

MALBEX RESOURCES INC.



Malbex
Resources

**FILING STATEMENT FOR A CHANGE OF BUSINESS
IN RESPECT OF A TRANSACTION
WITH**

SAMARA CAPITAL INC.

Dated as of May 28, 2018

All information contained in this Filing Statement with respect to Samara Capital Inc. was supplied by Samara Capital Inc. for inclusion herein.

Neither the TSX Venture Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the Change of Business described in this filing statement.

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FORWARD-LOOKING INFORMATION

This Filing Statement contains forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects", "does not expect", "is expected", "estimates", "intends", "anticipates", "does not anticipate", or "believes", or variations of such words and phrases or states that certain actions, events or results "may", "could", "would", "might" or "will" be taken to occur or be achieved.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company or the Resulting Issuer to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Known and unknown factors could cause actual results or events to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, completion of the Transaction and Exchange approval; fluctuations in the currency markets; changes in interest rates; disruption to the credit markets and delays in obtaining financing; inflationary pressures; changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, or other countries in which the Resulting Issuer may, upon completion of the Transaction carry on business; business opportunities that may be presented to, or pursued by the Resulting Issuer upon completion of the Transaction; operating or technical difficulties in connection with business activities; the possibility of unanticipated expenses; and the occurrence of natural disasters, hostilities, acts of war or terrorism; the Resulting Issuer may require additional funds in order to acquire carry out its Investment Policy, as well as for general working capital and will be reliant on the sale of equity for such funds; there can be no assurance the Resulting Issuer will be able to obtain such funds and as a result, the Resulting Issuer may not be able to advance its business plan to carry out the Investment Policy or make further acquisitions or continue operations; there is no assurance the Resulting Issuer will be able to obtain insurance for its operations and investments; the Resulting Issuer's directors and officers serve on the boards and as officers of other companies whose interests may conflict with the Resulting Issuer; there may not be an active or liquid market for the Resulting Issuer Shares after completion of the Transaction; the Resulting Issuer may never pay any dividends; the Resulting Issuer's cryptocurrency inventory may lose or may be severely reduced in value as a result of flaws in the cryptocurrency code or malicious actors; regulatory changes or actions may alter or prohibit investment in cryptocurrencies and may result in a restriction in the use of cryptocurrencies; the current value of cryptocurrencies and the value of the Resulting Issuer's future holdings of cryptocurrencies may be overvalued and volatile as a result of momentum pricing; there may be fraud or security failures of the cryptocurrency exchanges on which the Resulting Issuer's cryptocurrencies are exchanged resulting in closures of the cryptocurrency exchanges or complete losses of the Resulting Issuer's cryptocurrency balance; banks may refuse to provide cryptocurrency-related services resulting in a decrease in the usefulness of cryptocurrency and reduction in the value of the Resulting Issuer's cryptocurrency inventory; the algorithm for cryptocurrencies may change resulting in the Resulting Issuer losing its competitive advantage; the Resulting Issuer's operations, investment strategies and profitability may be adversely affected by competition from other cryptocurrencies or financial vehicles; the Resulting Issuer may be subject to incorrect or fraudulent transactions resulting in its coins being lost or irretrievable; the number of coins awarded for solving a block in the blockchain may be decreased resulting in the value of the inventory of the Resulting Issuer to decrease and may be decreased

to a level where there is not an adequate incentive for the Resulting Issuer to continue operations; and the sale of coins by other vehicles investing in coins or tracking cryptocurrency markets may negatively affect cryptocurrency prices and reduce the value of the Resulting Issuer's inventory. The factors identified above are not intended to represent a complete list of the factors that could affect the Company or the Resulting Issuer. Additional factors are noted under the heading "*Risk Factors*".

