that is not permitted under this Agreement;
 - (b) Shareholder or Principal is subject to bankruptcy or divorce proceedings and fails to provide reasonable evidence that its Shares, or any rights associated with the Shares, are not subject to involuntary transfer as a result of such proceedings;
 - (c) Shareholder or Principal becomes deceased;
 - (d) Shareholder or Principal becomes incarcerated; and
 - (e) If a court of competent jurisdiction determines that a Shareholder or Principal is incompetent to manage his own affairs.

ARTICLE 9 – TERMS OF PURCHASE AND SALE

- 9.01 In the event of any sale of Shares by a Shareholder (the "Vendor") as provided in this Agreement to a third party or Shareholders (such parties being referred to as the "Purchasers") the following conditions shall apply:
- (a) the date scheduled for closing (the "Closing") shall be that specified in this Agreement, or failing that, the date agreed to by the parties to the sale or failing agreement, thirty (30) days after the parties to the sale are definitively determined;
 - (b) any amount payable under the agreement of purchase and sale shall be paid in Canadian funds by way of cash, certified cheque or bank draft;
 - (d) if, upon the date set for Closing, the Vendor is indebted to the Corporation in an amount recorded and verified, the Vendor shall satisfy and discharge all or any portion of such indebtedness. If the Vendor does not satisfy these amounts the Purchasers shall, to the extent that funds are available from the purchase price, satisfy and discharge all or any portion of such indebtedness and shall receive and take credit against the purchase price for the amount or amounts so paid on account of any such indebtedness;
 - (e) if, on the date of Closing, the Corporation is indebted to the Vendor or Principal, as applicable, such indebtedness shall be immediately due and payable upon the date set for Closing, notwithstanding any provisions of any Agreements relating to the same.
 - (f) the Vendor, as a Shareholder and employee/officer/director (as applicable), and the Corporation shall enter into a mutual release on commercially reasonable terms;
 - (g) between the date of any offer and the closing of any ensuing transaction, neither the Corporation, the Vendor nor the Purchasers shall do or cause to permit to be done anything except in the ordinary course of business of the Corporation; and
 - (h) the Shares shall be transferred by the Vendor free and clear of all liens and encumbrances.
- 9.02 No transfer to any person, shall be effective or shall be registered on the books of the Corporation until the transferee becomes a Shareholder party to this Agreement by executing the Corporation's counterpart of this Agreement and such other instruments as counsel for the Corporation shall advise, acting reasonably.

ARTICLE 10 – FAIR MARKET VALUE

10.01 The Fair Market Value of the Shares shall be determined by the Corporation's accountant. A Shareholder may dispute such determination by independently engaging a certified business valuator ("Certified Valuator"). If the valuation provided by the Certified Valuator is more than 20% higher than that provided by the Corporation's accountant, Fair Market Value shall be the average of the two valuations, and the Corporation shall reimburse the contesting Shareholder's cost of engaging the Certified Valuator, whose identity is agreed by all Shareholders (the "Valuator"), at the expense of the Corporation.

ARTICLE 11 – COVENANTS

11.01 **Non-Compete/Non-Solicitation.** Each Shareholder and Principal covenants and agrees with the other parties bound hereby and with the Corporation:

- (a) that he will not, while he is a Shareholder and while the Shareholder of which he is the Principal is a Shareholder, as the case may be, and for a period of two years thereafter (without the prior written consent of the Corporation and the other parties bound hereby), directly or indirectly, in any manner whatsoever, including, without limitation, either individually or in partnership or jointly, or in conjunction with any other person as principal, agent, shareholder, employee or in any other manner whatsoever, carry on or be engaged in the business carried on by the Corporation as of the date of this Agreement (a "Competitive Business"), or be concerned with or interested in or lend money to, guarantee the debts or obligations of or permit his name or any part thereof to be used by any person engaged or concerned with or interested in a Competitive Business within North America; and
- (b) that he will not (without the prior written consent of the Corporation and the other parties bound hereby), so long as he is a Shareholder and so long as the Shareholder of which he is the Principal is a Shareholder, as the case may be, and for a period of two years thereafter (i) divulge to any person the name of any customer or client of the Corporation; (ii) knowingly solicit, interfere with or endeavour to entice away from the Corporation any customer, client or any person in the habit of dealing with the Corporation; and (iii) interfere with or knowingly entice away or otherwise attempt to obtain the withdrawal of any employee of the Corporation.

The Corporation may apply for or have an injunction restraining breach or threatened breach of the covenants herein contained.

11.02 **Confidentiality.** All confidential records, material and information and copies thereof, and all trade secrets (and without restricting the generality of the foregoing, including inventions, discoveries and methods of processing and production) concerning the business or affairs of the Corporation (collectively, "Proprietary Information") shall remain the exclusive property of the Corporation. While a Shareholder of the Corporation or at any time thereafter, the Shareholder(s) and their Principals, as the case may be, shall not divulge the contents of such Proprietary Information to any person (except the Corporation, the Corporation's qualified employees or the Corporation's accountants), and the Shareholder(s) and Principals shall not, at any time, use the contents of such Proprietary Information for any purpose whatsoever, except for the exclusive benefit of the Corporation.

For the purposes hereof, "confidential records, material and information" includes information known or used by the Corporation in connection with its business, including but not limited to any formula, design, prototype, compilation of information, data, program, code, method, technique or process, information relating to any product, device, equipment or machine, information about or relating to the Corporation's customers and the Corporation's markets and marketing plans, present and future, information about or relating to the Corporation's potential business ventures, financial information of all kinds relating to the Corporation and its activities, all inventions, ideas, and related material, but does not include any of the foregoing which was known to the Shareholder or Principal of the Shareholder, as the case may be, prior to the shareholder becoming a shareholder of the Corporation or which is or becomes a matter of public knowledge.

11.03 Shareholder Acknowledgment. The covenants made here are made by each Shareholder and Principal acknowledging that they have specific knowledge of the affairs of the Corporation and that the Corporation carries on and intends to carry on business throughout North America. If any of these covenants shall be held unreasonable by reason of the area, duration or type or scope of service covered by the said covenant, then the said covenant shall be given effect to in such reduced form as may be decided by any court of competent jurisdiction. Each Shareholder and Principal hereby acknowledges that all restrictions contained herein are reasonable and valid and all defences to the strict enforcement of all or any portion thereof are hereby waived. In the event that any clause or portion of any such covenant should be unenforceable or declared invalid for any reason whatsoever, such unenforceability or invalidity shall not affect the enforceability or validity of the remaining portions of the covenant or of this Agreement and such unenforceable or invalid portion shall be severable from the remainder of this Agreement.

11.04 Protection of Personal Information and Consents to Use of Personal Information.

- (a) The parties hereto recognize that any information concerning the principals, and the officers and directors of the Corporation may be subject to the requirements of the *Personal Information Protection and Electronic Documents Act, 2000, c. 5* and other laws governing privacy.
- (b) The Corporation, the Shareholders and the Principals for themselves as principals, as the owners of the Shareholders, and to the extent that they are officers and directors of the Corporation, as officers and directors of the Corporation hereby consent to the collection, use and disclosure of the information about them as may be required for the following purposes, in order facilitate the purposes of this agreement and facilitate and promote the ongoing business operations of the Corporation:
 - i. For reporting purposes to any trade or professional association governing the Corporation or any investigative body having authority over the Corporation to the extent that such information is required to be reported to such association or body;
 - ii. As required by law;
 - iii. As required in order to obtain financing for the Corporation;
 - iv. As required to obtain business contracts for the Corporation;

- v. In connection with any proposed sale of shares of the Corporation or of substantially all of the assets of the Corporation to any third party in accordance with the terms of this Agreement;
- vi. In connection with obtaining employee benefits, in obtaining insurance as required by this agreement;
- vii. In connection with any outsourcing of information by the corporation to third party suppliers of information processing services, including, without limitation, payroll, health benefits, insurance and pension plan benefits to the extent necessary to provide such services;
- viii. For the internal operational purpose of the Corporation and to facilitate communications between the Principals, the Shareholders and the Corporation;
- ix. For any purpose required or permitted under the *Personal Information Protection and Electronic Documents Act, 2000*, c. 5; and
- x. To the individual to whom the information relates or to any other party with the consent of that individual subject to and in accordance with the terms of the *Personal Information Protection and Electronic Documents Act, 2000*, c. 5.

11.05 Privacy and Personal Information.

- (a) Each of the Parties hereto acknowledges that through contact with the other Parties hereto, in the course of performing its duties contemplated by this Agreement, it will become aware of Personal Information (as such term is defined in the *Personal Information Protection and Electronic Documents Act, 2000*, c.5) of the parties hereto who are individuals and Personal Information of other individuals for which the parties hereto are responsible.
- (b) Except as expressly permitted in section 12.04 of this Agreement, each of the parties hereto agrees and covenants with each of the parties hereto that it will not, without the prior written consent of such other party, disclose or make available the Personal Information of such other Party or any portion thereof to any other person or entity except for designated employees or agents of the disclosing party who have a need to access the Personal Information in connection with the use thereof for the purposes of the Corporation or for the purposes directly related to fulfilling or complying with the terms of this Agreement, or other parties with the specific prior written authorization of the party who is responsible for such Personal Information. No employee or agent shall be designated by the Purchaser to access the Personal Information unless such employee agrees to hold the Personal Information in confidence and limit use of the Personal Information to the uses permitted hereby in accordance with a written covenant at least as restrictive as the covenant given by the Purchaser contained in this section 12.05.
- (c) Each party agrees that the Personal Information provided to it by the other parties shall only be used for such purposes as are specified by herein that such party shall not sell, trade, barter, disclose or transfer such Personal Information to any other party or to use the Personal Information for any other purpose other than the purposes permitted by this Agreement. Each party will follow all rules and regulations of the party who is responsible for the Personal Information disclosed or transferred to it by any other party to this Agreement from time to

time with respect to use, retention and destruction of Personal Information for which that other party is responsible.

- (d) From time to time, the parties hereto shall execute such further agreements to hold in confidence Personal Information of others disclosed or transferred to such party by the Corporation as may be required by the Corporation.

ARTICLE 12 – GENERAL

- 12.01 No consent or waiver, expressed or implied, by any party hereto of any breach or default by any other party hereto in the performance of his obligations hereunder shall be deemed or construed to be a consent to or waiver of any other breach or default in the performance by such party of the same or any other obligations of such party hereunder. Failure on the part of any party to complain of any act or failure to act of any other party or to declare the other party in default, irrespective of how long such failure continues, shall not constitute a waiver by the first mentioned party of his rights hereunder.

This Agreement shall continue to be effective notwithstanding the sale of Shares by a Shareholder, and this Agreement shall be binding upon the remaining Shareholders so long as there are at least two Shareholders.

- 12.02 Any provisions of this Agreement prohibited by laws of any jurisdiction shall, as to such jurisdiction, be ineffective to the extent such prohibition without invalidating the remaining terms and provisions hereof.
- 12.03 The Shareholders agree to sign all such documents and do all such things as may be necessary or desirable (including causing his Shares to be voted, whether at a meeting of Shareholders or by way of resolution in writing) to more completely and effectively carry out the terms and intentions of this Agreement and to cause the Corporation to act in the manner contemplated by this Agreement.
- 12.04 Any and all written notice or written communication given or required to be given to a party hereunder may be sent by email or delivered by hand, or, provided postal service shall not be interrupted or threatened with interruption, mailed in Canada by registered mail and shall be deemed:
- (a) In the case of delivery to such party to have been duly given when the same is sent by email or personally delivered to the party if an individual or to an officer of the party if the party is a corporation.
- (b) If addressed to such party at its address set forth on Schedule "C", and in the case of the Corporation at its registered office address, in the case of dispatch by registered mail, to have been given at 5:00 p.m. (local time of the sender) on the fourth day after the same was deposited with the post office.
- 12.05 Time shall be of the essence of this Agreement.
- 12.06 This Agreement constitutes the entire agreement among the parties and shall not be modified, amended or assigned except with the consent in writing of the parties hereto.

- 12.07 This Agreement and the rights, obligations and relations of the parties hereto shall be governed and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and the court of such Province shall have exclusive jurisdiction to ascertain any action in connection with this Agreement.
- 12.08 In this Agreement, wherever the singular and masculine are used, they shall be construed as if the plural or the feminine or the neuter had been used, where the context or the party or parties so requires, and the rest of the sentence shall be construed as if the grammatical and terminological changes thereby rendered necessary had been made.
- 12.09 This Agreement may be executed by the parties in counterparts and when all parties have executed at least as many counterparts as there are parties, all of such counterparts shall be deemed to be originals and all such counterparts taken together shall constitute one and the same Agreement.
- 12.10 This Agreement shall enure to the benefit of and be binding upon the parties hereto and their personal representatives, successors and permitted assigns and any reference to a right or an obligation of a party hereto shall be deemed to include a reference to such personal representatives, successors and permitted assigns to the extent that the context requires.
- 12.11 Subject to the provisions of the Act, if any conflict shall appear between the By-laws or the Articles of the Corporation and the provisions of this Agreement, the provisions of the Agreement shall govern rather than the conflicting provisions of the By-laws or the Articles, as the case may be, and any such conflict shall as soon as possible be resolved by appropriate amendment to such By-laws or Articles.

[Signature Page Follows]

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement.

SIGNED, SEALED AND DELIVERED
in the presence of:)
)
)
)
)
)
)
)
)

EQUIBIT DEVELOPMENT CORPORATION

Chris Horlacher
Chris Horlacher (Feb 3, 2017)

Chris Horlacher
I have authority to bind the Corporation.

2394790 ONTARIO INC.

Per:

Marc Godard
Marc Godard (Feb 4, 2017)

Marc Godard

Chris Horlacher
Chris Horlacher (Feb 3, 2017)

Chris Horlacher

Brent Kievit-Kylar
Brent Kievit-Kylar (Feb 3, 2017)

Brent Kievit-Kylar

Nathan Wosnack
Nathan Wosnack (Feb 3, 2017)

Nathan Wosnack

Christian Saucier
Christian Saucier (Feb 3, 2017)

Christian Saucier

Mario Malt
Mario Malt (Feb 4, 2017)

Mario Malt

SCHEDULE "A"

Articles of Incorporation



2015-09-18

Corporations Canada
C. D. Howe Building
235 Queen Street
Ottawa, Ontario K1A 0H5

Corporations Canada
Édifice C.D. Howe
235, rue Queen
Ottawa (Ontario) K1A 0H5

Corporation Information Sheet

Canada Business Corporations Act (CBCA)

Fiche de renseignements concernant la société

Loi canadienne sur les sociétés par actions (LCSA)

Equibit Development Corporation

Corporation Number	944419-0	Numéro de société
Corporation Key Required for changes of address or directors online	53616121	Clé de société Requise pour mettre à jour en ligne l'adresse du siège social ou l'information concernant les administrateurs
Anniversary Date Required to file annual return	09-17 (mm-dd/mm-jj)	Date anniversaire Requise pour le dépôt du rapport annuel
Annual Return Filing Period Starting in 2016	09-17 to/au 11-16 (mm-dd/mm-jj)	Période pour déposer le rapport annuel Débutant en 2016

Reporting Obligations

A corporation can be dissolved if it defaults in filing a document required by the CBCA. To understand the corporation's reporting obligations, consult *Keeping Your Corporation in Good Standing* (enclosed or available on our website).

Corporate Name

Where a name has been approved, be aware that the corporation assumes full responsibility for any risk of confusion with existing business names and trademarks (including those set out in the NUANS® search report). The corporation may be required to change its name in the event that representations are made to Corporations Canada and it is established that confusion is likely to occur. Also note that any name granted is subject to the laws of the jurisdiction where the corporation carries on business. For additional information, consult **Protecting Your Corporate Name** (enclosed or available on our website).

Obligations de déclaration

Une société peut être dissoute si elle omet de déposer un document requis par la LCSA. Pour connaître les obligations de déclaration de la société veuillez consulter *Maintenir votre société en conformité*, ci-jointe ou disponible dans notre site Web.

Dénomination sociale

En dépit du fait que Corporations Canada ait approuvé la dénomination sociale, il faut savoir que la société assume toute responsabilité de risque de confusion avec toutes dénominations commerciales, marques de commerce existantes (y compris celles qui sont citées dans le rapport de recherche NUANSsm). La société devra peut-être changer sa dénomination advenant le cas où des représentations soient faites auprès de Corporations Canada établissant qu'il existe une probabilité de confusion. Il faut aussi noter que toute dénomination octroyée est assujettie aux lois de l'autorité législative où la société mène ses activités. Pour obtenir de l'information supplémentaire, veuillez consulter le document **Protection de la dénomination sociale** ci-joint ou disponible dans notre site Web.



Certificate of Incorporation

Canada Business Corporations Act

Certificat de constitution

Loi canadienne sur les sociétés par actions

Equibit Development Corporation

Corporate name / Dénomination sociale

944419-0

Corporation number / Numéro de société

I HEREBY CERTIFY that the above-named corporation, the articles of incorporation of which are attached, is incorporated under the *Canada Business Corporations Act*.

JE CERTIFIE que la société susmentionnée, dont les statuts constitutifs sont joints, est constituée en vertu de la *Loi canadienne sur les sociétés par actions*.

Virginie Ethier

Director / Directeur

2015-09-17

Date of Incorporation (YYYY-MM-DD)

Date de constitution (AAAA-MM-JJ)



Form 1
Articles of Incorporation
Canada Business Corporations Act (s. 6)

Formulaire 1
Statuts constitutifs
Loi canadienne sur les sociétés par actions (art. 6)

- 1 Corporate name / Dénomination sociale: Equibit Development Corporation
2 The province or territory in Canada where the registered office is situated / La province ou le territoire au Canada où est situé le siège social: ON
3 The classes and any maximum number of shares that the corporation is authorized to issue / Catégories et le nombre maximal d'actions que la société est autorisée à émettre: See attached schedule / Voir l'annexe ci-jointe
4 Restrictions on share transfers / Restrictions sur le transfert des actions: See attached schedule / Voir l'annexe ci-jointe
5 Minimum and maximum number of directors / Nombre minimal et maximal d'administrateurs: Min. 1 Max. 15
6 Restrictions on the business the corporation may carry on / Limites imposées à l'activité commerciale de la société: None
7 Other Provisions / Autres dispositions: See attached schedule / Voir l'annexe ci-jointe
8 Incorporator's Declaration: I hereby certify that I am authorized to sign and submit this form. / Déclaration des fondateurs: J'atteste que je suis autorisé à signer et à soumettre le présent formulaire.

Name(s) - Nom(s)

Original Signed by - Original signé par

Lumen LLP

Christine Fard
Christine Fard

Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding \$5000 or to imprisonment for a term not exceeding six months or both (subsection 250(1) of the CBCA).

Faire une fausse déclaration constitue une infraction et son auteur, sur déclaration de culpabilité par procédure sommaire, est passible d'une amende maximale de 5 000 \$ et d'un emprisonnement maximal de six mois, ou l'une de ces peines (paragraphe 250(1) de la LCSA).

You are providing information required by the CBCA. Note that both the CBCA and the Privacy Act allow this information to be disclosed to the public. It will be stored in personal information bank number IC/PPU-049.

Vous fournissez des renseignements exigés par la LCSA. Il est à noter que la LCSA et la Loi sur les renseignements personnels permettent que de tels renseignements soient divulgués au public. Ils seront stockés dans la banque de renseignements personnels numéro IC/PPU-049.

Description of Classes of Shares

The authorized capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of Preferred Shares.

The **Common Shares** will have the following rights, privileges, restrictions and conditions:

- I. Dividends: The registered holders of the Common Shares shall be entitled to receive any dividend declared by the directors, as and when declared by the directors in any year as the directors may by resolution determine, out of the moneys of the Corporation properly applicable to the payment of dividends.
- II. Participation in Assets on Dissolution: The registered holders of the Common Shares shall be entitled to receive the remaining property of the Corporation upon the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, and any other distribution of assets of the Corporation among the registered shareholders of the Common Shares for the purpose of winding-up its affairs.
- III. Voting Rights: The holder of a Common Share shall be entitled to one (1) vote for each Common Share held (in person or by proxy), at any meeting of shareholders of the Corporation.

The **Preferred Shares** will have the following rights, privileges, restrictions and conditions:

Exceptions: The following provisions are, where applicable, subject to exceptions contained in the *Canada Business Corporations Act*.

- I. Non-Voting: The Preferred Shares are non-voting shares and the holders of Preferred Shares have no right to receive notice of any meeting of shareholders.
- II. Redemption Right: The Preferred Shares are redeemable at the option of the Corporation or of their holder in consideration of the payment of an amount equal to their redemption value ("Redemption Amount"). Once redeemed, such share or shares are referred to as the "Redeemed Share" or "Redeemed Shares" as the case may be.
For the purposes of the preceding paragraph, the Redemption Amount shall be determined by the Corporation prior to the issuance of any Preferred Shares, and each issuance of Preferred Shares will require an executed acknowledgement by the subscriber evidencing notice of such Redemption Amount.
- III. Redemption Procedure:
 - a) Subject to any conditions established prior to the issuance a Preferred Share, acknowledged in writing by the holder of Preferred Share(s), the Preferred Share may be redeemed with five (5) days' notice provided by either the Corporation or the holder.
 - b) The Preferred Shares may be redeemed either on a pro-rata basis or otherwise.
 - c) On or after the date specified for redemption (the "Redemption Date") the registered holders of the Redeemed Shares shall be entitled to payment of the Redemption Amount on presentation and surrender at the Corporation's registered office or other place designated by the directors in the notice of redemption, of certificates for the Redeemed Shares, endorsed for transfer to the Corporation.
 - d) If less than all of the Preferred Shares represented by any certificate are redeemed, the registered holder shall be entitled to receive a new certificate for the number of shares represented by the original certificate which are not redeemed.

- e) From and after the Redemption Date, the holders of the Redeemed Shares shall not be entitled to exercise any of the rights of shareholders in respect of the Redeemed Shares unless the Corporation has defaulted on payment of the Redemption Amount.

Restrictions on Share Transfers

No shares of the Corporation shall be transferred without either:

- a) The consent of the directors of the Corporation expressed by a resolution passed by a majority of votes of the board of directors or by an instrument or instruments in writing signed by all of the directors then in office, or
- b) The consent of the holders of shares representing more than 50% of the voting rights attaching to all shares outstanding and entitled to vote at such time, expressed by a resolution passed by such shareholders at a meeting duly called and constituted for that purpose or by an instrument or instruments in writing signed by all shareholders.

Other Provisions

- a) The number of shareholders of the Corporation, exclusive of persons who are in its employment and persons who, having been formerly in the employment of the Corporation, were and have continued to be, shareholders of the Corporation, is limited to not more than 50. Two or more persons who are joint registered owners of shares shall be counted as one shareholder.
- b) Any invitation to the public to subscribe for securities of the Corporation is prohibited.

SCHEDULE "B"

Material Decisions for Shareholder Approval

1. Altering the nature of the corporation's business or engaging in other activities not incidental to the current activities of the corporation.
2. Selecting or changing the auditors of the corporation.
3. Issuing or selling any share capital, or any rights warrants or securities.

SCHEDULE "C"

Shareholders And Share Ownership

Name	Address	Shares
Brent Kievit-Kylar	206 Hurley St. Cambridge, MA 02141, USA iamsqrt1@gmail.com	17,000,000
2394790 Ontario Inc.	Attn: Marc Godard 48 Albermarle Ave. Toronto, ON M4K 1H7, Canada godardm@gmail.com	17,000,000
Nathan Wosnack	2362 Burquitlam Dr. Vancouver, BC V5P 2P1, Canada nathan@ubitquity.io	8,500,000
Christian Saucier	514 Daniels St. Raleigh, NC 27605, USA csaucier@gmail.com	8,500,000
Chris Horlacher	206-8 Humberstone Dr North York, ON M2N 7C1, Canada chorlacher@gmx.com	29,750,000
Mario Malt	Copper Beech House, Malvern Place Cheltenham, GL502JL UK england@malts.co.uk	4,250,000












Equibit Amended and Restated Shareholders Agreement February 1, 2017

Adobe Sign Document History

02/04/2017

Created:	02/03/2017
By:	Chris Horlacher (chris@equibit.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAlwtrcaKLv3Qp5TQnujUjIfBgw8lrUA6

"Equibit Amended and Restated Shareholders Agreement February 1, 2017" History

-  Document created by Chris Horlacher (chris@equibit.org)
02/03/2017 - 2:52:35 PM EST - IP address: 99.255.199.46
-  Document emailed to Chris Horlacher (chris@equibit.org) for signature
02/03/2017 - 2:55:37 PM EST
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02/04/2017 - 11:22:49 AM EST



EXHIBIT D

This is **EXHIBIT "D"**

to the Affidavit of

CHRISTOPHER HORLACHER

sworn before me by videoconference

this 30th day of March, 2022

Ian Literovich



EQUIBIT
GROUP

EQUIBIT GROUP

Business Plan

December 19, 2018

Confidentiality

This business plan is confidential and is intended solely for the information of the individual or entity to which it is delivered by or on behalf of Equibit Group. By accepting a copy of this business plan, the recipient agrees not to copy, distribute or otherwise disclose this business plan or its contents or any other related information to any other individual or entity without the prior written consent of Equibit Group and to return this business plan to Equibit Group upon request.

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Executive Summary

OVERVIEW

Equibit Group is a blockchain software and hardware developer on a mission to create open-source, peer-to-peer solutions for the capital markets. While recent history has necessitated the centralization and subsequent dematerialization of securities, blockchain technology allows for securities to remain dematerialized yet restore the original decentralized model for custody and settlement.

Such a technology represents a quantum leap forwards in the efficiency and safety of the capital markets. All participants have complete access to all data on the network and can easily engage in instant, secure, irreversible transactions without need of a broker, exchange, transfer agent, nor a custodian.

Compliance with regional securities regulations, shareholder agreements, AML/KYC and other concerns is achieved through a transfer restriction system. This allows issuers to create, or connect to, white lists of addresses that their securities may be transferred amongst. Maintenance of the white list can be done either by the issuer themselves, a broker, exchange, or other competent agent.

This vision has been realized with the creation of the Equibit peer-to-peer network protocol. Investors and issuers can now connect directly to create, transfer, and administer securities from a standardized menu that includes common and preferred shares, fund, trust, and partnership units, and debt.

The Equibit network, like Bitcoin, is ubiquitous and accessible wherever an internet connection can be found. Produced by pooled computing power, called “mining”, it is set to forever change how individuals invest, and companies raise capital.

Equibit Group is focused on creating software and hardware to support individuals and institutions in their use of the Equibit network. Its products and services are currently focused on two main user groups; those supplying network infrastructure (miners), and those requiring transactions (users).

VISION

Equibit Group is positioning itself to become a significant player in the blockchain software development and infrastructure space. With our unique software architecture, advanced hardware, management expertise, and commitment to security we will move quickly to take full advantage of one of the most compelling opportunities to emerge in the Fintech sector.

STRATEGY

Equibit Group is developing a free, open-source application that will allow anyone to fully participate on the Equibit network, a peer-to-peer cryptosecurities network protocol. To further decentralize the securities industry, the application accesses a peer-to-peer communications system capable of replacing traditional communications channels, all while enhancing the security and confidentiality of investor communications. Also included are systems to restrict the transferability of securities to assist in KYC and other requirements imposed by securities regulators around the world.

The application incentivizes users, called “miners” to run the software on their computers by rewarding them with new cryptocurrency units, called “equibits” or “EQB”. These units are required to create securities and post transactions on the Equibit blockchain and thus will carry value due to their utility and scarcity. Moreover, miners will be rewarded with voluntary transaction fees, like how the Bitcoin network functions.

Our wallet software enables users to easily execute cross-chain atomic swaps with the Bitcoin network, opening direct access to billions of dollars of investable capital. Equibit Group has also developed the world’s first cryptocurrency wallet using hardware-based (rather than software) encryption. Called an “Adamant” this takes the security of a user’s private key to a FIPS 140-2 Level III or higher standard making it appropriate for enterprise usage.

OPERATIONS

Equibit Group is an incorporated company in Switzerland currently owned by the management team, developers, and one angel investor. All efforts are going into developing our products, which we anticipate launching in Q4 of 2018. We have already built relationships with several key technology, marketing, and legal partners and continue to develop these partnerships and more to strengthen Equibit Group’s position in the cryptocurrency market.

REVENUE MODEL

Equibit Group will provide third parties with consulting services, supporting their IT teams in integrating their existing platforms with the Equibit network. This will primarily involve setting up Equibit nodes, Adamants and integrating API’s. Aside from the initial setup and installation of the system we will charge a percentage of the assets stored in the wallet. As creators of Equibit, we will be in a unique position to offer our expertise.

COMPETITION

There are no competing firms offering a solution that addresses all the use-cases that Equibit or Equibit Group does. Several groups have built blockchains capable of acting as a securities register, however all lack the communications, settlement and other functionality required by the securities industry for it to truly disrupt custodial services and transfer agencies. While many large financial institutions have expressed interest in blockchain technology, none so far have implemented it. Equibit Group is thus well-positioned to quickly secure a significant portion of this global market as a first-mover.

FINANCING REQUIREMENTS

There are 660,258 unallocated pre-mined EQB from the pre-mine and Equibit Group is seeking to sell 400,000 for total proceeds of \$4 million. Assuming \$4 million, the funds are intended to be applied as follows:

	Amount	Percent
Offering	4,000,000	100.00%
Fees incidental to offering	200,000	5.00%
Offering expenses	50,000	1.25%
Net offering proceeds	3,750,000	93.75%
Sales & marketing	1,250,000	31.25%
Research & development	1,750,000	43.75%
Working capital	750,000	18.75%
Net cash proceeds	3,750,000	93.75%
Total fees and offering expenses	250,000	6.25%
Total application of gross proceeds	4,000,000	100.00%

To date, Equibit Group's share capital is as follows:

	Founders & Angel Round	
	No. of Shares	Total Value (USD)
Common Shares	76,500,000	\$3,000,000

STOCK OPTIONS

To attract and retain key personnel including directors, executives and consultants, Equibit Group has established a stock option plan ("Plan") under which 5,000,000 common shares have been reserved. To date, 1,600,000 options have been granted pursuant to the Plan.

History and Position

BUSINESS STRUCTURE

Equibit Group is currently incorporated under the laws of Zug, Switzerland (“Equibit Group AG”). Zug is the world’s leading centre of cryptocurrency development and with Switzerland being a global financial centre, presents an ideal home for Equibit Group. The company has issued 76,500,000 common shares. Currently 29,750,000 are owned by Chris Horlacher. 17,000,000 are owned by Brent Kievit-Kylar. 16,745,000 are owned by Marc Godard. 8,500,000 are owned by Christian Saucier. 4,250,000 are owned by Mario Malt. 255,000 are owned by Ilya Fadeev.

An additional 5,000,000 common shares have been authorized by the company to attract and retain key personnel including directors, executives and consultants, and to raise additional capital. To date, 1,600,000 options have been granted.

BOARD & MANAGEMENT TEAM

Chris Horlacher, CPA, CA
Chairman, Chief Executive Officer

Chris Horlacher is one of Canada’s foremost authorities on cryptocurrency and blockchain technology. As the CEO of Equibit Group, he applies his deep understanding of the space into all facets of his professional career, leading the vision and development of blockchain technology that promises to revolutionize the securities industry. Chris began his career as an auditor at a Big Four accounting firm. Before the age of 30, he was the CFO of a start-up stock brokerage that now manages over \$4 billion in assets. Following that, Chris went on to create his own management consulting firm, playing an instrumental role in the success of numerous start-ups as well as multi-million-dollar projects for some of Canada’s largest companies, SME’s and non-profit organizations. As one of Canada’s first adopters of cryptocurrency and blockchain technology, Chris is often looked to for his insights on these emerging and exciting sectors. He has been interviewed by many leading media outlets, including Reuters, CBC, BNN, Bloomberg and The Globe and Mail, and has also spoken to large audiences at countless prominent industry events since 2014.

Eelco Fiole, PhD, CFA, CDir
Director

Eelco is co-founder and sole Managing Partner of Alpha Governance Partners, a fiduciary services firm active in alternative investments, emerging markets and fintech, himself providing risk-based governance to a number of boards. After early years in engineering, he started his career in finance in 1995 as an institutional banker with ABN AMRO Amsterdam, after which he joined UBS Zurich as a.o. CFO of its global Corporate Center division. He then joined Centrum Bank Vaduz as Head Corporate Development and CFO, followed by a move to Millennium Global Investments Geneva and London as Group CFO. At Credit Suisse Zurich he served as COO within Alternative Investments with USD 17 bn in strategies and teams in various global locations incl. New York and London. Over the years, he also gained consulting experience, also in frontier markets, and including at PwC Zurich. Eelco holds degrees in Economics (PhD, Basel), Laws (London), Leadership (Madrid), Business and Engineering (both Rotterdam) and holds various professional designations in finance and management including the CFA and CDir charters; he

lectures a.o. Finance Ethics at HEC Lausanne, speaks regularly on Governance and volunteers for the CFA Institute. A globally connected Dutchman with 20+ years private exposure to China, he is a resident of Switzerland and Singapore.

Harvey Wortsman, LL. B, QC

Director

Harvey is an advisor at MaRS Discovery District and, for the past 15 years, led a strategic advisory firm providing M&A and corporate finance services. He also worked with private equity and family offices finding suitable investment opportunities. Prior to that he was the CEO of a publicly-listed company (Communicorp) providing marketing services to clients such as Walmart, The Bay and Canadian Tire. Harvey attended the University of Toronto for both his undergraduate degree and graduate law degree and then practiced for 25 years as a banking and securities lawyer including the M&A and corporate finance sectors and has also acted as general counsel to three PhD corporate executive haematologists of a Nasdaq listed company (Biopool).

Efi Pylarinou, PhD

Director

Efi is an independent Fintech/Blockchain advisor and influencer, with a Ph.D., in Finance and 20+ years Wall Street experience as a Vice President at Salomon Brothers, Bankers Trust, and SGCowen. She is included in the Women in Fintech powerlist by Innovate Finance (2016 & 2017); in Women in Fintech DACH social ranking, and The Planet Compliance Top 50 RegTech Influencers. She is the co-founder of Daily Fintech and has 160,000+ LinkedIn followers. Her domain focus is on Innovations in Capital Markets and Wealth Management. She is also the author of the Wiley Fixed income books with Frank Fabozzi and is included in the WealthTech book by Wiley.

Peter Braun

Director

Peter is a true rocket scientist by education and after assuming several management positions in the aerospace and automotive industries, he started his career as a serial entrepreneur. After several exits, including IPOs in the USA and Germany, he started to invest and today is recognized internationally as a leading Angel Investor. He is a much sought-after evangelist and advises financial institutions such as banks, exchanges, as well as numerous start-ups and government bodies. A gifted speaker, Peter is regularly invited to deliver keynote speeches or lead panel discussions at many international conferences. He is part of numerous international juries and handed awards to many winners of technology contests. For over 7 years Peter has served on the board of EBAN, the European Business Angel Network.

Christian Saucier

Chief Operations Officer

Christian is an energetic business leader, software engineer, and early bitcoin adopter. He has over 20 years of experience designing and implementing impactful IT solutions for start-ups and Fortune 100 companies. Christian has global experience, leading projects in North-America, Asia-Pacific, EMEA, and LATAM. Christian has implemented multiple systems that leverage blockchain technology as a proof of existence ledger. He has lectured at Bitcoin conferences on the topics of decentralised solutions and given TV, radio, and podcast interviews on the innovative and transformative potential of peer-to-peer technology.

COMPANY HISTORY

In 2010, while working as the CFO of a stock brokerage start-up, CEO Chris Horlacher discovered Bitcoin, a decentralized, electronic currency. After gaining an understanding of this new technology and combining his expertise in the securities industry he realized that it could be adapted to become a securities register.

In 2014, after waiting some time to ensure the Bitcoin technology was workable and gaining enough user adoption, he partnered with Marc Godard and Brent Kievit-Kylar. Together they worked out the technical details to create a blockchain that would not only act as a securities register, but also interface with the Bitcoin network to access capital and efficiently conduct trades. A communications system was also added to ensure that this aspect of investor relations could take place on the new platform as well.

In early 2015 Chris, Marc, and Brent provided their white-paper “Equibit: A Peer-to-Peer Electronic Equity System” to Nathan Wosnack and Christian Saucier, who were both heavily involved in the cryptocurrency industry at the time and regarded as experts and key influencers. After vetting the paper, they joined the Equibit project.

Late in 2015 Equibit Group was incorporated and, after receiving an angel investment of USD \$150,000, additional developers were hired while the system designs continued to be refined and perfected for use by the securities industry.

In mid-2016, Equibit Group successfully compiled its proof-of-concept software and created the Equibit blockchain. It successfully ran on 37 nodes designed and built by Equibit Group. Transactions and messages have been successfully transmitted over this test network.

One node was upgraded with a hardware security module, making Equibit Group the world’s first company to have achieved this. Called an “Adamant”, this product provides unparalleled security over users’ private keys, which are crucial in safeguarding access to the assets stored on the network, making it suitable for enterprise use.

Along the way, Equibit Group has built relationships with several best-in-class technology partners, including IBM. The company has also begun courting many institutional clients including some of the largest and oldest financial institutions in North America and Europe.

On March 31, 2017 Equibit Group closed a public pre-sale of EQB, with 250,000 EQB sold for total revenues of USD \$560,000.

Equibit Group signed a cloud services partnership agreement with IBM in May 2017 where IBM will become the infrastructure partner for Adamants through their cloud services and co-brand the product.

On December 8, 2017 Equibit Group closed a private pre-sale of EQB, with 400,000 EQB sold for total revenues of USD \$2 million.

A private Equibit testnet was deployed on July 1, 2018 and an enthusiastic community of testers, as well as miners controlling over 100,000 GPU’s began supporting the project.

Presently Equibit Group is working on completing production versions of the Equibit Core and wallet applications.

Marketing Plan

PRODUCTS & SERVICES

EQUIBIT CORE

This application is essential in creating and securing the Equibit network. It contains all the code necessary to run a full node that can access and process transactions on the Equibit blockchain, send and receive communications, issue, revoke, and verify trading passports, earn mining rewards, and contribute to the network's overall hashing power. It will be offered free-of-charge on the company website as well as through select distribution channels such as IBM Cloud, Microsoft's Azure Marketplace, Amazon Web Services Marketplace, Google Cloud Platform, and Docker containers for rapid deployment and scalability. The code will be open sourced under the MIT license. There are two important reasons why these products must be made freely available.

First, as the Equibit network is intended to store highly sensitive data about the ownership of assets (which theoretically can amount to many trillions of dollars, with trading volume in the quadrillions), it is important for users to be able to trust the software code itself and not the reputation or sanctity of any one individual or institution. A proprietary program does not enjoy the transparency or trustworthiness engendered by open source software.