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results, performance or achievement may vary materially from those expressed or implied by the forward-looking information contained in this Filing Statement. These factors should be carefully considered and readers are cautioned not to place undue reliance on forward-looking information, which speaks only as of the date of this Filing Statement. All subsequent forward-looking information attributable to the Company or the Resulting Issuer herein is expressly qualified in its entirety by the cautionary statements contained in or referred to herein. The Company and the Resulting Issuer do not undertake any obligation to release publicly any revisions to this forward-looking information to reflect events or circumstances that occur after the date of this Filing Statement or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

GLOSSARY OF TERMS

The following is a glossary of certain definitions used in this Filing Statement. Terms and abbreviations used in the appendices to this Filing Statement are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

"**Affiliate**", a company is an "**Affiliate**" of another company if (a) one of them is the subsidiary of the other, or (b) each of them is controlled by the same Person. A corporation is "**controlled**" by a Person if (a) voting securities of the corporation are held, other than by way of security only, by or for the benefit of that Person, and (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company. A Person beneficially owns securities that are beneficially owned by (a) a corporation controlled by that Person, or (b) an Affiliate of that Person or an Affiliate of any corporation controlled by that Person;

"**Appointed Person**" has the meaning ascribed thereto in "*Part II – Information Concerning the Resulting Issuer – Custodian Agreement – Winding-up or Bankruptcy*".

"**Associate**" when used to indicate a relationship with a Person, means: (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to all outstanding voting securities of the issuer, (b) any partner of the Person, (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which the Person serves as trustee or in a similar capacity, and (d) in the case of a Person who is an individual, (i) that Person's spouse or child, or (ii) any relative of that Person or of his spouse who has the same residence as that Person; but where the Exchange determines that two Persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D.1.00 of the Exchange with respect to that Member firm, Member corporation or holding company;

"**BCBCA**" has the meaning ascribed thereto in "*Summary of Filing Statement – Parties to the Transaction – The Company*".

"**blockchain**" means the public transaction ledger which records the financial transactions in cryptocurrency in chronological order;

"**Board**" means the board of directors of the Company or the Resulting Issuer as applicable;

"**Bitcoin**" means Bitcoin cryptocurrency;

"**Change of Business**" means the Transaction which will result in a "**Change of Business**", as such term is defined in the policies of the Exchange;

"**Closing**" means the closing of the Transaction;

"**Common Shares**" means the common shares in the capital of the Company;

"**Committee**" has the meaning ascribed thereto in "*Part I – Information Concerning the Company – Stock Option Plan – Summary of the Stock Option Plan*".

"**Company**" means Malbex Resources Inc., a corporation existing under the OBCA;

"**Company AGM**" means the annual and special meeting of shareholders of the Company held June 28, 2017;

"**Company Stock Option Plan**" means the 10% rolling share option plan of the Company approved by the shareholders of the Company at the Company AGM;

"**Computershare**" means Computershare Investor Services Inc.

"**Control Person**" means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer;

"**Custodian**" means Goldmoney Inc. or its Affiliates, including, but not limited to, Goldmoney Wealth Limited and Goldmoney Processing Europe Limited.

"**Custodian Agreement**" means the custodian agreement between the Company and the Custodian pursuant to which the Custodian will hold the cryptocurrency assets of the Company dated May 28, 2018;

"**ETH**" means Ether cryptocurrency;

"**Exchange**" or "**TSXV**" means the TSX Venture Exchange;

"**Filing Statement**" means this filing statement, together with all appendices attached hereto and including the summary hereof;

"**Final Exchange Bulletin**" means the bulletin which is issued by the Exchange following the Closing and the submission of all documentation required by the Exchange in connection therewith, that evidences the final Exchange acceptance of the Transaction and any related transactions;

"**IFRS**" means the International Financial Reporting Standards;

"**Initial Term**" means the period between the date of the Management Services Agreement and December 31, 2022;

"Investment Policy" means the investment policy the Company will adopt at Closing setting out the general and specific objectives of investments of the Company following the Closing;

"Insider" if used in relation to an issuer, means: (a) a director or senior officer of the issuer; (b) a director or senior officer of a corporation that is an Insider or subsidiary of the issuer; (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer; or (d) the issuer itself if it holds any of its own securities;

"Letter of Intent" means the letter of intent between the Company and Samara dated January 8, 2018 with respect to the proposed Transaction;

"Management Fee" means the fee payable to Samara under the Management Services Agreement, being 2% of the Net Asset Value;

"Management Services Agreement" means the management services agreement between the Company and Samara dated May 28, 2018;

"MD&A" means management's discussion and analysis;

"Named Executive Officers" has the meaning ascribed thereto in *"Part I – Information Concerning the Company – Executive Compensation"*.

"Net Asset Value" means, in respect of the Company at a particular date, the total value of its assets less the total value of its liabilities as at such date;

"Non-Arm's Length Party" means: (a) in relation to a company, (i) a Promoter, officer, director, other Insider or Control Person of that company and any Associates or Affiliates of any such Persons; or (ii) another entity or an Affiliate of that entity, if that entity or its Affiliate have the same Promoter, officer, director, Insider or Control Person as the company; and (b) in relation to an individual, any Associate of the individual or any company of which the individual is a Promoter, officer, Insider or Control Person;

"OBCA" means the *Business Corporations Act* (Ontario), including the regulations made thereunder, in each case as now in effect and as may be amended or replaced from time to time prior to the Closing;

"Option" means an option to acquire Common Shares;

"OSC" means the Ontario Securities Commission;

"Person" includes any individual, firm, partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, governmental entity, syndicate or other entity, whether or not having legal status;

"Promoter" has the meaning ascribed to it in the *Securities Act* (Ontario);

"Resulting Issuer" means the Company after giving effect to the Change of Business;

"Resulting Issuer Options" means options to purchase Resulting Issuer Shares granted under the Company Stock Option Plan;

"Resulting Issuer Shares" means the common shares in the capital of the Resulting Issuer, as constituted after giving effect to the Change of Business;

"**Samara**" means Samara Capital Inc., a company incorporated under the laws of the Province of Ontario;

"**Termination Event**" has the meaning ascribed thereto in "*Part II – Information Concerning the Resulting Issuer – Custodian Agreement – Winding-up or Bankruptcy*".

"**Transaction**" means the completion of the Change of Business pursuant to which the Company will become a merchant banking and financial advisory company focused on investments in the cryptocurrency and blockchain sectors; and

"**Vault**" means the storage service provider that is agreed upon in writing between the Custodian and the Resulting Issuer, from time to time, pursuant to which the cryptocurrency assets of the Resulting Issuer will be held.

Words importing the singular number only include the plural and vice versa, and words importing any gender include all genders.

All dollar amounts in this Filing Statement are expressed in Canadian dollars unless otherwise indicated.

EXCHANGE RATE INFORMATION

In this Filing Statement, all references to "\$" or "CDN\$" refer to Canadian dollars, unless otherwise noted.

SUMMARY OF FILING STATEMENT

The following is a summary of information relating to the Company, the Change of Business and the Resulting Issuer (assuming completion of the Change of Business) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement. Reference is made to the Glossary of Terms for the definitions of certain abbreviations and terms used in this Filing Statement and in this summary.

This Filing Statement is being prepared in accordance with Exchange Form 3D2 in connection with the Change of Business.

Parties to the Transaction

The Company

Until early 2015, the Company's principal business was the exploration and development of mineral properties. As a result of the disposition of the Company's sole property in March of 2015 (which closed in April 2015), it does not currently have any active exploration or development projects. Since that time, the Company has been focused on identifying a new project or business and determined not to limit its search for a new project to the mining and resource sector.

The Company was incorporated under the name "No. 440 Taurus Ventures Ltd." under the *Company Act* (British Columbia) on April 17, 1998. Effective June 22, 1998, the Company changed its name to "Arapaho Capital Corp." Effective March 1, 2005, the Company transitioned under the *Business Corporations Act* (British Columbia) (the "**BCBCA**"). Following a reverse takeover, effective December 8, 2009, the Company continued under the OBCA with the name "Malbex Resources Ltd.". Effective December 8, 2009, the Corporation amalgamated with its wholly-owned subsidiary, Malbex Resources Inc., with the

amalgamated entity being named "Malbex Resources Inc." The Company's head and registered office is located at 82 Richmond Street East, Suite 200, Toronto, Ontario, M5C 1P1.