Secondly, to secure the network its hashing power needs to grow as quickly as possible to prevent the undesirable situation where one actor controls more than 50% of the network's total hashing power. By making the core software as freely available as possible and allowing it to be modified for other unforeseen use-cases, we will protect the network by distributing it across as many independent machines as possible.

As creators of the application, Equibit Group will be offering their expertise to businesses and financial institutions interested in using Equibit in their operations. We will provide setup, integration and ongoing monitoring and maintenance services in the form of SLAs.

WALLETS

Equibit Group has developed a retail wallet application called Equibit Portfolio. This will allow retail investors and issuers to access the Equibit network without having to run a full node. Investors will be able to open a free account that allows them to transact on the Equibit and Bitcoin blockchains. Users can also manage their trading passports, signifying that a competent party has conducted due diligence on them and determined they meet certain identity and net-worth checks. These passports allow investors to own restricted securities from issuing firms that are relying on said parties to perform their KYC processes. Issuing firms can use their equibits to create equity or debt securities and raise capital over the network. As with the investors, Issuers will also be encouraged to purchase a trading passport that will allow them to access the groups of pre-vetted investors.

Equibit Group can also build wallets with a hardware security module. This device performs all private key generation, encryption, decryption and digital signing actions for cryptocurrencies in a manner more secure than traditional software means. We're able to achieve a certified FIPS 140-2 Level III security standard, putting the wallet's security at levels beyond many financial institutions. As such

this is the ideal product for financial institutions and companies looking for an enterprise-grade, white-label digital asset-management system. The advantage is that any institution can implement advanced, turnkey infrastructure and provide Bitcoin and Equibit access to their clients or corporate treasury departments.

COMPETITION

A broad survey of the competition against Equibit reveals little, to no companies working on blockchain solutions for the capital markets. Many are working on Ethereum-based smart contracts that do not dis-intermediate the industry and provide questionable security. Ethereum contracts have been plagued by hacks (DAO, Parity), resourcing constraints (Crypto Kitties, Status ICO), and other bugs (BatchOverflow). As such, we do not believe any smart contract-based solution (ex. ERC-20, ERC-721, ERC-884, ST-20) provides a credible threat to the Equibit network in terms of simplicity, security, sustainability and scalability.

RAVENCOIN (RVN)

The RavenCoin project was launched in January 2018 and, like Equibit, is a fork of the Bitcoin code. While their roadmap appears very close to that of Equibit in terms of overall functionality (asset registration and communications) it suffers from several architectural decisions that make it an inferior choice for the capital markets. Their use of the “asic-resistant” hash X-11 reduces the security of the protocol when compared to Equibit, which uses the highly efficient and secure SHA-3. RavenCoin also did not make any improvements to their blockchain that would make it more scalable such as an adaptive block size. The asset registration functions of RavenCoin were activated on November 5, 2018 and their “proof-of-burn” registration model opens the network to denial-of-service attacks. There is no communications functionality yet, and no indication on how they intend on adding compliance functions.

BITSHARES (BTS)

Initially released in July 2014, BitShares was Dan Larimer’s first blockchain product and real-world application of his newly created consensus mechanism – delegated proof of stake (DPOS). While DPOS possesses an impressive potential transaction throughput it suffers from greatly reduced settlement certainty when compared to Equibit’s proof of work (POW) system and incentivizes users to not put its cryptocurrency to use in a process called “staking.” BitShares lacks all the communications and compliance functionality of Equibit and is unlikely to see any adoption by the securities industry.

MARKET POTENTIAL

DEPOSITORIES & TRANSFER AGENTS

The Equibit network is capable of displacing traditional central securities depository (“CSD”) and transfer agent service companies. These businesses rose to prominence in the 1970’s and 80’s as security ownership and custody was centralized and dematerialized. A prime example of this is Cede & Company, a partnership of certain employees of the Depository Trust & Clearing Corporation (“DTCC”), that has legal title to nearly all the registered securities in the United States. DTCC also performs clearing and settlement services for the issuing companies, and investors.

The World Federation of Exchanges produces reliable statistics on publicly-traded companies but due to the opaque nature of the private company marketplace it is difficult to get accurate figures on the global total number of issuing companies and transaction volume. We can, however, look at individual transfer agents and associations to make reasonable estimates.

The Securities Transfer Association currently reports there are over 130 transfer agents just in North America, and over 140 depositories worldwide. These firms service over 100 million shareholders on behalf of over 15,000 issuing companies. Six of the largest transfer agents in the world are DTCC, Computershare, Broadridge, American Stock Transfer, Clearstream and Euroclear. In their 2017 Annual Report, DTCC indicated they processed \$1.61 quadrillion in securities transfers, taking in revenues of \$1.7 billion.

We estimate that the global CSD and transfer agent market is worth over \$10 billion annually; a cost that is currently being borne by investors and issuers. This will be reduced significantly to the extent that Equibit is adopted as the system of choice by financial institutions for their post-trade cycle, and issuers for their investor relations.

REVENUE STREAMS

CONSULTING & SLA'S

Clients will pay Equibit Group a rate to set up and integrate Equibit nodes and Adamants into their existing software infrastructure. They subsequently pay a percentage of the assets stored on the Adamant wallet.

PROMOTIONAL STRATEGIES

ALL PRODUCTS

We have built significant presence through content marketing via email and social channels such as LinkedIn, Facebook, Twitter, Telegram, Reddit, BitcoinTalk, etc. within the crypto community which will be expanded into other target markets outlined below. Furthermore, our CEO is quickly becoming the top cryptocurrency and blockchain expert in Canadian media. Already he has had appearances on several national television outlets (CBC, BNN, Bloomberg) and has become an influential source for journalists working at top new publications like the Globe & Mail, Forbes, and industry publications like American Banker, Payments Business, Disruptor Daily, IR Magazine, and Enterprise Security.

EQUIBIT CORE AND MINER

This application will be open sourced under the MIT license and targeted at the cryptocurrency mining community. Our team continues to increase awareness and educate the cryptocurrency community both in a lead up to the public software release as well as post-launch in continuing to build the Equibit mining base. Already, numerous individuals and companies controlling over 100,000 GPU's have committed to joining in on the mining of Equibit, thus ensuring a globally distributed mining community that will make the Equibit network resistant to mining attacks from day one.

WALLETS

Retail and private investors and individual issuing companies are the target market for these products. We believe that the best way to build the userbase here is to

focus on bringing issuers onto the platform as they're the ones adding investment products. To-date we've had many discussions with individual firms, private equity and other asset managers interested in using the platform. We also plan on marketing the solution to securities dealers and other market actors engaged in private placements and other exempt distributions. Equibit Group is currently studying what trade shows will be ideal in reaching new issuers and developing campaigns for the various sub-groups of users. In addition, as part of our hard-launch event, we plan on distributing EQB to the first registrants. These events, called "Airdrops" have proven to be a very successful community-building and awareness tool, which is critical for us to achieve the desired network effect.

The target market for the Adamant is different from the software wallets and we suspect a relationship sale - like other systems integrators - will be the correct approach. Content marketing, delivered over email and social will be used to build a pipeline of qualified leads to be closed by experienced, commissioned, sales professionals. Equibit Group will also leverage IBM as a channel partner to reach the financial institutions they already cater to.

INDUSTRY REGULATORS

On July 26, 2018 Equibit Group received a no-action letter from the Swiss Financial Markets Supervisory Authority (FINMA), allowing the company to operate as-planned out of our home jurisdiction.

It will be important that Equibit Group to continue emphasizing it is merely a software firm and not engaged in regulated activities such as custodial or clearing services, order execution, investment advice, asset management and other such financial services.

At the same time, Equibit Group will promote the Equibit network as a decentralized alternative to current direct registration systems (ex. DTCC, Computershare, Euroclear, Clearstream). The advantages to regulators being the total transparency of the system, regulatory compliance features (trading passports), and the elimination of counterparty risks to investors.

Operations

PREMISES & EQUIPMENT

IBM CLOUD

Equibit Group's partnership with IBM will provide all the premises and equipment the company needs to take us from a small start-up, to operating at scale. Our agreement allows us to use the IBM public and private clouds at a significant discount.

With nearly 60 IBM Cloud data centers around the world, 37 are dedicated to IBM Cloud workloads. Each of the data centers across North and South America, Europe, Asia and Australia are connected to IBM's global private network—making data transfers faster and more efficient everywhere. And all data centers are designed to exceed industry standards.

IBM Cloud delivers unmatched scalability and control due to its unique design—a network of networks. Public, private, and management traffic travel across separate network interfaces, segregating and securing traffic while streamlining management. The global network boasts more than 2,000Gbps of connectivity between data centers and network points of presence (PoPs). These locations each have multiple 10Gbps transit connections as well as peering links to additional service providers and access networks.

GEMALTO SAFENET HSM

A hardware security module (HSM) is a dedicated crypto processor that is specifically designed for the protection of the crypto key lifecycle. Hardware security modules act as trust anchors that protect the cryptographic infrastructure of some of the most security-conscious organizations in the world by securely managing, processing, and storing cryptographic keys inside a hardened, tamper-resistant device.

Enterprises buy hardware security modules to protect transactions, identities, and applications, as HSMs excel at securing cryptographic keys and provisioning encryption, decryption, authentication, and digital signing services for a wide range of applications.

SafeNet Hardware Security Modules provide the highest level of security by always storing cryptographic keys in hardware. SafeNet HSMs provide a secure crypto foundation as the keys never leave the intrusion-resistant, tamper-evident, FIPS-validated appliance. Since all cryptographic operations occur within the HSM, strong access controls prevent unauthorized users from accessing sensitive cryptographic material. Additionally, Gemalto also implements operations that make the deployment of secure HSMs as easy as possible, and their HSMs are integrated with SafeNet Crypto Command Center for quick and easy crypto resource partitioning, reporting and monitoring.

Forecasting

FINANCIAL PROJECTIONS

	2019	2020	2021	2022	2023
REVENUE					
Adamant fees	-	351,563	1,406,250	5,625,000	22,500,000
Mining rewards	8,602,577	-	-	-	-
Realized gains*	105,129	378,464	851,544	1,686,057	3,172,852
TOTAL REVENUE	8,707,706	730,026	2,257,794	7,311,057	25,672,852
OPERATING EXPENSES					
Salary & contractors	2,000,000	3,000,000	4,500,000	6,750,000	10,125,000
Commissions	-	17,578	70,313	281,250	1,125,000
Benefits	50,000	75,000	112,500	168,750	253,125
Accounting & legal	200,000	150,000	225,000	337,500	506,250
Advertising	200,000	650,000	975,000	1,462,500	2,193,750
Insurance	15,000	22,500	33,750	50,625	75,938
Rent	50,000	75,000	112,500	168,750	253,125
Office supplies	10,000	15,000	22,500	33,750	50,625
Utilities & hosting	55,000	57,500	61,250	66,875	75,313
TOTAL OPERATING EXPENSES	2,580,000	4,062,578	6,112,813	9,320,000	14,658,125
EBITDA	6,127,706	-3,332,552	-3,855,019	-2,008,943	11,014,727
Unrealized gains*	1,892,320	5,109,263	10,729,452	20,692,514	38,488,076
Depreciation	16,000	32,000	36,000	40,000	44,000
Income tax	895,645	-	-	-	1,608,150
NET INCOME	7,109,380	1,744,711	6,838,433	18,643,570	47,850,653

* Assumes market cap of all EQB reaches \$1.5 billion over five years.

FUNDS REQUIRED

Equibit Group requires funds to complete development of the wallets and serve as growth capital. With the desired amount of funding, the research and development process will also be able to take place at a much faster pace so that Equibit Group products can be further refined, improved, and expanded.

Funds are also needed in the marketing of these solutions to the public and institutional clients. Additional staff will be needed in this department to guarantee success by adding institutional salespeople and tech support.

FUNDING OPTIONS

As developer of a new blockchain, Equibit Group has a unique funding option available to it. We have exclusive mining rights to the Equibit blockchain prior to releasing the code and programmed a reward of 1,310,258 EQB into the first block of the system, which we mined. Typically referred to as a “pre-mine”, this initial block reward has been divided up and sold in progressive funding rounds.

INITIAL EQB ALLOCATION

Allocation	Amount of EQB	Pre-Mine Percentage	Percentage at Maturity
Round 1 (Closed Mar 31, 2017)	250,000	19.1%	1.2%
Round 2 (Closed Nov 30, 2017)	400,000	30.5%	1.8%
Round 3 (Current Sale)	400,000	30.5%	1.8%
Equibit Group	260,258	19.9%	1.2%
Total Pre-Mine	1,310,258	100.0%	6.0%
Mined over 55 years	20,689,742		94.0%
Maximum EQB supply	22,000,000		100.0%

After launching the network an additional 20,689,742 EQB will be spontaneously generated by the protocol and awarded to miners over the course of about 55 years. By having 94% of the total EQB supply mineable by the public this will ensure a robust network infrastructure develops and maintains a high degree of security.

EQB LAUNCH SALE

Equibit Group is offering 400,000 EQB, representing 30.5% of all the EQB in existence at network inception at a per EQB price of \$10. This would provide all the capital necessary for the company to grow its client base and effectively serve their needs for several years.

BUDGET ALLOCATION

Assuming \$4 million, the funds are intended to be applied as follows:

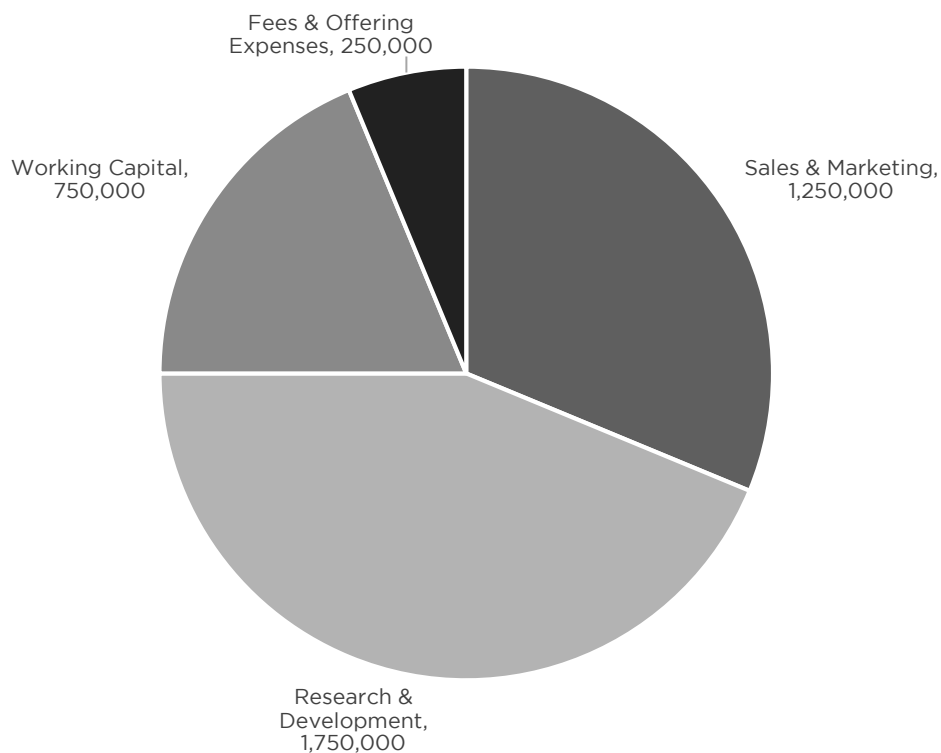


EXHIBIT E

This is **EXHIBIT "E"**

to the Affidavit of

CHRISTOPHER HORLACHER

sworn before me by videoconference

this 30th day of March, 2022

Ian Literovich

SERGEI SACHKOV

as the Employee

- and -

EQUIBIT DEVELOPMENT CORPORATION

as the Employer

Date: March 13, 2017

THIS AGREEMENT made the 13th day of March, 2017,

B E T W E E N:

Equibit Development Corporation,
a corporation existing under the
laws of Canada,

(hereinafter referred to as the “**Employer**”),

- and -

Sergei Sachkov,
of the City of Oakville, in the Province of Ontario,

(hereinafter referred to as the “**Employee**”).

THIS AGREEMENT WITNESSES THAT in consideration of the respective covenants and agreements of the parties herein contained and for other good and valuable consideration (the receipt and sufficiency of which are acknowledged by each party), the parties agree as follows:

ARTICLE 1 INTERPRETATION

Section 1.1 Defined Terms.

Where used in this Agreement, the following terms have the following meanings:

“**Agreement**” means this Agreement as amended from time to time with the written consent of the Parties.

“**Affiliate**” means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such first Person. “**Control**” means having the power to direct the affairs of a Person by reason of the ownership of or controlling the right to vote sufficient numbers of shares of voting stock, or to direct the general management of the affairs of such Persons by contract or otherwise.

“**Business**” means of business of the development of peer-to-peer securities registration and administration software and infrastructure, including, without limitation, the engineering of sophisticated private key infrastructure.

“**Cause**” includes, but is not limited to, the following:

- a) indictment or conviction of a felony or indictable offence;
- b) theft or embezzlement of company property;
- c) the repeated failure to substantially perform the Employee’s material duties under this Agreement which failure is not cured within thirty (30) days after written notice from the Employer specifying the act or acts of non-performance or within such longer period (but not longer than ninety (90) days in any event) as is reasonably required to cure such non-performance; and
- d) any other act or omission that permits an employer to terminate an employee without notice or payment in lieu of notice.

“Commercial Party” means any Person with whom the EDC Companies (i) have a contractual arrangement, (ii) are negotiating a contractual arrangement and/or (iii) in respect of such Person, are actively negotiating a commercial arrangement and/or considering a commercial endeavour (including, for example, making a proposal to a Person or group of Persons representing a corporation in respect of which such Persons are shareholder(s)).

“Confidential Information” means any confidential, proprietary or trade secret information about the EDC Companies or the Business or as disclosed by the EDC Companies to the Employee during the Term of this Agreement, whether such information is oral or in writing or in any other fixed form, including information concerning any confidential data, business plans, business opportunities, goals and objectives, finances, research, developments, know-how, personnel or third party confidential information, customer information and related technical and business matters.

“Effective Date” means March 13, 2017 or such later date on which the Employee actually begins employment hereunder as agreed in writing between the Employer and Employee.

“EDC Companies” means, collectively, the Employer and each of its respective associates, Affiliates, subsidiaries and Related Parties, and **“EDC Company”** means any one of them.

“Intellectual Property” means all right, title, interest and benefit in and to all registered or unregistered world-wide trade marks, trade or brand names, service marks, commercial names and designations, copyrights, copyright applications, patents, inventions in all fields of human endeavour (which may or may not be patented), designs (including industrial designs and layout designs of semiconductor integrated circuits and integrated circuit topography), discoveries, concepts, improvements to inventions (whether patentable or not), licences, sub-licences, franchises, formulae, processes, proprietary information, any ideas, plans, concepts, technical information, know-how, trade secrets, scientific discoveries, technology, technical data, schematics, source codes, computer rights, proprietary business plans and related deal structures, and other intellectual or industrial property.

“Option Plan” means the stock option plan established for the benefit of employees, directors and consultants of the EDC Companies.

“Parties” means the Employer and the Employee, and **“Party”** means either of them.

“Person” means an individual, partnership, corporation, trust, unincorporated association, joint venture or other entity or governmental entity, and pronouns have a similarly extended meaning.

“Related Party” means any Person with whom the Employer (i) is a related party as defined by the *Income Tax Act* (Canada), (ii) is a related party as defined by the *Securities Act* (Ontario) or (iii) is a related party as defined by generally accepted accounting principles.