The Common Shares of the Company are listed on the TSXV, under the symbol "MBG". On January 8, 2018, the Common Shares were halted from trading on the TSXV in anticipation of the announcement via news release of the Letter of Intent on January 8, 2018. The last closing price of the Common Shares on the TSXV prior to the trading halt was \$0.385. Subject to the approval of the Exchange, and the Resulting Issuer meeting all of the conditions set forth in the approval of the Exchange, it is anticipated that the Resulting Issuer Shares will resume trading on the Exchange under the symbol "COIN" following Closing.

In connection with the Change of Business, the Company executed the Letter of Intent with Samara on January 8, 2018.

See "*Part I – Information Concerning the Company*" for more detail.

Samara

Samara is a private corporation incorporated under the laws of Ontario on April 15, 2010 as "BCG Consulting Inc. " On May 5, 2010, Samara filed articles of amendment to change its name to "Samara Capital Inc." Samara is a Toronto based, OSC registered investment fund manager that focuses on small-cap companies across North America. The fund it manages, the Samara Fund Ltd., launched in 2012 and has been among the most successful hedge funds in Canada since inception. See "*Part II – Information Concerning the Resulting Issuer – About Samara*" for more detail.

Summary of the Change of Business Transaction

The Company is undertaking the Change of Business by entering into the Management Services Agreement with Samara, pursuant to which the Company will retain Samara to carry out the Investment Policy, which will focus on investment targets consisting of cryptocurrency and financial instruments or products with exposure to cryptocurrency, and investments in public or private corporations, partnerships or other legal entities which own, or propose to own cryptocurrency or blockchain technology and/or cryptocurrency mining operations and projects. The investment activities may be passive or the Company may take an active role in the business of companies in which it has equity positions through the provision of strategic advice, board representation and/or other means. See "*Part II – Information Concerning the Resulting Issuer – Summary of the Change of Business Transaction*" below for further detail.

The completion of the Change of Business is the Company's first step towards its goal of building a merchant banking and financial advisory company focused on investments in the cryptocurrency and blockchain sectors.

The Company intends to generate value for investors by providing a return on investment opportunities, primarily through investments in cryptocurrencies, securities of private and public cryptocurrency providers and block-chain companies and commercial partnerships with cryptocurrency miners; and preserving capital and limiting downside risk while achieving returns by accumulating a diversified portfolio of cryptocurrencies and block-chain investments. See "*Part II – Information Concerning the Resulting Issuer – Investment Policy*" below for further detail.

Following completion of the Transaction, the Company will be a publicly-traded investment and merchant banking firm whose primary objective is to invest its funds for purposes of generating returns from capital appreciation and investment income. It intends to accomplish these goals through the identification, of and investment in, securities of private and publicly listed entities that are involved in the cryptocurrency and

blockchain industries, as well investment in their digital assets. The company will provide investors access to a mixture of assets in the blockchain sector, strategically chosen to balance stability and growth. In light of the numerous investment opportunities across the cryptocurrency and block-chain sectors, the Company aims to adopt a flexible approach to investment targets without placing unnecessary limits on potential returns on its investment. See "*Part II – Information Concerning the Resulting Issuer – Stated Business Objectives*" below for further detail.

As consideration for its services under the Management Services Agreement, Samara will receive the Management Fee. See "*Part II – Information Concerning the Resulting Issuer – Summary of Change of Business Transaction*" and "*Part II – Information Concerning the Resulting Issuer – Management Services Agreement*" below for further detail.

Management Services Agreement

On May 28, 2018, the Company and Samara entered into the Management Services Agreement for the purpose of effecting the Transaction, pursuant to which Samara will be appointed to manage the operations, business and affairs of the Company and to provide all necessary or advisable administrative services and facilities to carry out the merchant banking business of the Company for the Initial Term. The Management Services Agreement provides Samara with broad discretion, subject to certain limitations, to carry out the Investment Policy.

The Management Services Agreement establishes the framework under which Samara will manage the business and affairs of the Company and carry out the Investment Policy. The Management Services Agreement further provides for compensation of Samara in connection with its services rendered thereunder by way of the Management Fee, as well as customary termination provisions, indemnities, provisions relating to expenses, and record-keeping.

See "*Part II – Information Concerning the Resulting Issuer – Management Services Agreement*" for a detailed summary of the Management Services Agreement. A copy of the Management Services Agreement will be filed under the Company's profile on www.sedar.com in due course.

Investment Policy

The Investment Policy is a Board-approved mandate pursuant to which Samara will carry out the merchant banking business of the Company.

The Investment Policy provides the following investment objectives:

- (a) return on investment opportunities, primarily through investments in cryptocurrencies, securities of private and public cryptocurrency providers and blockchain companies and commercial partnerships with cryptocurrency miners; and
- (b) to preserve capital and limit downside risk while achieving a returns by accumulating a diversified portfolio of cryptocurrencies and blockchain investments.

The primary investment targets will be cryptocurrency and financial instruments or products with exposure to cryptocurrency, and investments in public or private corporations, partnerships or other legal entities which own, or propose to own cryptocurrency or block-chain technology and/or cryptocurrency mining operations and projects. In light of the numerous investment opportunities across the cryptocurrency and block-chain sectors, the Company aims to adopt a flexible approach to investment targets without placing

unnecessary limits on potential returns on its investment and therefore, subject to the limitations described in the Investment Policy, the form of investments taken by the Company will not be restricted.

The investment approach under the Investment Policy is to develop a macro view of a sector, build a position consistent with the view by identifying micro-cap opportunities within that sector, and devise an exit strategy designed to maximize relative return in light of changing fundamentals and opportunities. Investment activities may be passive or we may take an active role in the business of companies in which the Company takes equity positions through the provision of strategic advice, board representation and/or other means.

See "*Part II – Information Concerning the Resulting Issuer – Investment Policy*" for a detailed summary of the Investment Policy. A copy of the Investment Policy will be filed under the Company's profile on www.sedar.com in due course.

Custodian Agreement

In support of the Change of Business, the Company has engaged the Custodian through the Custodian Agreement to hold certain of its cryptocurrency assets.

The Custodian Agreement provides for specific security measures that the Custodian will implement on behalf of the Company in respect of its cryptocurrency investments. The Custodian uses proprietary, multi-party asset-storage procedures through its storage subsidiary BlockVault, and BlockVault's sub-custodial arrangements with the Brink's Company, as well as encrypted cold storage (i.e., account information kept on a password-protected device unconnected to the Internet, stored securely in a third-party vault), to ensure security of digital assets of the Company. Multi-party signatures with offline cold storage mitigates the risk of cyberattack and data breaches, because the Company's private key which verifies ownership will not be stored in a digitally accessible location, or be made accessible or vulnerable to loss or theft from any single system administrator.

Pursuant to the Custodian Agreement, the Custodian is the custodian of certain cryptocurrency assets of the Company. Digital assets held by the Custodian pursuant to the Custodian Agreement will be held by the Custodian's Vault. The Vault will provide for segregated, secure storage of the cryptocurrency assets of the Company.

Under the Custodian Agreement, the Custodian will establish a "**Company Holding Record**", which is the electronic record of the Company's: (i) interest as the legal and/or beneficial owner of cryptocurrency held for the Company at the Vault and related transactions maintained the Custodian in the Company's name, including holdings of cryptocurrency; (ii) the recorded amount of any fiat currency held by the Custodian; (iii) the Company's transactions with Custodian in respect of the Holdings; and (iv) the fees levied by the Custodian for services provided.

The Custodian Agreement provides for fees charged by the Custodian in connection with its services rendered thereunder, as well as customary termination provisions, indemnities, provisions relating to expenses, and record-keeping.

See "*Part II – Information Concerning the Resulting Issuer – Custodian Agreement*" for a detailed summary of the Custodian Agreement.

Interests of Insiders

Except as disclosed herein, Insiders of the Company will be treated in the same manner as all other Company shareholders in connection with the Transaction. **Samara, which controls 1,562,200 Common Shares, representing approximately 10.66% of the outstanding Common Shares will receive the Management Fee.**

Non-Arm's Length Party Transactions

The Company has not acquired any assets or any services from a director or officer, principal securityholder or an Associate or Affiliate of any such person in the 24 months prior to the date of this Filing Statement, other than those disclosed in the Company's financial statements attached to this Filing Statement as Appendix A.