“Term” has the meaning specified in Section 3.1.

Section 1.2 Gender and Number.

Any reference in this Agreement to gender includes all genders and words importing the singular number only shall include the plural and vice versa.

Section 1.3 Headings, Etc.

The division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and are not to affect its interpretation.

Section 1.4 Currency.

All references in this Agreement to dollars, unless otherwise specifically indicated, are expressed in Canadian currency.

Section 1.5 Certain Phrases, Etc.

In this Agreement the words "including" and "includes" mean "including (or includes) without limitation", and the phrase "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of", and in the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

**ARTICLE 2
DUTIES AND COMPENSATION**

Section 2.1 Duties.

1. The Employee agrees to be employed by the Employer as a Senior Developer as of the Effective Date. During the term of this Agreement, the Employee will report to the Chief Executive Officer or such other manager designated by Chief Executive Officer. The Employee will provide those programming and development services to the Employer in connection with the operation of the Business as are set out in Schedule A annexed hereto and services related thereto and such other services as may be requested from time to time by the Employer.
2. The Employee shall ensure that the Employee is not at any time engaged in conduct which would constitute a conflict with the interests of the EDC Companies. The Employee will, in the performance of the Employee's duties, diligently, faithfully and honestly serve the Employer during the term of this Agreement, shall use the Employee's best efforts to promote the interests of the EDC Companies, and will perform such duties that are essential or conducive to efficient management in accordance with the rules and policies of the Employer.

Section 2.2 Salary.

Salary totalling Cdn.\$93,171.26 per annum (Cdn.\$3,583.51 bi-weekly) shall be paid bi-weekly or as determined by the Employer, but no less than once per month, for the services to be provided. On at least an annual basis, the salary level shall be reviewed taking into account the performance of the Employee, the current position of the EDC Companies and such other factors as are deemed appropriate.

Section 2.3 Benefits.

1. In addition to the other benefits referred to in this Agreement, the Employee shall be entitled to participation in any health plan made available to other employees of the Employer in

accordance with the terms of such plans. Health plan benefits become effective three months from the Effective Date.

2. The Employee is entitled to four (4) weeks' vacation per annum to be taken at a time or times agreeable to the Employer.

Section 2.4 Expenses.

The Employee shall be reimbursed by the Employer for all expenses reasonably and appropriately incurred in connection with the Employee's duties under or in connection with or relating to the Employee's employment. The Employee shall furnish to the Employer statements, vouchers or other particulars for all such expenses and, in turn, the Employer shall execute payment and reimburse the Employee in accordance with the Employer's policies and procedures.

Section 2.5 Profit Sharing.

The Employee shall be eligible to participate in any profit sharing and commission plans that are established for the benefit of all employees of the EDC Companies. No such plans currently exist.

Section 2.6 Stock Option Plan.

Pursuant to the Option Plan and subject to the provisions thereof, and subject to approval of the Board of Directors of the Employer, the Employee shall be eligible to participate in the Option Plan and shall receive an initial grant of 250,000 options. Such options shall vest in four equal instalments beginning on the first anniversary of the issue date thereof. Each vested option is exercisable at any time on or before the fifth anniversary of the issue date thereof at an exercise price of US\$0.20.

**ARTICLE 3
TERM AND TERMINATION**

Section 3.1 Term.

This Agreement and the Employee's employment hereunder will be effective from the Effective Date and will continue for an indefinite term from that date unless terminated earlier in accordance with the terms hereof.

Section 3.2 Early Termination.

This Agreement may be terminated by the Employer as follows:

1. In the event of Cause, this Agreement and the Employee's employment hereunder may be terminated immediately with written notice to the Employee and, upon payment of all amounts currently due (including accrued salary, vacation pay and unpaid expenses) without any further financial obligation to the Employee. For certainty, no bonus or profit sharing payment will be paid in the year in which the Employee is terminated for Cause.
2. In the event of a breach of the non-competition, non-solicitation and/or non-disclosure provisions of this Agreement by the Employee as determined by management of the Employer, this Agreement and the Employee's employment hereunder may be terminated immediately with written notice to the Employee and, upon payment of all amounts currently due (including accrued salary, vacation pay and unpaid expenses), without any

further financial obligation to the Employee. In the event that such breach may be rectified and is rectified by the Employee within two weeks of written notice of the breach to the Employee, the Employer will not terminate this Agreement. For certainty, no bonus or profit sharing payment will be paid in the year in which the Employee is terminated pursuant to this Section 3.2(2).

3. In the absence of Cause, the Employer may terminate this Agreement and the Employee's employment hereunder by providing two (2) week's written notice to the Employee plus two (2) week's notice for each year of completed employment to a maximum notice period of fifty-two (52) weeks (the "Notice Period"), or, at the sole discretion of the Employer by paying by way of salary continuation the base salary that would have been paid to the Employee during the Notice Period. In addition, the Employee will receive any other amounts properly due (including accrued salary, vacation pay and unpaid expenses), net of all statutory deductions or withholdings that the Employer is required to make from time to time. The Employee will also participate in the benefit plans for that period of time required by the *Employment Standards Act* (Ontario) (the "ESA") and to the extent required by the ESA. To the extent entitled under the terms of the applicable plan, the Employee will be entitled to receive a pro rata bonus and/or pro rata profit sharing payment reflecting the period of active service in the year in which the Employee ceases to be employed pursuant to this Section 3.2 (3) (not including any period of notice that is given or ought to have been given). For the purpose of this Section 3.2(3), year shall mean that period of 365 days from the Effective Date and each subsequent period of 365 days.
4. The payments contemplated in Section 3.2(3) are inclusive of any statutory entitlements including notice of termination, termination pay or severance pay and represent the entire entitlement in the context of a termination without Cause it being understood that if only working notice is given then the Employee shall also receive, to the extent applicable, statutory severance pay. The Employee agrees that regardless of the duration of employment or any change to the Employee's position or duties, Section 3.2(3) will continue to apply. The Employer's obligation to make payments to the Employee that exceed the ESA requirements pursuant to this paragraph is conditional upon the Employee fully complying with all of the Employee's covenants and obligations hereunder from and after the date of termination of this Agreement (with no obligation to mitigate) and shall continue only for so long as the Employee is in full compliance with such covenants and obligations. In respect of those amounts that exceed the ESA requirements, the Employee will as a condition to receiving such amounts, execute a release in favour of the Employer.

Section 3.3 Termination by Employee.

The Employee may resign from the Employee's employment by giving two (2) weeks' written working notice to the Employer.

ARTICLE 4 NON COMPETITION, NON-SOLICITATION, NON-DISCLOSURE

Section 4.1 Non-Competition and Non-Solicitation.

1. The Employee covenants and agrees with the Employer that the Employee will not (without the prior written consent of the Employer) at any time prior to twenty-four (24) months after the date on which the Employee ceases to be employed, regardless of the reason:

- a) directly or indirectly perform services for, solicit, make a proposal to, or assist other Persons to solicit or make a proposal to any party (including, without limitation a Commercial Party) for the purpose or with the effect, directly or indirectly, of competing with the interests of the EDC Companies in respect of such party; or
 - b) recruit, solicit, hire or recommend the hiring of any individual who was directly or indirectly employed by or a consultant to the EDC Companies at any time during the twelve (12) month period prior to the last day of employment with the Employer save and except in respect of a general advertisement not directed at a particular individual or consultant.
2. Nothing contained in this Article shall be deemed to affect or impair the otherwise lawful rights of the Employer to: (i) enforce its lawful remedies against the Employee either during the period of service hereunder or at any time thereafter; or (ii) prevent the Employee from approaching or soliciting any Commercial Party or contriving to be solicited by any Commercial Party with a view towards inducing such Commercial Party or contriving to be induced by such Commercial Party to breach its contract between a EDC Company and such Commercial Party or Employee; and (iii) recover any damages resulting from (i) and (ii) above.

Section 4.2 Non-Disclosure.

1. The Employee acknowledges that in the course of carrying out, performing and fulfilling the Employee's duties hereunder, the Employee will have access to and will be entrusted with Confidential Information the disclosure of any of which Confidential Information will be highly detrimental to the best interests of the EDC Companies. The Employee further acknowledges and agrees that the right to maintain the secrecy of such Confidential Information constitutes a proprietary right that the EDC Companies are entitled to protect. Accordingly, the Employee further covenants and agrees that at all times during the term hereof and for a period of three years thereafter, excepting only with the prior approval of the Employer or pursuant to the conduct of business on behalf of the Employer, the Employee will hold all Confidential Information in secrecy as trustee or custodian for the Employer for its exclusive benefit and use and the Employee will not disclose or divulge, directly or indirectly, to any Person any of the Confidential Information.
2. The Employee further covenants and agrees with the Employer that all instructions, drawings, notes, memoranda, inventions, patents and other industrial property relating to the business of the EDC Companies made or conceived by the Employee during the term hereof or which may come into the Employee's possession during the Term hereof and which relate to or embody any of the information, trade secrets or know-how referred to in this Agreement or any research done for the Employer shall be exclusive property of the Employer.

**ARTICLE 5
TITLE TO INTELLECTUAL PROPERTY**

Section 5.1 Title to Intellectual Property.

1. The Employee covenants and agrees with the Employer that the Employee will fully and freely communicate to the Employer, and the Employee hereby assigns to the Employer, rights to all Intellectual Property conceived or created by the Employee as a result of providing services pursuant to this Agreement during the period commencing on the date hereof and ending twenty-four (24) months from the date the Employee ceases for any reason to be retained hereunder, which in any way relates to any process, formula, plan or device developed or being developed, made, used, sold or installed by or made known to the Employee which relate to or embody any of the information, trade secrets or know-how, referred to in this Agreement or any research done for the Employer during the term of this Agreement or resulting from or suggested by any work which the Employee may do for the EDC Companies at the request of the Employer and relating to any business carried on by the EDC Companies.
2. The Employee agrees that the Employee will, at the expense of the Employer, at all times (both during the period of the Employee's engagement hereunder and at all times thereafter) assist the Employer or its respective assignees or nominees in every way to protect the rights of the Employer under this Agreement. The Employee agrees to vest in the Employer or its assignees the entire right, title and interest, including, without limitation, all of the rights to any Intellectual Property and that the Employee will not disclose to any Person or use any rights to such Intellectual Property for the Employee's own purposes or for any purposes other than those of the Employer. The Employee agrees to waive any moral right in respect of the foregoing.

**ARTICLE 6
MISCELLANEOUS**

Section 6.1 Notices.

Any notice or other written communication required or permitted hereunder shall be in writing and:

- a) delivered personally to the party or, if the party is a corporation, to an officer of the corporation; or
- b) sent by registered mail, return receipt requested (provided that such notice or other written communication shall not be forwarded by mail if on the date of mailing there exists an actual or imminent postal service disruption in the city from which such communication is to be mailed or in which the address of the recipient is found); or
- c) sent by email, facsimile or other form of electronic communication.

All such notices shall be addressed to the party to whom it is directed at the following address:

If to the Employee:

Sergei Sachkov
3141 Abernathy Way

Oakville, ON L6M 5C2

Email: sachov@bell.net

If to the Employer:

Chief Executive Officer
Equibit Development Corporation
250 University Avenue
Suite 200
Toronto, Ontario M5H 3E5

Email: chorlacher@mycfoweb.ca

- d) Any party may at any time change its address hereunder by giving notice of such change of address to the other party in the manner specified in this Section 6.1. Except as herein otherwise provided, any such notice or other written communication shall be effective on the day it is received by such party at such address (whether or not such delivery takes place), and if given by personal delivery, shall be effective on the day of delivery.

Section 6.2 Time of the Essence.

Time shall be of the essence in this Agreement.

Section 6.3 Third Party Beneficiaries.

Each Party intends that this Agreement shall not benefit or create any right or cause of action in, or on behalf of, any Person, other than the Parties, and no Person, other than the Parties, shall be entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum.

Section 6.4 Amendments.

This Agreement may only be amended or otherwise modified by written agreement executed by the Employer and the Employee.

Section 6.5 Waiver.

1. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar); nor shall such waiver be binding unless executed in writing by the Party to be bound by the waiver.
2. No failure on the part of any Party to exercise, and no delay in exercising any right under this Agreement shall operate as a waiver of such right, nor shall any single or partial exercise of any such right preclude any other or further exercise of such right or the exercise of any other right.

Section 6.6 Entire Agreement.

This Agreement constitutes the entire agreement between the Parties pertaining to its subject matter and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties in such connection. There are no representations, warranties, conditions or other agreements, express or implied, statutory or otherwise, between the Parties in connection with the subject-matter of this Agreement except as specifically set out herein.

Section 6.7 Successors and Assigns.

1. The Employee may not assign, pledge, or otherwise encumber any of its rights hereunder.
2. This Agreement shall be binding upon and enure to the benefit of the Parties and the Employer's successors and assigns.

Section 6.8 Severability.

Any covenant or provision which is or becomes illegal, invalid or unenforceable shall be severed from this Agreement and be ineffective to the extent of such illegality, invalidity or unenforceability and shall not affect or impair the remaining provisions of this Agreement which shall remain in full force and effect, the intention of the Parties being to provide for the legitimate and reasonable protection of the interests of the Employer by providing, without limitation, for the broadest scope, the longest duration and the widest territory allowable by law.

Section 6.9 Governing Law.

1. This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
2. The Employee hereby irrevocably attorns and submits to the non-exclusive jurisdiction of the courts of the Province of Ontario.

Section 6.10 Counterparts.

This Agreement may be executed in any number of counterparts and all such counterparts taken together shall be deemed to constitute one and the same instrument.

Section 6.11 Independent Legal Advice.

The Employee has had the opportunity of engaging independent legal advice and enters into this Agreement voluntarily.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

**EQUIBIT DEVELOPMENT
CORPORATION**

Chris Horlacher

by Chris Horlacher (Mar 14, 2017)

Name: Chris Horlacher
Title: Chief Executive Officer

Sergei Sachkov

Sergei Sachkov (Mar 14, 2017)

Sergei Sachkov

SCHEDULE A

Description of Duties

Create and modify computer programs by converting project requirements into code. Main focus of development activities will consist of the implementation of the core library and programs for the Equibit peer-to-peer system, working alongside a team of highly skilled and passionate professionals in a bootstrap start-up environment.

RESPONSIBILITIES

- Confirm project requirements by reviewing program objectives, input data, and output requirements with other team members.
- Encode project requirements by converting work flow information into computer language.
- Confirm program operation by conducting tests; modifying program sequence and/or codes.
- Prepare reference for users by writing operating instructions.
- Maintain historical records by documenting program development and revisions.
- Contribute to team effort by accomplishing related results as needed.

SHARE OPTION PLAN OPTION AGREEMENT

Equibit Development Corporation (the "**Corporation**") hereby grants to the Participant named below (the "**Participant**"), an option (the "**Option**") to purchase, in accordance with and subject to the terms, conditions and restrictions of this Agreement, together with the provisions of the Equibit Development Corporation Share Option Plan (the "**Plan**") dated February 1, 2017, the number of Common Shares in the capital of the Corporation ("**Common Shares**") at the price per share set forth below:

Name of Participant: Sergei Sachkov

Date of Grant: March 13, 2017

Total Number of Common Shares Subject to Option: 250,000

Exercise Price: US\$0.20

1. The terms and conditions of the Plan are hereby incorporated by reference as terms and conditions of this Option Agreement and all capitalized terms used herein, unless expressly defined in a different manner, have the meanings ascribed thereto in the Plan.
2. Subject to any other term of the Plan and unless otherwise determined by the Board at the time of granting an Option, the Option is exercisable, in whole or in part, as set forth in Section 3.4 of the Plan and in accordance with Section 3 of this Option Agreement.
3. The Option shall vest and become exercisable in accordance with the following schedule:

<u>Vesting Date</u>	<u>% of Option Exercisable</u>
First anniversary of the Date of Grant	25%
Second anniversary of the Date of Grant	50%
Third anniversary of the Date of Grant	75%
Fourth anniversary of the Date of Grant	100%

4. The Option shall expire and terminate at the close of business in Toronto, Ontario on the fifth anniversary of the date of this Option Agreement, being March 13, 2022 or on such earlier date as may be specified in the Plan.
5. No fractional Common Shares will be issued on the exercise or surrender of the Common Shares granted hereunder. If, as a result of any adjustment to the number of Common Shares issuable on the exercise of the Option granted hereunder pursuant to the Plan or the surrender of the Option granted hereunder, the Participant would be entitled to receive a

fractional Common Share, the Participant has the right to acquire only full Common Shares and no payment or other adjustment will be made with respect to the fractional Common Shares so disregarded.

6. Nothing in the Plan or in this Option Agreement will confer upon the Participant any right to continue in the employ of or to continue to provide services to the Corporation or any Affiliate or affect in any way the right of the Corporation or any Affiliate to terminate at any time such Participant's employment or any agreement or contract with the Participant.
7. Each notice relating to the Option, including the exercise or surrender thereof, must be in writing. All notices to the Corporation must be delivered personally or by prepaid registered mail to the addresses set out below:

Equibit Development Corporation
250 University Ave
Suite 200
Toronto, ON M5H 3E5

Attention: Chief Executive Officer

All notices to the Participant will be addressed to the principal address of the Participant on file with the Corporation. Either the Corporation or the Participant may designate a different address by written notice to the other. Such notices are deemed to be received, if delivered personally, on the date of delivery, and if sent by prepaid, registered mail, on the fifth Business Day following the date of mailing. Any notice given by either the Participant or the Corporation is not binding on the recipient thereof until received.

8. When the issuance of Common Shares on the exercise or surrender of the Option may, in the opinion of the Corporation, conflict or be inconsistent with any applicable law or regulation of any governmental agency having jurisdiction, the Corporation reserves the right to refuse to issue such Common Shares for so long as such conflict or inconsistency remains outstanding.
9. Subject to the terms of the Plan, the Option shall be exercisable only by the Participant. A purported Transfer of the Option in violation of this Option Agreement and the Plan will not be valid and the Corporation will not issue any Common Shares upon the attempted exercise or surrender of the improperly transferred Option.
10. The Participant hereby agrees that any determination or interpretation by the Board in respect of the Plan is final and conclusive for all purposes and binding on all Persons including the Participant and the Corporation or any Affiliate.
11. This Option Agreement has been made in and is to be construed under and in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

**EQUIBIT DEVELOPMENT
CORPORATION**

By: Chris Horlacher
Chris Horlacher (Mar. 14, 2017)

Name: Chris Horlacher

Title: Chief Executive Officer

I have read the foregoing Option Agreement and hereby accept the Option to purchase Common Shares in accordance with and subject to the terms and conditions of such Option Agreement and the Plan. I understand that I may review the complete text of the Plan by contacting the Corporation. I agree to be bound by the terms and conditions of the Plan governing the award.