Available Funds and Principal Purposes

The Resulting Issuer is expected to have approximately \$4,807,495 in working capital available on Closing. The Resulting Issuer is expected to use the funds available to it in furtherance of its stated business objectives which are summarized in the table appearing below.

	<u>Estimated Amount</u>
Sources of Funds:	
Estimated working capital of the Company as at March 31, 2018	\$4,807,495
Total Sources	\$4,807,495
Uses of Funds:	
Estimated costs of the Transaction	\$50,000
Estimated payments to Samara under the Management Services Agreement for the 12 month period following Closing.....	\$100,000
General and administrative expenses for the first 12 months.....	\$300,000
Initial investment portfolio ⁽¹⁾	\$2,500,000
<i>Unallocated working capital to fund ongoing operations</i>	<u>\$1,857,495</u>
Total Uses	\$4,807,495

Note:

(1) See "Part II – Information Concerning the Resulting Issuer – Stated Business Objectives" for a description of the Company's initial investment portfolio for the 12 months following Closing.

Based on current projections, the Resulting Issuer's working capital available for funding ongoing operations is expected to meet its expenses for a minimum period of 12 months commencing immediately after the completion of the Change of Business.

For additional information, see "Part II – Information Concerning the Resulting Issuer – Available Funds and Principal Purposes".

Notwithstanding the proposed uses of available funds discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. It is difficult, at this time, to definitively project the total funds necessary to effect the planned activities of the Resulting Issuer in carrying out the Investment Policy. For these reasons, management of the Resulting Issuer considers it to be in the best interests of the Resulting Issuer and its shareholders to afford management a reasonable degree of flexibility as to how the funds are employed among the uses identified above, or for other purposes, as the need arises. Further, the above uses of available funds should be considered estimates. See "Forward-Looking Information".

Directors and Officers of the Resulting Issuer

Following the Change of Business, the Board is expected to consist of: Ben Cubitt (Chief Executive Officer ("CEO") and Chairman, Josh Crumb, Stefan Wieler, and Justin Oliver. Management of the Company following the Transaction is expected to consist of Ben Cubitt, CEO, and Dan Crandall, as Chief Financial Officer ("CFO") and Corporate Secretary. For additional information, see "*Part II – Information Concerning the Resulting Issuer – Directors, Officers and Promoters*".

Selected Financial Information

The following table contains certain financial information regarding the Resulting Issuer.

Statement of Financial Position:

	Statement of Financial Position as at December 31, 2017	Statement of Financial Position as at March 31, 2018
Total assets	\$4,996,370	\$4,960,907
Total long and short term liabilities	\$72,314	\$153,412

See the audited financial statements of the Company for the year ended December 31, 2017 and the unaudited condensed interim consolidated statements for the interim period ended March 31, 2018 included as Appendix A to this Filing Statement.

Conflicts of Interest

Some of the individuals acting as directors or officers of the Resulting Issuer upon the completion of the Transaction are also directors, officers and/or Promoters of other reporting and non-reporting issuers. Except as disclosed below, as of the date of this Filing Statement and to the knowledge of the directors and officers of the Company, there are no existing conflicts of interest between the Resulting Issuer and any of the individuals acting as directors or officers following completion of the Change of Business.

Samara, a 10% shareholder of the Company, is party to the Management Services Agreement and will receive the Management Fee in connection with the Change of Business. Ben Cubitt, proposed CEO of the Resulting Issuer, is the sole director and officer of Samara.

Conflicts of interest will be subject to, and will be resolved in accordance with, the procedures and remedies under the OBCA, as well as contractually under the Management Services Agreement.

Interest of Experts and Others

The audited financial statements of the Company for the fiscal years ended December 31, 2017 and 2016 described or included in this Filing Statement were audited by MNP LLP.

MNP LLP, does not beneficially own, directly or indirectly, any securities of the Company; nor does it have any interest in the property of the Company or the Resulting Issuer. Moreover, none of the foregoing Persons or any of their respective directors, officers or employees is, or expects to be, elected, appointed or employed as a director, officer or employee of the Resulting Issuer or its Associates or Affiliates.