Mar 14, 2017

Date Accepted

Sergei Sachkov
Sergei Sachkov (Mar 14, 2017)

Participant's Signature

Sergei Sachkov

Participant's Name
(Please Print)











Employment Agreement - Sergei Sachkov

Adobe Sign Document History

03/14/2017

Created:	03/14/2017
By:	Chris Horlacher (chris@equibit.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAnKpKnmPty3P6gbmRFIK3Bbdd5UXcVrsc

"Employment Agreement - Sergei Sachkov" History

-  Document created by Chris Horlacher (chris@equibit.org)
03/14/2017 - 10:35:04 AM EDT - IP address: 99.255.199.46
-  Document emailed to Sergei Sachkov (sachkov@bell.net) for signature
03/14/2017 - 10:39:15 AM EDT
-  Document viewed by Sergei Sachkov (sachkov@bell.net)
03/14/2017 - 10:40:47 AM EDT - IP address: 184.150.236.59
-  Document e-signed by Sergei Sachkov (sachkov@bell.net)
Signature Date: 03/14/2017 - 10:48:34 AM EDT - Time Source: server- IP address: 184.150.236.59
-  Document emailed to Chris Horlacher (chris@equibit.org) for signature
03/14/2017 - 10:48:35 AM EDT
-  Document viewed by Chris Horlacher (chris@equibit.org)
03/14/2017 - 10:49:47 AM EDT - IP address: 99.255.199.46
-  Document e-signed by Chris Horlacher (chris@equibit.org)
Signature Date: 03/14/2017 - 10:50:57 AM EDT - Time Source: server- IP address: 99.255.199.46
-  Signed document emailed to Chris Horlacher (chris@equibit.org) and Sergei Sachkov (sachkov@bell.net)
03/14/2017 - 10:50:57 AM EDT



Adobe Sign

EXHIBIT F

This is **EXHIBIT "F"**

to the Affidavit of

CHRISTOPHER HORLACHER

sworn before me by videoconference

this 30th day of March, 2022

Ian Literovich



SERGEI SACHKOV

SCIENTIFIC SKILLS

- 2D & 3D linear algebra
- higher mathematics
- partial differential equations
- variation inequalities
- computational approaches
- optimization methods
- continuum mechanics
- simulation of fluids
- numerical methods
- finite element method
- Hilbert spaces theory
- function spaces theory

SOFTWARE DEVELOPMENT SKILLS

- Object oriented software programming and design (20 years)
- C++, C#, Java (15 years)
- Python 3.x (5 years)
- 3D Graphics: OpenGL 3.x/4.x (5 years)
- High performance rendering and visualization
- PL/SQL Oracle 11g (7 years)
- WinAPI 64/32bit (15 years)
- Linux (7 years)
- Socket programming, network, LAN and TCP/IP concepts, OSI model (15 years)
- Multitasking programming (15 years)
- Geographic information systems (15 years)
- Visual Studio 2008/2010/2012/2013/2015
- IntelliJ IDEA, PyCharm
- Version Control Systems: GIT, Mercurial, Microsoft TFS, SVN

PROFESSIONAL EXPERIENCE

Geosoft Inc. (www.geosoft.com)

March 2014 – present

Software developer in Research and Development Department

- **Responsibilities:**
 - Research and development of future platforms in Earth exploration and Geophysics,
 - Development of Gravity and Magnetism Modelling solutions
 - Integrated processing, mapping and analysis of multidisciplinary data within geophysical 3D environment
 - Creating external C++, C#, Java and Python APIs of the company software products for scientists
 - Design and implementation of 3D-rendering engine for visualization of Earth exploration data.
 - High performance rendering and visualization for large volumes of data

Technical details of projects:

- **Programming languages:**
 - C++11/C# (Visual Studio 2013/2015), Python 3.4 (PyCharm 4.0), Java 1.7 (IntelliJ IDEA)

372 Bay St. Suite 1501 Toronto. ON M5H 2W9 416-561-5200



- **Tools:**
 - CMake, GIT, Microsoft TFS, JIRA
- **Frameworks:**
 - Boost 1.55, QT 5.3, HDF5, Microsoft .NET, ASP.NET, Hibernate, Spring, EJB, Struts
- **3D Graphics:**
 - OpenGL 3.x/4.x, GLSL 1.3/3.3/4.x
- **Platforms (OS):**
 - Windows XP/7/8/10 (64-bit), Linux, Android 4.x

Intel Security (www.intel.com)

August 2013 – March 2014

Software developer (independent contractor)

- **Responsibilities:**
 - Writing C++ core modules for antivirus software (McAfee Total Protection, McAfee Security Center, etc.)
 - Design of a new architecture for the existing products with the goal of replacing the old architecture and legacy code
 - Test automation for the new core functionality

Technical details of projects:

- **Programming languages:**
 - C++ (Visual Studio 2012/2013), Python 3.4, Java Script
- **Tools:**
 - GIT, SVN, JIRA
- **Frameworks:**
 - Proprietary Intel (McAfee) C++ security frameworks, Boost
- **Platforms (OS):**
 - Windows 7/8 (32/64-bit)

Orient express bank

September 2011 – August 2013

Lead software architect

- **Responsibilities:**
 - Exercising supervision over an IT-group with 5 software developers,
 - Splitting up projects into related tasks and scheduling jobs for IT-group members,
 - Large-scale decomposition and design,
 - Review of the source code written by members of the IT-group,
 - Troubleshooting enterprise-scale applications,
 - Pair programming with IT-group members, guidance and assistance to them,
 - Development of diverse program components for banking systems using service-oriented architecture (SOAP and WSDL protocols, Java EE 1.7),

Technical details of projects:

- **Programming languages:**
 - C++ (Visual Studio 2005/2010, gcc/g++ for Linux), PL/SQL Oracle 11g, Java EE 1.7 (Hibernate/Spring/EJB frameworks, Oracle JSP, Crystal Reports), JavaScript (native JavaScript and JQuery).
- **Platforms (OS):**
 - Windows XP/7 (32 and 64 bits), Solaris, Linux Red Hat.
- **Web-technologies:**
 - HTTPS, FTP, SSH, HTML, SOAP, WSDL, CSS.
- **Web-servers:**
 - WebSphere, WebLogic, Oracle GlassFish, Apache Tomcat, WSO2 ESB.

Pacific National University (<http://pnu.edu.ru/en>)

September 2002 – August 2011

Associate professor, scientist



- Pacific National University is the former Khabarovsk State University of Technology.
- **Responsibilities:**
 - Teaching the following courses:
 - Calculus mathematics,
 - Numerical methods and programming,
 - Finite element method
 - Methodologies and techniques of software development
 - Programming languages and object-oriented programming;
 - A member of PhD assessment committee in mathematics and physics,
 - Scientific research in continuum mechanics, calculus mathematics,
 - Supervision of student degree works in computer science,
 - A member of university certification committee for students in computer science,

EDUCATION

- **Pacific National University, Khabarovsk city, Russia** **September 2008 – May 2012**
 - Second doctorate course (not completed because of immigrating to Canada)
 - Specialization: methods to solve quasi-variation inequalities
- **Pacific National University, Khabarovsk city, Russia** **September 1999 – May 2003**
 - Doctor of Philosophy (PhD in mathematics and physics, Russian Academy of Science)
 - Specialization: calculus mathematics, partial differential equations, computational approaches
 - Dissertation title: Duality methods for solving nonlinear variation problems in continuum mechanics
- **Pacific National University, Khabarovsk city, Russia** **September 1994 – August 1999**
 - Master's Degree
 - Computer & Information Sciences

LANGUAGES

- English – Fluent
- Russian – Mother tongue

EXHIBIT G

This is **EXHIBIT "G"**

to the Affidavit of

CHRISTOPHER HORLACHER

sworn before me by videoconference

this 30th day of March, 2022

Ian Literovich



**Scientific Research and Experimental Development
 (SR&ED) Technical Review Report**

1. Identification

Claimant: Equibit Development Corporation	
Business/SIN number: 805344322 RC0001	Claimant's TSO: TCTSO
Address: Address: 8 Humberstone Drive Unit 206 North York ON M2N7C1	
Contact: Chris Horlacher	Telephone: (416) 479-8684
Research & Technology Advisor (RTA): Stan Ustymenko	Telephone: (416) 973-2846
Financial Reviewer (FR): Chris Chan	Telephone: (416) 218-4675

Tax Year(s) End:	SR&ED Expenditures:	AIMS Case #:	Case selection reason:
2016-12-31	\$95,853	71116693	2332

Are there any other reports issued for the same tax year end? No

If yes, date(s) of report(s):

Note:

This report presents the determination of the Canada Revenue Agency (CRA) concerning whether claimed work meets the definition of SR&ED in subsection 248(1) of the *Income Tax Act* (ITA), and other decisions on joint technical-financial compliance issues not directly related to the definition of SR&ED in subsection 248(1) of the ITA. The decision of whether an expenditure is for SR&ED is determined by the FR based on the recommendations of the RTA as well as other requirements of the Act.



2. Summary of results by tax year

Tax Year	2016	
Number of projects in this claim (X = A+B+C+D)	1	
Number of projects where ALL reviewed work received an eligibility determination (A = I+II+III).		
Number of projects where ALL reviewed work meets the definition of SR&ED (AW). Includes projects where the reviewed work is AW and the remainder is AAF.	1	
Number of projects where SOME reviewed work meets the definition of SR&ED and SOME reviewed work does not meet the definition of SR&ED (SW). Includes projects where the reviewed work is SW and the remainder is AAF.		
Number of projects where NO claimed work meets the definition of SR&ED (NW).		
Number of projects where ALL claimed work cannot be substantiated. It is not possible to determine if the claimed work meets the definition of SR&ED, therefore the conclusion is unsubstantiated (UN).		
Number of projects where ALL claimed work is accepted as filed without a review to determine if the claimed work meets the definition of SR&ED (AAF). The decision to AAF these projects means that the CRA has neither confirmed nor refuted the eligibility of the claimed work.		
Number of projects where claimed work received a combination of determinations/conclusions/decisions , and are not listed under A, B, or C.		

Were any decisions made on other joint technical-financial issues not directly related to the definition of SR&ED in subsection 248(1) of the ITA?	NO	
--	----	--



3. Review issues

Initial joint review issues
The S/T uncertainties, challenges or obstacles are not clearly defined or explained.
The claimed technological advancements (TA) / obstacles may be standard practices within the Industry or in the context of claimant's business.

4. Review methodology

<i>Date</i>	<i>Activity</i>
2017-12-20	Discussed the file with FR
2018-01-16	Prepared the RFI letter. Shared with FR by e-mail.
2018-01-24	Further discussion with FR; edited RFI letter as per his comments and attached financial query.
2018-03-29	Documentation in response to RFI hand-delivered by Chris Horlacher to SRM Dan Maclean
2018-04-18	Call from Equibit (Chris Horlacher at 647-351-9567) seeking to arrange a meeting. Dates included April 25, 27 or 30.
2018-04-18	Contacted FR to pick a visit date
2018-05-01	FR suggests May 22 /23 /24 and May 29 /30/ 31
2018-05-01	Call to Chris Horlacher from Equibit. Taxpayer confirms May 30th, 10am at 2 Carlton st., St. 901
2018-05-30	Meeting at Equibit office. From CRA, RTA and FR Chris Chan. Representing Equibit: <ul style="list-style-type: none"> - Chris Horlacher, CEO - Kiriash Nakimani, Dir. Development - Raffael Mazze and Kunal Parsontam (consultants, MP Group) Education session provided. Mr. Horlacher and Mr. Nakimani discussed technical details. Tour of premises followed.
2018-06-07	After discussion with FR, called Mr. Horlacher. Discussed overhead expenses. Expressed opinion that work is relatively low risk, and that TA presence is demonstrated. Lean to determination that all work is eligible.

5. Information and supporting evidence reviewed



Number	Date	Title	Pages
1	Prior to site visit	T661 project descriptions (Schedule 60)	
		Supporting documents received March 29, 2018	
		RFI Response Package	
2.1		Determining SR&ED	1
2.2		SR&ED Costing Analysis	1
2.3		Project and Hypothesis Statement	1
2.4		Equibit: A Peer-to-Peer Electronic Equity System	12
2.5		Financial Statements	9
2.6		Trial Balance	5
2.7		Contract and Timesheets for David Cauz	24
2.8		Contract and Invoices Peter Nearing	18
2.9		Contract and Invoices ISN2 Software & Consulting Inc. (Ilya Fadeev) – includes time tracking	34
		Supporting documents provided during review meeting on May 30, 2018	
3.1		Equibit: A Peer-to-Peer Electronic Equity System (original whitepaper)	12
3.2		Equibit: A Peer-to-Peer Electronic Equity System (updated whitepaper)	11
3.3		Broadridge Secures Industry-Leading Blockchain Patent for Proxy Processing and Repo Agreements (press release)	2
3.4		Database-Centered Computer Network Systems and Computer-Implemented Methods for Cryptographically-Secured Distributed Data Management (patent. No. US 9,967,238 B1 alluded in the above press release)	26

6. Review observations, determinations, conclusions, and other decisions

Whether work meets the definition of SR&ED in subsection 248(1) of the *Income Tax Act* (ITA) is determined using the two-step methodology described in the Eligibility of Work for SR&ED Investment Tax Credits Policy. Specifically, to determine if there is SR&ED (Step 1) involves answering the following five questions:

Q1: Was there a scientific or a technological uncertainty?

Q2: Did the effort involve formulating hypotheses specifically aimed at reducing or eliminating that uncertainty?

Q3: Was the overall approach adopted consistent with a systematic investigation or search, including formulating and testing the hypotheses by means of experiment or analysis?

Q4: Did, or will, the process result in a scientific or a technological advancement?



Q5: Was a record of the hypotheses tested and the results kept as the work progressed?

There is SR&ED if the answer to all of the five questions is “yes”.

During desk review of the sole project in the T661, the RTA noticed potential eligibility risks.

Business context

Equibit Development Corporation is a company that develops Equibit – an innovative financial technology platform using Blockchain technology, aimed at enabling peer-to-peer trading and distributed ledger for the over-the-counter equities marked. This is aimed at providing a better alternative for over the counter equity trading centered at financial institutions. Research and development aimed at implementing this platform is the context for this claim.

Initial project description: *Equibit: a Peer-To-Peer Electronic Equity System*

In this project, the company aimed to develop a platform for “facilitating the creation and exchange of directly registered shares”. The Obstacles section lists the following goals for the emerging system:

It is technically feasible for all of the following activities to take place on a computer network with no central authority:

- *Share registration, transfer, clearing and settlement*
- *Secure communications between individuals, or within groups*
- *Designation and revocation of proxyholders*
- *A compliance protocol to restrict the transferability of shares to only Accredited Investors*

The section makes a compelling case for creating a blockchain-based solution and business process to replace or amend the existing market, in terms of transparency and transactional management. The discussion lacked description of technological uncertainties that prevented implementation of this vision using existing technologies.

The company listed the following “Analysis/Experiments”:

- *Conducted preliminary research on existing P2P systems (Bitcoin, Bitmessage, Dash, Ethereum) and their capabilities*
- *Created development plan for Equibit - Subcontracted and trained developers to work on building Equibit*
- *Along the way introduced several design pivots, allowing desired functions to operate more efficiently (developed our own communications system rather than using BitMessage), and creating new opportunities (using a Web-of-Trust to implement a compliance system)*
- *Subcontractors and developers working on purpose-built hardware stack running customized Equibit Software with hardware-based FIPS 140-2 Level II encryption. This is being professionally managed by EDC's team of blockchain and PKI experts.*
- *Web and mobile apps built on Supernode infrastructure.*
- *Equibit's functionality is tested along the way, with key milestones being set regularly*



There was no indication whether the work was performed to develop and evaluate hypothetical solutions for identified technological uncertainties. This description indicated risk that the work includes efforts to investigate existing technologies, subcontract and train developers, etc., as well as implement and revise business requirements, rather than to develop knowledge in the technological field. Also, there was a risk that effort included development of market model for OTC equities and associated business processes. These efforts potentially constitute research in social sciences field. Thus, risk was that a portion of work is excluded, as it belongs to social sciences or humanities (ITA 248.1(g)).

In addition, RTA had to establish the timeline of development, to be able to separate addressing technological issues from business application development.

Supporting documentation and meeting

To address the identified risks, RTA reached out to the claimant, intending to arrange a meeting. Among the goals RTA hoped to achieve were:

- Provide education on SR&ED program, its eligibility requirement for IT-related projects, under Subsection 248(1) of the ITA;
- Make an enquiry into nature of projects claimed. It was unclear whether the perceived compliance risk was related to the unclear project descriptions, or the nature of the work itself;
- Provide guidance on the review process and documentary evidence that can help facilitate the review.

On May 30th, 2018, the meeting was held at claimant's premises on 130 Spadina Avenue, suite 202, Toronto ON. Dalia N. Asterbadi represented the claimant. Ms. Asterbadi is a company co-founder and Chief Data Scientist, was key technical contributor to the projects and was able to discuss technical details.

Attending the meeting representing CRA:

- Stan Ustymenko, RTA
- FR Chris Chan.

Representing Equibit:

- Chris Horlacher, CEO
- Kiriash Nakimani, Dir. Development
- Raffael Mazze (consultant, MP Group)
- Kunal Parsontam (consultant, MP Group)

Education session was provided by RTA and FR. Mr. Horlacher and Mr. Nakimani discussed technical details, addressing issues identified in the Request for Information. Additional documentation illustrating technological uncertainties were provided, internal document repository described, and technological products demonstrated. Tour of premises followed.

As the result of the meeting and upon reviewing submitted material, RTA felt that he now has adequate material to be able to assess eligibility of work presented.



Analysis

The above-mentioned documentation provided for clearer understanding of work being claimed. This documentation provided sufficient evidence to answer the 5 questions above with the sufficient level of certainty.

Technological uncertainty (Q1). In this project, the company endeavoured to develop appropriate technology for registration, transfer, clearing, and settlement of equities that would do away with the need for trusted central authority and introduce high level of trust in P2P manner. Bitcoin technology already demonstrated that distributed trust is feasible; however, Bitcoin protocol and suite of algorithms were designed with one application – digital currency – in mind, and made simplifying assumptions that Equibit couldn't make. In particular:

- all Bitcoin units are fungible, while Equibits needed to be linked with a given underlying asset and issuer.
- Performance limitations of Bitcoin was addressed.
- The new technology was required to address complex business logic such as proxy voting, stock reissue, and “accrediting” investors to support non-listed shares. The company decided against using Ethereum smart contracts for these purposes due to scalability issues on that platform, opting instead for building new technology based on (but branching from) Bitcoin protocol.
- The new technology, unlike Blockchain, had to include off-chain security settlement and inter-blockchain atomic transactions to support settlement. Company had to develop their own messaging protocol to make it possible
- Different hashing algorithm was integrated to enhance security
- Adding physical wallet (Supernode) hardware technology required changes in blockchain architecture and deployment methods
- A number of secondary TUs were introduced as the work progressed.

A patent application from an incumbent competitor company (ref. 3.4) for a different blockchain-based technology addressing part of Equibit problem scope provides a glimpse of state of the art in this field, captured after the claimed work was started. Overall, there's overwhelming evidence the work here was aimed at addressing technological uncertainties (TUs).

Hypothesis formulated (Q2). The company developed and revised hypothetical solution to the large scale uncertainties. This can be demonstrated by a white paper created and later revised, as the result of work (ref. 3.1 and 3.2)

Systematic investigation (Q3): The company had a goal to develop proof-of-concept (PoC) implementation to test hypotheses generated. The work proceeded in iterations, and results were recorded and communicated (for just a small example, see time tracking artefacts and communications attached to ref.2.7-2.9).



Technological advancement (Q4): The work was clearly intended to produce technological advancements, namely new technology as described above. Some of the advancements (TAs) include:

- The protocol allowing operations with equities, as a whole
- Flexible block format and set of operations on Equibit
- Variation of Atomic Cross-Chain (ACC) protocol
- Algorithms to throttle miners' payout based on demand and timing
- Architecture and hardware platform for high-grade secure storage of private keys (Supernode)
- Enhanced communications system over the Equibit blockchain
- "Order book" platform
- Trading passports, and protocols to introduce "Accreditors" role

There were other insights the company was able to achieve as a result of systematic experimentation it embarked upon. Overall, it is clear that the company aimed to achieve multiple technological advancements in fields of information technology, in particular cryptography, communications, blockchain-based system performance, software architecture, and more.