MNP LLP, are the auditors of the Company and have confirmed that they are independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed in the relevant professional bodies in Canada and any applicable legislation or regulation.

Summary of Risk Factors Associated with the Change of Business

AN INVESTMENT IN SECURITIES OF THE COMPANY AND THE RESULTING ISSUER FOLLOWING THE COMPLETION OF THE TRANSACTION IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK AND SHOULD ONLY BE MADE BY INVESTORS WHO CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT.

Company shareholders should consider that the Company may not realize the anticipated benefits of the Transaction. Other risk factors include risks associated with completion of the Transaction and Exchange approval; fluctuations in currency markets including the cryptocurrency market; changes in interest rates; disruption to the credit markets and delays in obtaining financing; inflationary pressures; changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, or other countries in which the Resulting Issuer may, upon completion of the Transaction, carry on business; business opportunities that may be presented to, or pursued by the Resulting Issuer upon completion of the Transaction; the possibility of unanticipated expenses; the occurrence of natural disasters, hostilities, acts of war or terrorism; the Resulting Issuer will require additional funds in order to carry out the Investment Policy, as well as for general working capital and will be reliant on debt or equity financing for such funds; there can be no assurance the Resulting Issuer will be able to obtain such funds and as a result, the Resulting Issuer may not be able to advance its business plan, make further acquisitions, continue operations and/or execute on the Investment Policy; there is no assurance the Resulting Issuer will be able to obtain insurance for its operations; the Resulting Issuer's directors and officers may serve on the boards and as officers of other companies whose interests may conflict with the Resulting Issuer; there may not be an active or liquid market for the Resulting Issuer Shares after completion of the Transaction; the Resulting Issuer may never pay any dividends; the Resulting Issuer's cryptocurrency inventory may lose or may be severely reduced in value as a result of flaws in the cryptocurrency code or malicious actors; regulatory changes or actions may alter or prohibit investment in the Resulting Issuer's cryptocurrency business and may result in a restriction in the use of cryptocurrencies; the current value of cryptocurrencies and the value of the Resulting Issuer's future holdings of cryptocurrencies may be overvalued and volatile as a result of momentum pricing; there may be fraud or security failures of the cryptocurrency exchanges on which the Resulting Issuer's cryptocurrencies are exchanged resulting in closures of the cryptocurrency exchanges or complete losses of the Resulting Issuer's cryptocurrency balance; banks may refuse to provide cryptocurrency-related services resulting in a decrease in the usefulness of cryptocurrency and reduction in the value of the Resulting Issuer's cryptocurrency inventory; the Resulting Issuer's operations, investment strategies and profitability may be adversely affected by competition from other cryptocurrencies or financial vehicles; the Resulting Issuer may be subject to incorrect or fraudulent transactions resulting in its coins being lost or irretrievable; the number of coins awarded for solving a block in the blockchain may be decreased resulting in the value of a cryptocurrency held in the inventory of the Resulting Issuer to decrease and may be decreased to a level where there is not an adequate incentive for the Resulting Issuer to continue carrying out its Investment Policy; the sale of coins by other vehicles investing in coins or tracking cryptocurrency markets may negatively affect cryptocurrency prices and reduce the value of the Resulting Issuer's inventory; the efficacy of the Custodian's security measures; reliance on the Custodian to hold its cryptocurrency assets; and Samara may fail to properly manage the business and affairs of the Company. This Filing Statement contains "forward looking statements" which reflect the current expectations of management of the Resulting Issuer regarding the Resulting Issuer's future growth, results of operations, performance and business prospects and opportunities.

For a comprehensive discussion of the risk factors relating to the Resulting Issuer, see "*Risk Factors*".

Conditional Approval of Exchange

The Exchange has conditionally accepted the Transaction subject to the Company fulfilling all of the requirements of the Exchange.