Records kept as the work progressed (Q5): The company kept contemporary records, including in email, knowledge repository, documents, and code source control. The company's chosen business model depends in part on establishing collaborative ecosystem utilising and contributing to their platform, so working on knowledge products (like the white paper, ref. 3.2) was part of the investigation process. Also, company documented aspects of their technology, such as cryptographic solutions and hardware security features, as part to communicate satisfying financial industry's security demands and compliance with external regulators' specifications. It can be confidently said that the results of experimentation were recorded as the work progressed. The company can further improve record-keeping by linking knowledge artefacts with specific hypotheses and activities; however, available evidence allows RTA to answer Q5 in the affirmative.

Scope of eligible work

During review of the items of work submitted by the claimant (refs. 2.7-2.9), RTA noted various items that normally indicate IT work not involving seeking technological advancements (TAs). In particular, the contractors submitted invoices for hardware set up, as well as Web and software development work, including development and testing of the front end solutions. However, in this case, these components contributed to development of proof-of-concept for the new technology under development. These components were necessary to evaluate new technology as part of experimental set up; moreover, they do not stand apart independent from the components implementing new hypotheses, and would not have been required but for the need to evaluate the hypotheses. Therefore, portions of work not relating to systematic investigation are properly understood here as eligible support activities under ITA subsection



248(1), paragraph d. Overall scope of effort and expenditures is very reasonable considering the scope of TAs sought.

Determination

Project Equibit: a Peer-To-Peer Electronic Equity System

The five question methodology described in the Eligibility of Work for SR&ED Investment Tax Credits Policy was used to determine whether the claimed work meets the definition of SR&ED in subsection 248(1) of the Income Tax Act (ITA). It is the RTAs view that substantially all claimed work meets the definition of SR&ED.

All work (AW) in this project satisfies the definition of SR&ED in subsection 248(1) of the Income Tax Act.

7. Working with the claimant

- Explained review process and pointed out the importance of maintaining contemporaneous supporting documentation.
- Site visit agenda was provided to the claimant.
- Explained eligibility criteria (the 5 questions) to the claimant.
- Informed the claimant about information seminars / webinars and other services offered.
- Discussed documentation requirements and gave some suggestions.
- Provided opportunity to provide additional supporting evidence and perform a self-assessment.
- Discussed eligibility issues with the claimant and provided an opportunity for the claimant to address eligibility issues.

8. Claimant concurrence

During the phone call on June 7, 2018, the claimant expressed agreement with the above determination.

Upon receipt of the proposal letter, the claimant will have an additional 30 days to provide further support information with respect to the SR&ED work.

With respect to resolving claimant's issues or concerns, information is available in the Application Policy SR&ED 2000-02R: Guidelines for Resolving Claimants' SR&ED Concerns, which is available on the CRA's Web site at: <http://www.cra-arc.gc.ca/txcrdt/sred-rsde/pblctns/p2000-02r-eng.html>



Guidelines have been established to ensure that SR&ED claimants' concerns are addressed in a fair and timely manner.

9. Recommendations for future claims

- The claimant was advised to make use of free information and services available from CRA, and in particular to consider requesting the Pre-Claim Project Review (PCPR).
- In preparing future claims, the claimant should make sure the work constituted systematic investigation in an eligible technical field.
- Future work and project descriptions should focus more on the scientific advancement (TA) and/or technological uncertainty (TU) and the activities/experiments attempted to resolve the TU rather than on the product. The activities involved in resolving the TU need to be documented, along with start and end dates, duration and names of the staff associated with the activities.
- It is suggested that time spent on SR&ED activities is documented sufficiently to support expenditure allocations.
- It is suggested that the claimant should keep maintaining a record of technological uncertainties encountered, hypotheses tested, and knowledge generated as the work progresses in systematic way, to help with future claims as well as to preserve valuable IP.

10. Other financial review considerations

N/A

11. Signatures

08/06/2018

X S Ustymenko

Stanislav Ustymenko
Research and Technology Advisor
Signed by: USTYMENKO STANISLAV

12/06/2018

X 

Daniel Maclean
Research and Technology Manager
Signed by: MACLEAN DANIEL

EXHIBIT H

This is **EXHIBIT "H"**

to the Affidavit of

CHRISTOPHER HORLACHER

sworn before me by videoconference

this 30th day of March, 2022

Ian Literovich

August 9

Hi Chris 2:54 AM

I would like to discuss a possibility of me playing a bigger role in our company 2:55 AM

I believe our product can be as big as Bitcoin, even bigger actually and really disrupt the world 2:55 AM

But the last difficulties with the code showed that we neglected many important technological aspects and security and did not address them properly 2:57 AM

I think me being a developer is not where I can contribute the most 2:58 AM

I think it would be really good for the company if I join the inner circle and cover a whole technological part 2:58 AM

No one could accomplish what we did so far, but we are also moving to our destination point slower than we need in terms of the code completion and other challenges that can be ahead of us. 3:03 AM

EXHIBIT I

This is **EXHIBIT "I"**

to the Affidavit of

CHRISTOPHER HORLACHER

sworn before me by videoconference

this 30th day of March, 2022

Ian Literovich

Ishmeet Singh Juneja

From: Kiarash Narimani
Sent: Monday, August 13, 2018 11:06 PM
To: Sergei Sachkov; Christian Saucier
Cc: Chris Horlacher
Subject: RE: Sorry, I have to leave

Adding Chris

We are sorry to hear that you have to leave. Let's use tomorrow's meeting to be our exit meeting discussing official next steps. Please make sure to bring all Equibit Group properties (Laptop, codes, ...) with you.

We will chat tomorrow.

Thanks,
Kiarash Narimani
Director, Development



2 Carlton Street, Suite 901, Toronto, ON M5B 1J3

Phone: +1 (647) 351-9564

EquibitGroup.com | [Facebook](https://www.facebook.com/equibitgroup) | [Linkedin](https://www.linkedin.com/company/equibitgroup) | [Twitter](https://twitter.com/equibitgroup)

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From: Sergei Sachkov
Sent: August 13, 2018 5:10 PM
To: Kiarash Narimani <kiarash@equibitgroup.com>; Christian Saucier <christian@equibitgroup.com>
Subject: Sorry, I have to leave

Hi Kiarash and Christian,

I'm sorry to let you know, but unfortunately my current circumstances do not allow me to contribute to the project anymore. I have to leave Equibit.

I heard a good news that the source code is still in the IBM build pipeline and compliable so you can finish what we started.

It was a good experience and pleasure to work with you.

Thanks,
Sergei Sachkov
Senior Software Developer



2 Carlton Street, Suite 901, Toronto, ON M5B 1J3

Phone: +1 (647) 783-2855

EquibitGroup.com | [Facebook](#) | [Linkedin](#) | [Twitter](#)

EXHIBIT J

This is **EXHIBIT "J"**

to the Affidavit of

CHRISTOPHER HORLACHER

sworn before me by videoconference

this 30th day of March, 2022

Ian Literovich



ZeeMobyDick 02/26/2019

@Chris | Equibit Group What kind of amazingly bad financial management was in place? Seems like you just fluttered all the money away on "diners" fancy hotels and meetings and never thought or cared to actually invest the majority of the money into the project. Straight up, you look and actually sound like a scammer. You have delivered nothing and ALL the investors have got, is exactly this NOTHING. Your words are total BS. Actions speak louder than words. So lets see what happens, prove my doubts wrong. But quite simply (and i say this for a lot of investors, who are scared to say anything, because they think you will use it as a excuse to completely disappear) YOU Sir, are FULL OF IT! (edited)



ZeeMobyDick 02/26/2019

Anyone remember how much the EQB tokens were in Feb 2017? Because my notes here tell me: 15,000 EQB for 37.035 BTC was around \$2.50 right. need the info for a report im filling out.

EXHIBIT K

This is **EXHIBIT "K"**

to the Affidavit of

CHRISTOPHER HORLACHER

sworn before me by videoconference

this 30th day of March, 2022

Ian Literovich



Stephen Barnard



Stephen Barnard

Head of Marketing | VP or Director of Marketing | CMO. Agile Marketing Leader and Business Builder with a Bias for Action.

Toronto, Ontario, Canada · 500+ connections

Join to connect



Barnard Consulting



**Memorial University of
Newfoundland**

About

Marketing and business leader with the proven ability to build and lead highly successful teams to increased revenue and profitability. Demonstrated skill at developing and executing successful strategic and tactical plans.

Industry specific experience in; SaaS, fintech, martech, financial services, blockchain, media, investor and public relations services.

Marketing highlights:

- Strategy and Planning
- Marketing Communications
- Branding



Stephen Barnard



Digital marketing

- Social Media, Content Marketing and Content Development
- Lead Generation and Conversion
- Pricing

General Management:

- Strategic Planning
- P&L Management
- Product Development and Management
- Leadership and Coaching
- Forecasting and Budgeting
- Building Business Cases
- Sales Planning and Management
- Business Development

Activity



I'm stumbling out of the winter cold here in Toronto (-ish). 🤒 Removing the mask (mostly) and finding ways to support Ukraine that feel meaningful....

Liked by Stephen Barnard



Stephen Barnard



Kambi Group has obtained regulatory approval for launch in Ontario, Canada.
<https://lnkd.in/erXQ6xQf>

Liked by Stephen Barnard



Very proud of my daughter, Sabrina Craig for her incredible volunteer leadership. Beyond the women of influence award, she was also recognized by...

Liked by Stephen Barnard

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Experience



Marketing and business consultant to CEOs, CMOs and founders - fractional CMO

Barnard Consulting

May 2007 - Present · 14 years 11 months

Toronto, Canada

Marketing/Business consultant specializing in SaaS, fintech, martech and media.

- Co-founded with a group of leading Canadian actors (Stratford, Shaw, television and film) Ghostlight a company that provides online theatre education and a digital



Stephen Barnard



- Six-month contract as Head of Marketing for ExpertFile (martech, SaaS company that supports organizations in leveraging their expertise to...

[Show more](#) ▾

Chief Marketing Officer

Equibit Group

Apr 2017 - Dec 2018 · 1 year 9 months

Toronto, Canada

Responsible for leading marketing, BD, and sales for Equibit Group. Developed go-to-market strategy and led branding, public relations, and corporate communications. In support of Equibit Group's overall corporate strategy I led a digitally-focused team focused on positioning the company as the world's premier, open network, blockchain company focused on disrupting the global clearing and settlement business.

Implemented awareness and lead generation programs.



Director, Product Development | Product Marketing & Strategy - TMX Equicom

TMX Group

Jul 2009 - Oct 2012 · 3 years 4 months

Toronto, Canada

Hired on a contract with a mandate is to launch subscription based products leveraging TMX Equicom's IR knowledge, TMXmoney.com's retail investor web traffic, social media and TMX's position in the capital markets and its relationships with issuers.

- Launched Investor Scorecards – objective, statistically based, analysis for companies with limited research coverage. Using a simple to understand five star rating system companies were evaluated across various performance areas and compared...

[Show more](#) ▾

The Canadian Press

2 years 9 months

Managing Director, FastChannel Canada | Product Marketing, Product Management & Strategy

Nov 2005 - Nov 2006 · 1 year 1 month



Stephen Barnard



...network connecting to television and radio stations.

- Implemented series of plans and process improvements including: strategic, marketing and flexible compensation plans, dashboard procedure and monthly reporting process
- Conceived and led implementation of a marketing plan to broaden efforts beyond...

Show more

Managing Director, PR Direct | Product Marketing, Product Management & Strategy

Mar 2004 - Oct 2005 · 1 year 8 months

Hired to lead The Canadian Press' entry into the commercial newswire industry. PR Direct SaaS that puts customers in control of sending press releases directly to 'The Wire' and distributing them on the Internet. Complete P&L responsibility and management of all aspects of the business; marketing, sales, billing, customer service and product development.

- Successfully managed business through launch, rapid product development and sales growth. Unit realized positive cash flow within 20...

Show more



Director, Newswire Initiative | Product Marketing, Product Management & Strategy

TSX Group

Oct 2002 - Jan 2004 · 1 year 4 months

Toronto, Canada

Hired to lead the TSX Group's entry to the newswire industry.

- Developed and presented two options (both with 8 figure NPVs) as to how the TSX Group could enter the newswire industry – both options were taken to the TSX Board
- Represented TSX Group (business prime) in negotiations with CNW to create CNX Marketlink - highest NPV TSX Datalinx project in 2003



Vice President & General Manager – Emergis e-News

BCE Emergis

Jan 1999 - Aug 2002 · 3 years 8 months

Toronto, Canada

Held a series of progressive general management positions culminating in Vice President & General Manager – e-News Service or head of the newswire division of BCE



Stephen Barnard



ended when the unit was sold for approximately \$6M.

- Integrated what had been a stand-alone company (ISDN) into BCE Emergis and leverage synergies within the company to...

Show more



Marketing Director

Rogers Communications

1992 - 1998 · 6 years

Vancouver, Canada Area

Held a series of progressive marketing positions culminating in Marketing Director and head of marketing for BC. Managed department of seven people responsible for province's marketing activities including; advertising and promotion, product (pricing) management, marketing collateral, customer and distribution communication and strategic and tactical planning.

- Wrote the Strategic Marketing Plans for 1996 to 1998 and coordinated the entire BC strategy plan for 1998. Designed Strategic...

Show more

Education



Memorial University of Newfoundland

BA · Economics



Memorial University of Newfoundland

Master of Business Administration (MBA)

Groups



Marketing Communication

-



Public Relations and Communications Professionals



Stephen Barnard

**Canadian Public Relations Society (CPRS)**

-

**Bitcoin Blockchain & FinTech Think Tank > Cryptor Trust**

-

**Digital Marketing: Social Media, Search, Mobile & more**

-

**Marketing | Social Media | Business | Digital | Crypto | NFT's**

-

Show 8 more groups 

Recommendations received

**Kiarash Narimani**

" I had the opportunity to work with Stephen at Equibit Group LTD. We had collaborated on several projects and different fronts. It's rare that you come across a person that not only is capable of leading his team towards company's mission on tight schedule but also makes collaboration easy and smooth. I am particularly impressed by his ability to handle various tasks in a tough start-up environment. He is a friend to the team and an asset to the company. "

**Sarah Zupnik**

"I have had the pleasure of working and brainstorming with Stephen at TMX Equicom for the last 2.5 years. We have worked together on a number of marketing initiatives and on every occasion, I am always impressed by the passion and drive he brings to the project. His attention to detail and talent as a strong project manager, have made the difference in projects finishing on time and on budget. I would work together with Stephen in a heartbeat."

8 people have recommended Stephen



Stephen Barnard



More activity by Stephen



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Liked by Stephen Barnard

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Liked by Stephen Barnard



Stephen Barnard



Exciting news! Hayden Stafford is joining Seismic as our new President and Chief Revenue Officer. 🎉

Liked by Stephen Barnard

The importance of context. On a call with a potential client at Faculty of Change and felt my new jacket was a bit loud. A quick background change...

Liked by Stephen Barnard

To celebrate a recording-breaking quarter in the books, Seismic has dubbed Friday "Seismic Recharge Day" – an extra day off to rest and recharge...



Stephen Barnard



Join Adastra and our partner Alteryx on March 30th, as we explore the benefits and challenges of Data Democratization as it has been developed across...

Liked by Stephen Barnard



We are thrilled to welcome John Boynton, our NEW President and Chief Executive Officer. John joins Arterra from NordStar (parent company of...

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Stephen Barnard



Yesterday our CSO, Mauricio Di Bartolomeo, explained on TD Ameritrade Network our views on Bitcoin's current price action, and short-term correlation...

Liked by Stephen Barnard



International Women's Day is a global day celebrating the social, economic, cultural and political achievements of women. Quadra is committed to a...

Liked by Stephen Barnard

Welcome Anshul Gandhi! Anshul is an experienced demand generation and growth marketing specialist who has a passion for uncovering new market...

Liked by Stephen Barnard



Stephen Barnard



Honored to be selected by Podcast Magazine® as one of the #podcast industry's Unsung Heroes. Quite humbled by all of this. #podcasting #podcastlife...

Liked by Stephen Barnard

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People also viewed



Christopher Day

VP / Chief Marketing and Communications Officer, MA, MBA

Canada



David Sellars

Water Supply Engineer

Woodley



Selina Huang

Planning at Intel

China



Stephen Barnard



Roanoke, VA



Jamil al Jabri

Founder & CEO at Tanjō Digital

Toronto, ON



Andrew Mushore, LL.M

Senior Consultant, Interim Management & Executive Search | Opening Doors to New Career Opportunities

Toronto, ON



Erica Rochester

Associate Director, Experience at Wasserman

Etobicoke, ON



Stewart Laszlo, BA, MBA

Marketing, Communications & Branding Visionary

Toronto, ON



John Blackmore

Senior Director, Digital Marketing at Qlik

Ottawa, ON



Melanie Frank

Marketing Leader | Strategy - Branding - Growth | Creative Designer

Greater Montreal Metropolitan Area

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Stephen Barnard

Owner, Stephen Paul Barnard P.C.

Tucson, AZ



Stephen Barnard

Head of Catering Services at Cwm Taf health Board NHS Wales

Llandrindod Wells



Stephen Barnard

Managing Director at Burntwood Road Sweepers Limited

United Kingdom



Stephen Barnard



Greater Liverpool Area

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Stephen Barnard

Head of Marketing | VP or Director of Marketing | CMO. Agile Marketing Leader and Business Builder with a Bias for Action.



Marketing and business consultant to CEOs, CMOs and founders - fractional CMO at Barnard Consulting



Memorial University of Newfoundland

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Stephen Barnard



Guest Controls

Community Guidelines

Language

EXHIBIT L

This is **EXHIBIT "L"**

to the Affidavit of

CHRISTOPHER HORLACHER

sworn before me by videoconference

this 30th day of March, 2022

Ian Literovich



Equibit Development Corporation

FINANCIAL STATEMENTS

Unaudited - See Notice to Reader

December 31, 2016

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NOTICE TO READER

To the Board of Directors of Equibit Development Corporation

On the basis of information provided by management, we have compiled the balance sheet of Equibit Development Corporation as at December 31, 2016 and the income statement, retained earnings and the cash flow statement for the year then ended for tax purposes.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

MP Group Professional Corporation

MP Group Professional Corporation
Licensed Public Accountants
Toronto, Canada
24-Jan-16

Equibit Development Corporation

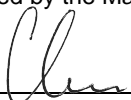
Unaudited - See Notice to Reader

Balance Sheet

Year ended December 31, 2016

	2016	2015
	\$	\$
Assets		
Current assets		
Cash	50,044	292
Accounts Receivable	44,625	2,210
Prepaid Expenses	5,278	-
	99,947	2,502
Property Plant Equipment (Net)	47,437	-
Total Assets	147,384	2,502
Liabilities		
Accounts Payable	8,074	14,210
Due to Shareholders (Note 4)	21,002	6,792
Total Liabilities	29,076	21,002
Shareholders' Equity		
Share Capital (Note 5)	200,648	100
Retained Earnings	(82,340)	(18,600)
Total Shareholders' Equity	118,308	(18,500)
Total Liabilities and Shareholders' Equity	147,384	2,502

Approved by the Management:



Nathan Wosnack

Equibit Development Corporation

Unaudited - See Notice to Reader

Income Statement

Year ended December 31, 2016

	2016	2015
	\$	\$
Revenue		
Sales	80,997	-
	80,997	-
Cost of Sales		
Contractors	89,345	-
	89,345	-
Gross Profit	(8,348)	-
Operating Expenses		
Advertising & Promotions	19,700	1,500
Rent	13,795	-
Accounting & Legal	8,060	17,000
Computer, Internet & Hosting	3,750	-
Miscellaneous Expenses	3,581	-
Travel & Entertainment	2,662	-
Depreciation	2,400	-
Courier & Postage	754	-
Office Supplies	262	-
Interest & Bank Charges	245	-
Currency Exchange & Rounding	183	-
Business Fees & Licenses	-	100
	55,392	18,600
Net Income from operations	(63,740)	(18,600)
Other income		-
Net Income before Taxes	(63,740)	(18,600)
Income Tax Expense	-	-
Net Income (Loss)	(63,740)	(18,600)

Equibit Development Corporation

Unaudited - See Notice to Reader
Statement of Retained Earnings
Year ended December 31, 2015

	2016	2015
	\$	\$
Retained Earnings- Beginning of the year	(18,600)	-
Net Income	(63,740)	(18,600)
Retained Earnings- End of the year	(82,340)	(18,600)

Equibit Development Corporation

Unaudited - See Notice to Reader

Cash Flow Statement

Year ended December 31, 2016

	2016	2015
	\$	\$
Cash flows from operating activities		
Net income for the year	(63,740)	(18,600)
Add: Amortization expense	754	-
<i>Changes in working capital:</i>	(53,828)	12,000
Accounts receivable	(42,415)	(2,210)
Prepaid expenses	(5,278)	-
Accounts payable	(6,135)	14,210
Cash flows provided by (used in) operating activities	(116,814)	(6,600)
Cash flows from investing activities		
Purchase of Equipment	(48,192)	-
Cash flows provided by (used in) investing activities	(48,192)	-
Cash flows from investing activities		
Shareholder Loan	14,210	6,792
Share Capital	200,548	100
Cash flows provided by (used in) investing activities	214,758	6,892
Increase/(Decrease) in Cash	49,752	292
Cash, beginning of year	292	-
Cash, end of year	50,044	292

Equibit Development Corporation

Unaudited - See Notice to Reader
Notes to the financial statements
Year ended December 31, 2016

1. Nature of operations:

Equibit Development Corporation is a company based in Toronto that is building a decentralized securities platform. The business was incorporated in Ontario on September 17, 2015.

2. Summary of significant accounting policies:

Cash and Cash Equivalents

The organization considers deposits in banks, cryptocurrencies, certificates of deposit and other short-term investments with original maturities of 90 days or less at the date of acquisition as cash and cash equivalents.

Accrual Basis of Accounting

Revenues and expenditures are recorded on the accrual basis, whereby they are reflected in the accounts in the period in which they have been earned and incurred, respectively, whether or not such transactions have been finally settled by the receipt or payment of money.

3. Financial risks:

The organization is exposed to various risk through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the organization's risk exposure as at December 31, 2016.

Liquidity risk

The organization is exposed to this risk mainly in respect of amounts payable.

Credit risk

The organization's main credit risks relate to its amounts receivable.

4. Due to Shareholders

Due to Shareholders is non-interest bearing and payable on demand.

Equibit Development Corporation

Unaudited - See Notice to Reader
Notes to the financial statements (continued)
Year ended December 31, 2016

5. Share Capital

Authorized:

85,000,000 Common Shares authorized

2016

2015

Issued:

85,000,000 Common Shares Issued

200,648

100



Equibit Group Ltd.

FINANCIAL STATEMENTS

Unaudited

Decemeber 31, 2017

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MP Group Professional Corporation

1 Yonge St., Suite 1801,

Toronto, ON, M5E 1W7

Telephone: (416) 214-0527

Review Engagement Report

To the Board of Directors of Equibit Group Ltd.

We have reviewed the accompanying financial statements of Equibit Group Ltd. that comprise the balance sheet as at December 31, 2017, and the income statement, retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.



MP Group Professional Corporation

1 Yonge St., Suite 1801,

Toronto, ON, M5E 1W7

Telephone: (416) 214-0527

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Equibit Group Ltd. as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Other Matter

The comparative figures, as at and for the year ended December 31, 2016 was not subject to a review engagement or an audit engagement by an external practitioner.

MP Group Professional Corporation

Authorized to practice public accounting by the Chartered Professional Accountants of Ontario

MP Group Professional Corporation

Licensed Public Accountants

Toronto, Canada

March 22, 2018

Equibit Group Ltd.

Balance Sheet - Unaudited
Year ended December 31, 2017

	2017	2016
	\$	\$
Assets		
Current assets		
Cash	1,935,664	50,044
Investments (Note 3)	1,988,296	27,375
Accounts receivable	58,093	-
HST payable / receivable	32,499	17,250
Prepaid assets	13,669	5,278
	4,028,221	99,947
Property, plant and equipment (Note 4)	36,363	47,437
Total Assets	4,064,584	147,384
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	108,389	8,074
Taxes payable	-	-
	108,389	8,074
Deferred revenue	2,492,762	-
Due to shareholders	-	21,002
Total Liabilities	2,601,151	29,076
Shareholders' Equity		
Share capital (Note 5)	200,648	200,648
Contributed surplus (Note 7)	95,274	-
Retained earnings	1,167,511	(82,340)
Total Shareholders' Equity	1,463,433	118,308
Total Liabilities and Shareholders' Equity	4,064,584	147,384

Approved by Management:

Chris Horlacher

Equibit Group Ltd.

Income Statement - Unaudited
Year ended December 31, 2017

	2017	2016
	\$	\$
Revenue		
Sales	639,956	80,997
	639,956	80,997
Cost of Sales		
Contractors	783,783	89,345
	783,783	89,345
Gross Profit	(143,827)	(8,348)
Operating Expenses		
Advertising	160,642	19,700
Salaries and wages	148,331	-
Accounting and legal	89,249	8,060
Amortization expense	22,899	2,400
Travel and entertainment	15,574	2,662
Employee benefits	15,508	-
Computer, internet and hosting	13,053	3,750
Miscellaneous expenses	8,515	3,581
Interest and bank charges	1,399	245
Rental	1,338	13,795
Office supplies	1,098	262
Courier and postage	772	754
Business fees and licenses	750	-
Phone and internet	374	-
Insurance	63	-
	479,565	55,209
Net Income from operations	(623,392)	(63,557)
Other income and (expense)		
Interest income	12	-
Change in fair value of investments	867,417	-
Gain on sale of non-capital assets	1,080,430	(183)
Stock based compensation (Note 6)	(95,274)	-
Settlement income	20,658	-
Net Income before Taxes	1,249,851	(63,740)
Income tax expense (Note 8)	-	-
Net Income (Loss)	1,249,851	(63,740)

Equibit Group Ltd.

Statement of Retained Earnings - Unaudited
Year ended December 31, 2017

	2017	2016
	\$	\$
Retained earnings - beginning of the year	(82,340)	(18,600)
Net income	1,249,851	(63,740)
Retained earnings - end of the year	1,167,511	(82,340)

Equibit Group Ltd.

Cash Flow Statement - Unaudited
Year ended December 31, 2017

	2017	2016
	\$	\$
Cash flows from operating activities		
Net income for the year	1,249,851	(63,740)
Add: Amortization expense	22,899	2,400
Add: Changes in working capital	550,422	(53,829)
Accounts receivable	(58,093)	(42,415)
Investments	(1,960,921)	-
Prepaid assets	(8,391)	(5,278)
HST receivable / payable	(15,249)	-
Taxes payable	-	-
Deferred revenue	2,492,762	-
Accounts payable	100,314	(6,136)
Cash flows provided by (used in) operating activities	1,823,172	(115,169)
Cash flows from investing activities		
Purchase of equipment	(11,824)	(49,837)
Cash flows provided by (used in) investing activities	(11,824)	(49,837)
Cash flows from financing activities		
Due to shareholder	(21,002)	14,210
Contributed surplus	95,274	-
Share capital	-	200,548
Cash flows provided by (used in) financing activities	74,272	214,758
Increase/(Decrease) in Cash	1,885,620	49,752
Cash, beginning of year	50,044	292
Cash, end of year	1,935,664	50,044

Equibit Group Ltd.

Notes to the financial statements - Unaudited
Year ended December 31, 2017

1. Nature of operations

Equibit Group Ltd. (the Company) was incorporated in Ontario on September 17, 2015. The Company is based in Toronto and is building a decentralized securities network protocol.

2. Summary of significant accounting policies

Basis of presentation

These financial statements present, in accordance with Canadian Accounting Standards for Private Enterprises (“ASPE”), the assets, liabilities, revenue, expenses and cash flows of the Company.

Cash and cash equivalents

The Company considers deposits in banks, certificates of deposit and other short-term investments with original maturities of 90 days or less at the date of acquisition as cash and cash equivalents.

Prepaid and other deposits

Prepaid and other deposits occur when the Company pays for cash in advance for goods and services not yet received by the Company.

Financial instruments

Financial instruments are recorded at fair value on initial recognition. Financial assets and liabilities are subsequently recorded at cost or amortized cost, except for investments in equity instruments or cryptocurrencies that are quoted in an active market at fair value.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Company determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Company expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Equibit Group Ltd.

Notes to the financial statements - Unaudited (continued)
Year ended December 31, 2017

2. Summary of significant accounting policies (continued)

Investments

Investments reported at fair value consist of equity instruments or cryptocurrencies that are quoted in an active market. Changes in fair value are recognized in net income. Transaction costs to acquire or dispose of these securities are recognized in net income in the period during which they are incurred.

Investments in equity securities and cryptocurrencies which are not quoted in an active market, as well as investments in debt securities, whether or not quoted in an active market are initially recorded at fair value plus financing fees and transaction costs that are directly attributable to their acquisition or disposal. These equity securities are thereafter carried at cost and the debt securities are carried at amortized cost using the straight-line amortization method.

Government assistance

Amounts received or receivable resulting from government assistance programs, including investment tax credits, are reflected as reductions of the cost of the assets or expenses to which they relate when the Company becomes eligible to accrue them, provided there is reasonable assurance the benefits will be realized and amount is measurable.

Property, plant and equipment and assets under capital leases

Property, plant and equipment are recorded at cost less accumulated amortization. The Company provides for amortization using the straight-line method to amortize the cost of the property, plant and equipment over their estimated useful lives. The annual amortization period is as follows:

Computer Equipment and Software	3 years
Furniture and Equipment	5 years

Revenue recognition

Revenue is recognized when persuasive evidence of an arrangement exists; delivery of goods has occurred or services have been rendered; the selling price to the buyer is fixed or determinable, and collection of the selling price is reasonably assured. Revenue is measured at the fair value of the consideration received.

Equibit Group Ltd.

Notes to the financial statements - Unaudited (continued)
Year ended December 31, 2017

2. Summary of significant accounting policies (continued)

Measurement uncertainty

The preparation of financial statements in conformity with ASPE requires management to make estimates, judgements and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known and in any future periods affected. Actual results could differ from these estimates.

Foreign currency translation

Foreign currency denominated monetary assets and liabilities are translated into Canadian dollars at the exchange rate in effect at the balance sheet date, and non-monetary items are translated at the prevailing historical rate at the time of the transaction. Revenues and expenses arising from foreign currency transactions are translated into Canadian dollars at the exchange rate in effect at the transaction date. The exchange gains or losses resulting from the translation of monetary items are included in net income.

Income taxes

The Company follows the taxes payable method whereby only current income tax assets and liabilities are recognized to the extent they remain unpaid or are recoverable. In addition, the benefit relating to a tax loss incurred in the current period carried back to prior periods is recognized as a current asset. Current income tax assets and liabilities are measured using substantively enacted tax rates and laws expected.

Stock based compensation

The Company has a stock option plan for employees from which options to purchase common shares are issued (the "Plan"). Options are granted with an exercise price of less than the fair value of the options at the grant date. The awards have no cash settlement alternatives. The vesting requirements are typically service-based and the options normally have a contractual life of five years.

Stock-based compensation costs are accounted for on a fair value basis, as measured at the grant date, which is generally the date at which both the Company and the employee have a mutual understanding of the terms of the award. The fair value is measured by determining the difference in the employee's normal fair market salary and the actual employee's pay which is reduced as a result of stock options offered.

Equibit Group Ltd.

Notes to the financial statements - Unaudited (continued)
Year ended December 31, 2017

2. Summary of significant accounting policies (continued)

Stock based compensation (continued)

The resulting stock-based compensation cost is recognized on a straight-line basis with a corresponding credit to contributed surplus over the period in which services are rendered. The compensation expense is based on the number of awards that eventually vest, and adjustments for forfeitures are made as they occur. Any consideration paid by employees upon exercise of the options and the previously recognized compensation cost of the options exercised included in contributed surplus are added to share capital.

3. Investments

	<u>2017</u>	<u>2016</u>
	\$	\$
Bitcoin traded in an active market at fair market value	1,981,874	-
Ether traded in an active market at fair market value	6,422	-
	<hr/> 1,988,296	<hr/> -

4. Property, plant and equipment

	<u>2017</u>	<u>2016</u>
	\$	\$
Computer equipment and Software	60,852	49,837
Accumulated amortization	(25,143)	(2,400)
Furniture and equipment	809	-
Accumulated amortization	(155)	-
	<hr/> 36,363	<hr/> 47,437

Equibit Group Ltd.

Notes to the financial statements - Unaudited (continued)
Year ended December 31, 2017

5. Share Capital

Authorized:

85,000,000 Common Shares authorized

	<u>2017</u>	<u>2016</u>
	\$	\$
Issued:		
85,000,000 Common Shares		
Issued	200,648	200,648

6. Stock based compensation

The Plan is applicable to full-time employees, officer, director or consultant of the company for the purchase of 5,000,000 common shares reserved for issuance. Options are granted with an exercise price equal to the fair value of the Company's common shares, and may generally be exercised at a rate of 25% on each anniversary grant date.

Options expire in 5 years from the date of grant or upon termination of employment. During the year ended December 31, 2017 the Company granted 1,250,000 stock options with an exercise price of \$0.20. The remaining contractual life of the options issued is 4.35 years.

7. Contributed surplus

	<u>2017</u>	<u>2016</u>
	\$	\$
Opening balance	-	-
Stock based compensation	95,274	-
Closing balance	95,274	-

Equibit Group Ltd.

Notes to the financial statements - Unaudited (continued)
Year ended December 31, 2017

8. Income taxes

The Company accounts for income taxes using the taxes payable method. As a result, the Company's tax expense varies from the amount that would otherwise result from the application of the statutory income tax rates as set out below:

	<u>2017</u>	<u>2016</u>
	\$	\$
Net income	1,249,851	(63,740)
Expected income tax expense at the combined effective tax rate is 15% (2016 - 15%) for the small business deduction	187,478	-
Increase (decrease) in income tax expense resulting from:		
Non-deductible expenses	3,456	-
Unrealized gains	(130,113)	-
Timing differences	673	-
Other items impacting taxes:		
Loss carry forwards	(12,084)	-
Estimated SR&ED credits	(49,410)	-
Income tax expense	-	-

The Company incurred research and development expenditures which are eligible for investment tax credits. The investment tax credits recorded are based on management's estimates of amounts expected to be recovered and are subject to audit by the taxation authorities and, accordingly, these amounts may vary. As such, the expected investment tax credit is netted against the income tax expense.

9. Financial instruments - risks and uncertainties

Financial risks

The company is exposed to various financial risks through transactions in financial instruments. The following provides helpful information in assessing the extent of the Company's exposure to these risks.

Equibit Group Ltd.

Notes to the financial statements - Unaudited (continued)
Year ended December 31, 2017

10. Financial instruments - risks and uncertainties (continued)

Credit risk

Credit risk results from the possibility that one party to a financial instrument will cause a financial loss for the Company by failing to discharge its contractual obligations. The Company's exposure to credit risk as at December 31, 2017 was limited to the value of the Company's cash and cash equivalents, investment tax credits and amounts receivables. The Company mitigates this risk by holding cash and cash equivalents with reputable financial institutions and carrying out credit evaluations of its customers on a continuing basis.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company controls liquidity risk by management of working capital and cash flows as well as ensuring the availability of borrowing facilities.

Other price risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument, or factors affecting all similar financial instruments traded in the market. The Company is exposed to other price risk through its investments in cryptocurrencies traded in an active market.

11. Commitments

The future minimum annual lease payments under operating leases, with varying terms, are approximately as follows:

	<u>\$</u>
2018	26,136
2019	28,512
2020	28,512
2021	2,376
2022	-
Thereafter	-
	<u>85,536</u>



Equibit Group Ltd.

FINANCIAL STATEMENTS

Unaudited

For the Year Ended December 31, 2018

(In Canadian Dollars)

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MP Group Professional Corporation

1 Yonge St., Suite 1801,

Toronto, ON, M5E 1W7

Telephone: (416) 214-0527

Review Engagement Report

To the Board of Directors of Equibit Group Ltd.,

We have reviewed the accompanying financial statements of Equibit Group Ltd. that comprise the balance sheet as at December 31, 2018, and the statements of income, retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.



MP Group Professional Corporation

1 Yonge St., Suite 1801,

Toronto, ON, M5E 1W7

Telephone: (416) 214-0527

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Equibit Group Ltd. as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

MP Group Professional Corporation

Authorized to practice public accounting by the Chartered Professional Accountants of Ontario

MP Group Professional Corporation

Licensed Public Accountants

Toronto, Canada

Wednesday April 15, 2019

Equibit Group Ltd.

Balance Sheet - Unaudited
As at December 31, 2018

	2018	2017
	\$	\$
Assets		
Current assets		
Cash	38,608	1,935,664
Investments (Note 3)	-	1,988,296
Accounts receivable	-	58,093
HST receivable	100,748	32,499
Prepaid assets	17,552	13,669
	156,908	4,028,221
Property, plant and equipment (Note 4)	61,691	36,363
Total Assets	218,599	4,064,584
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	15,466	108,389
Taxes payable	-	-
	15,466	108,389
Deferred revenue	2,492,762	2,492,762
Total Liabilities	2,508,228	2,601,151
Shareholders' Deficiency		
Share capital (Note 5)	200,648	200,648
Contributed surplus (Note 7)	277,516	95,274
Retained earnings (Deficit)	(2,767,793)	1,167,511
Total Shareholders' Equity (Deficiency)	(2,289,629)	1,463,433
Total Liabilities and Shareholders' Equity	218,599	4,064,584

Approved by Management:

Equibit Group Ltd.

Income Statement - Unaudited
Year ended December 31, 2018

	2018	2017
	\$	\$
Revenue		
Sales	-	639,956
	-	639,956
Cost of Sales		
Contractors	1,130,176	783,783
	1,130,176	783,783
Gross Profit	(1,130,176)	(143,827)
Operating Expenses		
Advertising	199,584	160,642
Salaries and wages	1,016,944	163,839
Government assistance (Note 8)	(121,901)	-
Accounting and legal	243,745	89,249
Amortization expense	33,197	22,899
Travel and entertainment	74,590	15,574
Computer, internet and hosting	46,128	13,053
Miscellaneous expenses	21,320	8,515
Interest and bank charges	2,535	1,399
Rent and occupancy costs	64,881	1,338
Office supplies	10,421	1,098
Courier and postage	3,021	772
Office expense	7,735	1,124
Insurance	26,752	63
	1,628,952	479,565
Income before undernoted items and Income Taxes	(2,759,128)	(623,392)
Other income and (expense)		
Interest income	917	12
Foreign exchange gain or (loss)	(1,293)	-
Change in fair value of investments	-	867,417
Gain / (Loss) on sale of non-capital assets	(995,558)	1,080,430
Stock based compensation (Note 6)	(182,242)	(95,274)
Settlement income	2,000	20,658
Income before Income Taxes	(3,935,304)	1,249,851
Income tax expense (Note 9)	-	-
Net Income (Loss)	(3,935,304)	1,249,851

Equibit Group Ltd.

Statement of Retained Earnings - Unaudited
Year ended December 31, 2018

	2018	2017
	\$	\$
Retained earnings - beginning of the year	1,167,511	(82,340)
Net income	(3,935,304)	1,249,851
Retained earnings (deficit) - end of the year	(2,767,793)	1,167,511

Equibit Group Ltd.

Cash Flow Statement - Unaudited
Year ended December 31, 2018

	2018	2017
	\$	\$
Cash flows from operating activities		
Net income for the year	(3,935,304)	1,249,851
Add: Amortization expense	33,197	22,899
Add: Changes in working capital	1,881,334	550,422
Accounts receivable	58,093	(58,093)
Investments	1,988,296	(1,960,921)
Prepaid assets	(3,883)	(8,391)
HST receivable	(68,249)	(15,249)
Deferred revenue	-	2,492,762
Accounts payable	(92,923)	100,314
Cash flows provided by (used in) operating activities	(2,020,773)	1,823,172
Cash flows from investing activities		
Purchase of equipment	(58,525)	(11,824)
Cash flows provided by (used in) investing activities	(58,525)	(11,824)
Cash flows from financing activities		
Due to shareholder	-	(21,002)
Contributed surplus	182,242	95,274
Share capital	-	-
Cash flows provided by (used in) financing activities	182,242	74,272
Increase/(Decrease) in Cash	(1,897,056)	1,885,620
Cash, beginning of year	1,935,664	50,044
Cash, end of year	38,608	1,935,664

Equibit Group Ltd.

Notes to the financial statements - Unaudited
Year ended December 31, 2018

1. Nature of operations

Equibit Group Ltd. ("the Company") was incorporated in Ontario on September 17, 2015. The Company is based in Toronto and is building a decentralized securities network protocol.

The financial statements have been prepared using the going concern assumption, which assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and settle its liabilities in the normal course of business. During the year ended December 31, 2018, the Company had a net loss of \$3,935,304 and as at December 31, 2018 had a deficit of \$2,767,793 and a shareholders' deficiency of \$2,289,629. These conditions raise significant doubt about the Company's ability to continue as a going concern.

The Company's future operations are dependent upon many factors, including the ability of the Company to generate sufficient profit and cash flows from operations and obtain additional funding. The decision to fund the Company is ultimately at the lender's or investor's discretion, and there is no guarantee that funds will be provided or be provided at reasonable rates. In addition, there is no assurance that management will be successful in its efforts, or that adequate financing will be available on acceptable terms. These financial statements do not reflect adjustments to the carrying values of assets and liabilities and the classifications used on the financial statements that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

2. Summary of significant accounting policies

Basis of presentation

These financial statements present, in accordance with Canadian Accounting Standards for Private Enterprises ("ASPE"), the assets, liabilities, revenue, expenses and cash flows of the Company.

Cash and cash equivalents

The Company considers deposits in banks, certificates of deposit and other short-term investments with original maturities of 90 days or less at the date of acquisition as cash and cash equivalents.

Prepaid and other deposits

Prepaid and other deposits occur when the Company pays for cash in advance for goods and services not yet received by the Company.

Equibit Group Ltd.

Notes to the financial statements - Unaudited (continued)
Year ended December 31, 2018

2. Summary of significant accounting policies (continued)

Financial instruments

Financial instruments are recorded at fair value on initial recognition. Financial assets and liabilities are subsequently recorded at cost or amortized cost, except for investments in equity instruments or cryptocurrencies that are quoted in an active market at fair value.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Company determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Company expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Investments

Investments reported at fair value consist of equity instruments or cryptocurrencies that are quoted in an active market. Changes in fair value are recognized in net income. Transaction costs to acquire or dispose of these securities are recognized in net income in the period during which they are incurred.

Investments in equity securities and cryptocurrencies which are not quoted in an active market, as well as investments in debt securities, whether or not quoted in an active market are initially recorded at fair value plus financing fees and transaction costs that are directly attributable to their acquisition or disposal. These equity securities are thereafter carried at cost and the debt securities are carried at amortized cost using the straight-line amortization method.

Government assistance

Amounts received or receivable resulting from government assistance programs, including investment tax credits, are reflected as reductions of the cost of the assets or expenses to which they relate when the Company becomes eligible to accrue them, provided there is reasonable assurance the benefits will be realized and amount is measureable.

Equibit Group Ltd.

Notes to the financial statements - Unaudited (continued)
Year ended December 31, 2018

2. Summary of significant accounting policies (continued)

Property, plant and equipment and assets under capital leases

Property, plant and equipment are recorded at cost less accumulated amortization. The Company provides for amortization using the straight-line method to amortize the cost of the property, plant and equipment over their estimated useful lives. The annual amortization period is as follows:

Computer Equipment and Software	3 years
Furniture and Equipment	5 years

Revenue recognition

Revenue is recognized when persuasive evidence of an arrangement exists; delivery of goods has occurred or services have been rendered; the selling price to the buyer is fixed or determinable, and collection of the selling price is reasonably assured. Revenue is measured at the fair value of the consideration received.

Measurement uncertainty

The preparation of financial statements in conformity with ASPE requires management to make estimates, judgements and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known and in any future periods affected. Actual results could differ from these estimates.

Foreign currency translation

Foreign currency denominated monetary assets and liabilities are translated into Canadian dollars at the exchange rate in effect at the balance sheet date, and non-monetary items are translated at the prevailing historical rate at the time of the transaction. Revenues and expenses arising from foreign currency transactions are translated into Canadian dollars at the exchange rate in effect at the transaction date. The exchange gains or losses resulting from the translation of monetary items are included in net income.

Equibit Group Ltd.

Notes to the financial statements - Unaudited (continued)
Year ended December 31, 2018

2. Summary of significant accounting policies (continued)

Income taxes

The Company follows the taxes payable method whereby only current income tax assets and liabilities are recognized to the extent they remain unpaid or are recoverable. In addition, the benefit relating to a tax loss incurred in the current period carried back to prior periods is recognized as a current asset. Current income tax assets and liabilities are measured using substantively enacted tax rates and laws expected.

Intangible assets

Expenditures incurred during the development phase of a new or substantially new product are expensed as incurred.

Stock based compensation

The Company has a stock option plan for employees from which options to purchase common shares are issued (the "Plan"). Options are granted with an exercise price of less than the fair value of the options at the grant date. The vesting requirements are typically service-based and the options normally have a contractual life of five years.

Stock-based compensation costs are accounted for on a fair value basis, as measured at the grant date, which is generally the date at which both the Company and the employee have a mutual understanding of the terms of the award. The fair value is measured by determining the difference in the employee's normal fair market salary and the actual employee's pay which is reduced as a result of stock options offered.

The resulting stock-based compensation cost is recognized on a straight-line basis with a corresponding credit to contributed surplus over the period in which services are rendered. The compensation expense is based on the number of awards that eventually vest, and adjustments for forfeitures are made as they occur. Any consideration paid by employees upon exercise of the options and the previously recognized compensation cost of the options exercised included in contributed surplus are added to share capital.

Equibit Group Ltd.

Notes to the financial statements - Unaudited (continued)
Year ended December 31, 2018

3. Investments

	<u>2018</u>	<u>2017</u>
	\$	\$
Bitcoin traded in an active market at fair market value	-	1,981,874
Ether traded in an active market at fair market value	-	6,422
	<hr/>	<hr/>
	-	1,988,296

4. Property, plant and equipment

	<u>2018</u>	<u>2017</u>
	\$	\$
Computer equipment and Software	73,309	60,852
Accumulated amortization	(42,718)	(25,143)
Furniture and equipment	31,727	809
Accumulated amortization	(4,700)	(155)
Leasehold improvements	5,854	-
Accumulated amortization	(1,781)	-
	<hr/>	<hr/>
	61,691	36,363

5. Share Capital

Authorized:
85,000,000 Common Shares authorized

	<u>2018</u>	<u>2017</u>
	\$	\$
Issued: 85,000,000 Common Shares Issued	<hr/> 200,648	<hr/> 200,648

Equibit Group Ltd.

Notes to the financial statements - Unaudited (continued)
Year ended December 31, 2018

6. Stock based compensation

The Plan is applicable to full-time employees, officer, director or consultant of the company for the purchase of 5,000,000 common shares reserved for issuance. Options are granted with an exercise price equal to the fair value of the Company's common shares, and may generally be exercised at a rate of 25% on each anniversary date.

Options expire in 5 years from the date of grant or upon termination of employment. During the year ended December 31, 2018 the Company granted 600,000 stock options (1,250,000 stock options granted in 2017). All stock options granted have an exercise price of \$0.26. The remaining weighted average contractual life of the options issued is 3.56 years. No options have been exercised to date.

7. Contributed surplus

	<u>2018</u>	<u>2017</u>
	\$	\$
Opening balance	95,274	-
Stock based compensation	182,242	95,274
Closing balance	<u>277,516</u>	<u>95,274</u>

8. Government assistance

The Company incurred research and development expenditures which are eligible for investment tax credits. The investment tax credits recorded are based on actual amounts recovered from taxation authorities.

9. Income taxes

The Company accounts for income taxes using the taxes payable method. As a result, the Company's tax expense varies from the amount that would otherwise result from the application of the statutory income tax rates as set out below:

Equibit Group Ltd.

Notes to the financial statements - Unaudited (continued)
Year ended December 31, 2018

9. Income taxes (continued)

	<u>2018</u>	<u>2017</u>
	\$	\$
Net income	(3,935,304)	1,249,851
Expected income tax expense (recovery) at the combined effective tax rate is 13.5% (2017 - 15%) for the small business deduction	(58,776)	187,478
Increase (decrease) in income tax expense resulting from:		
Non-deductible expenses	55,337	3,456
Unrealized gains	-	(130,113)
Timing differences	3,439	673
Other items impacting taxes:		
Loss carry forwards	-	(12,084)
Estimated SR&ED credits	-	(49,410)
Income tax expense	-	-

The Company incurred research and development expenditures which are eligible for investment tax credits. The investment tax credits recorded are based on management's estimates of amounts expected to be recovered and are subject to audit by the taxation authorities and, accordingly, these amounts may vary. As such, the expected investment tax credit is netted against the income tax expense as applicable.

10. Financial instruments - risks and uncertainties

Financial risks

The company is exposed to various financial risks through transactions in financial instruments. The following provides helpful information in assessing the extent of the Company's exposure to these risks.

Equibit Group Ltd.

Notes to the financial statements - Unaudited (continued)
Year ended December 31, 2018

10. Financial instruments - risks and uncertainties (continued)

Credit risk

Credit risk results from the possibility that one party to a financial instrument will cause a financial loss for the Company by failing to discharge its contractual obligations. The Company's exposure to credit risk as at December 31, 2018 was limited to the value of the Company's cash and cash equivalents, investment tax credits and amounts receivables. The Company mitigates this risk by holding cash and cash equivalents with reputable financial institutions and carrying out credit evaluations of its customers on a continuing basis.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company controls liquidity risk by management of working capital and cash flows as well as ensuring the availability of borrowing facilities.

Other price risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument, or factors affecting all similar financial instruments traded in the market. The Company mitigates this risk by reviewing assets held that are subject to market volatility and reducing investments held in cryptocurrencies as of year end.

11. Commitments

The future minimum annual lease payments under operating leases, with varying terms, are approximately as follows:

	\$
2019	28,512
2020	28,512
2021	2,376
2022	-
2023	-
Thereafter	-
	59,400

Equibit Group Ltd.

Notes to the financial statements - Unaudited (continued)
Year ended December 31, 2018

12. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted for 2018.



Equibit Group Ltd.

FINANCIAL STATEMENTS

Unaudited - See Notice to Reader

November 11, 2019

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Statement of Retained Earnings	4



MP Group Professional Corporation

1 Yonge St., Suite 1801,

Toronto, ON, M5E 1W7

Telephone: (416) 214-0527

NOTICE TO READER

On the basis of information provided by management, we have compiled the balance sheet of Equibit Development Corporation as at November 11, 2019 and the income statement and statement of retained earnings for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

MP Group Professional Corporation

Authorized to practice public accounting by the Chartered Professional Accountants of Ontario

MP Group Professional Corporation

Licensed Public Accountants

Toronto, Canada

December 16, 2019

Equibit Group Ltd.

Unaudited - See Notice to Reader

Balance Sheet

As at November 11, 2019

	2019	2018
	\$	\$
Assets		
Current assets		
Cash	7,256	38,608
Accounts receivable	21,500	-
HST receivable	-	100,748
Prepaid assets	-	17,552
	28,756	156,908
Property, plant and equipment	-	61,691
Total Assets	28,756	218,599
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	10,429	15,466
	10,429	15,466
Deferred revenue	2,492,762	2,492,762
Total Liabilities	2,503,191	2,508,228
Shareholders' Deficiency		
Share capital	200,648	200,648
Contributed surplus	277,516	277,516
Retained earnings (Deficit)	(2,952,599)	(2,767,793)
Total Shareholders' Equity (Deficiency)	(2,474,435)	(2,289,629)
Total Liabilities and Shareholders' Equity	28,756	218,599

Approved by Management:

Equibit Group Ltd.

Unaudited - See Notice to Reader

Income Statement

Year ended November 11, 2019

	2019	2018
	\$	\$
Revenue		
Sales	-	-
Cost of Sales		
Contractors	130,673	1,130,176
	130,673	1,130,176
Gross Profit	(130,673)	(1,130,176)
Operating Expenses		
Advertising	24,509	199,584
Salaries and wages	54,273	1,016,944
Government assistance	(235,541)	(121,901)
Accounting and legal	131,857	243,745
Amortization expense	-	33,197
Travel and entertainment	-	74,590
Computer, internet and hosting	5,721	46,128
Miscellaneous expenses	3,259	21,320
Interest and bank charges	512	2,535
Rent and occupancy costs	8,779	64,881
Office supplies	-	10,421
Courier and postage	-	3,021
Office expense	-	7,735
Insurance	287	26,752
	(6,344)	1,628,952
Income before undernoted items and Income Taxes	(124,329)	(2,759,128)
Other income and (expense)		
Interest income	580	917
Foreign exchange gain or (loss)	-	(1,293)
Gain / (Loss) on sale of assets	(61,057)	(995,558)
Stock based compensation	-	(182,242)
Settlement income	-	2,000
Income before Income Taxes	(184,806)	(3,935,304)
Income tax expense	-	-
Net Income (Loss)	(184,806)	(3,935,304)

Equibit Group Ltd.

Unaudited - See Notice to Reader

Statement of Retained Earnings

Year ended November 11, 2019

	2019	2018
	\$	\$
Retained Earnings- Beginning of the year	(2,767,793)	1,167,511
Net Income	(184,806)	(3,935,304)
Retained Earnings- End of the year	(2,952,599)	(2,767,793)

EXHIBIT M

This is **EXHIBIT "M"**

to the Affidavit of

CHRISTOPHER HORLACHER

sworn before me by videoconference

this 30th day of March, 2022

Ian Literovich

	2019	2020	2021	2022	2023
REVENUE					
Adamant fees	-	351,563	1,406,250	5,625,000	22,500,000
Mining rewards	8,602,577	-	-	-	-
Realized gains	105,129	378,464	851,544	1,686,057	3,172,852
TOTAL REVENUE	8,707,706	730,026	2,257,794	7,311,057	25,672,852
OPERATING EXPENSES					
Salary & contractors	2,000,000	3,000,000	4,500,000	6,750,000	10,125,000
Commissions	-	17,578	70,313	281,250	1,125,000
Benefits	50,000	75,000	112,500	168,750	253,125
Accounting & legal	200,000	150,000	225,000	337,500	506,250
Advertising	200,000	650,000	975,000	1,462,500	2,193,750
Insurance	15,000	22,500	33,750	50,625	75,938
Rent	50,000	75,000	112,500	168,750	253,125
Office supplies	10,000	15,000	22,500	33,750	50,625
Utilities & hosting	55,000	57,500	61,250	66,875	75,313
TOTAL OPERATING EXPENSES	2,580,000	4,062,578	6,112,813	9,320,000	14,658,125
EBITDA	6,127,706 -	3,332,552 -	3,855,019 -	2,008,943	11,014,727
Unrealized gains	1,892,320	5,109,263	10,729,452	20,692,514	38,488,076
Depreciation	16,000	32,000	36,000	40,000	44,000
Income tax	894,645	-	-	-	1,608,150
NET INCOME	7,109,380	1,744,711	6,838,433	18,643,570	47,850,653
CAPITAL EXPENDITURES					
Office equipment	80,000	80,000	20,000	20,000	20,000
TOTAL CAPITAL EXPENDITURES	80,000	80,000	20,000	20,000	20,000
FREE CASH FLOW	5,153,061 -	3,412,552 -	3,875,019 -	2,028,943	9,386,577

EXHIBIT N

This is **EXHIBIT "N"**

to the Affidavit of

CHRISTOPHER HORLACHER

sworn before me by videoconference

this 30th day of March, 2022

Ian Literovich

**ONTARIO
SUPERIOR COURT OF JUSTICE**

BETWEEN:

EQUIBIT GROUP LTD

Plaintiff

and

ATTORNEY GENERAL OF CANADA, JOHN DOE, JANE DOE,
SERGEI SACHKOV and KARTIK PATEL


Defendants

REQUISITION

TO THE LOCAL REGISTRAR at Toronto:

I REQUIRE you pursuant to Rule 19.01 of the *Rules of Civil Procedure* to note the Defendant, Sergei Sachkov, in default in this Action on the grounds that the Defendant, Sergei Sachkov was duly served and have failed to deliver a Statement of Defence within the time required by Rule 18.01 of the *Rules of Civil Procedure*.

Date: May 17, 2021


Sara J. Erskine

WEINTRAUB ERSKINE HUANG LLP
Barristers and Solicitors
365 Bay Street, Suite 501
Toronto, ON M5H 2V1

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Lawyers for the Plaintiff

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NOTING DEFAULT
DEFENDANT(S) / RESPONDENT(S)
NOTED IN DEFAULT

CONSTATATION DE DÉFAUT
DÉFENDEUR(S) / INTIMÉ(S)
CONSTATÉ EN DÉFAUT

THIS 17 DAY OF May 20 21
LE _____ JOUR DE _____

REGISTRAR _____ GREFFIER _____
SUPERIOR COURT OF JUSTICE COUR SUPÉRIEURE DE JUSTICE

EQUIBIT GROUP LTD

Plaintiff

and

ATTORNEY GENERAL OF CANADA et al.

Defendants

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Toronto

REQUISITION

WEINTRAUB ERSKINE HUANG LLP

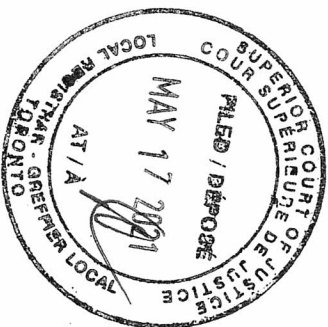
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RCP-E 4C (September 1, 2020)



EQUIBIT GROUP LTD

and

ATTORNEY GENERAL OF CANADA et al.

Plaintiff

Defendants

ONTARIO
SUPERIOR COURT OF JUSTICE

Proceeding commenced at Toronto

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