RISK FACTORS

In addition to the other information contained in this Filing Statement, investors should give careful consideration to the following, factors, which are qualified in their entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Filing Statement. If any of the following events described as risks or uncertainties actually occurs, the business, prospects, financial condition and operating results of the Company and the Resulting Issuer would likely suffer, possibly materially. In that event, the market price of the Resulting Issuer Shares could decline and investors could lose all or part of their investment. Additional risks and uncertainties presently unknown, or that are not believed to be material at this time, may also impair or have a material adverse effect on the Company and the Resulting Issuer's operations. In addition to the risks described elsewhere and the other information contained in this Filing Statement, prospective investors should carefully consider each of and the cumulative effect of all of the following risk factors. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks.

Transaction and General Risk Factors

Completion of the Transaction and Exchange Approval.

The completion of the Transaction is subject to several conditions precedent. There can be no assurances that the Transaction will be completed on the terms set out in the Management Services Agreement, Investment Policy, or Custodian Agreement, or at all. In the event that any of the conditions precedent are not satisfied or waived, the Transaction may not be completed. In addition, there is no guarantee that the Resulting Issuer will be able to satisfy the requirements of the Exchange such that it will issue the Final Exchange Bulletin.

Additional Funding Requirements.

The execution of the Investment Policy will require additional capital. Samara will be entitled to quarterly payments under the Management Services Agreement, and the Resulting Issuer will require funds to operate as a public company. There is no assurance that the Resulting Issuer will be successful in obtaining the required financing for these or other purposes, including for general working capital.

Conflicts of Interest.

Certain of the officers and directors of the Resulting Issuer are also directors, officers or shareholders of other companies. Further, Ben Cubitt, proposed CEO of the Resulting Issuer, is also the sole director and officer of Samara. Mr. Cubitt is also the CEO of 9 Capital, a CPC. Such associations may give rise to conflicts of interest from time to time. The directors of the Resulting Issuer will be required by law to act honestly and in good faith with a view to the best interests of the Resulting Issuer and to disclose any interest which they may have in any project or opportunity of the Resulting Issuer. If a conflict arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter.

Limited Market for Securities.

Upon completion of the proposed Transaction, the Resulting Issuer's share will be listed on the TSXV, however, there can be no assurance that an active and liquid market for the Resulting Issuer Shares will develop or be maintained.

The Resulting Issuer's obligation to pay Samara the Management Fee could result in excessive risk-taking by Samara.

Pursuant to the Management Services Agreement, the Resulting Issuer pays the Management Fee to Samara. See discussion under the heading "*Part II. – Information Concerning the Resulting Issuer – Management Services Agreement – Management Fee*". The Management Fee is payable based upon the Resulting Issuer's Net Asset Value. This may encourage Samara to take excessive risk in order to increase the Resulting Issuer's Net Asset Value. Other key criteria related to determining appropriate investments and investment strategies, including the preservation of capital, might be under-weighted if Samara focusses exclusively or disproportionately on maximizing Net Asset Value. Such a practice could result in the Resulting Issuer investing in more speculative securities than would otherwise be the case, which could result in higher investment losses and have a materially adverse impact on the Resulting Issuer's revenues, financial condition and operating results.

Dividends.

To date, the Resulting Issuer has not paid any dividends on its outstanding securities and the Resulting Issuer does not expect to do so in the foreseeable future. Any decision to pay dividends on the Resulting Issuer Shares will be made by the Board of Directors.

Due diligence.

The Resulting Issuer's due diligence efforts in carrying out the Investment Policy may not provide assurance against poor investment decisions. In executing the Investment Policy, the Resulting Issuer will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, the Resulting Issuer may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside legal advisors and other consultants may be involved in this due diligence process in varying degrees. Nevertheless, when conducting due diligence and making an assessment regarding an investment, the Resulting Issuer relies on the resources available to it, including information provided by third parties. The due diligence investigation that the Resulting Issuer will carry out with respect of any potential investment may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity, including equity or debt investment or an investment in coins or tokens. Moreover, such an investigation will not necessarily result in the investment being successful.

There may not be a liquid market for the Resulting Issuer's investments.

There is no assurance that an adequate market will exist for the securities in which the Resulting Issuer invests and it cannot be predicted whether such securities will trade at a discount to, a premium to, or at their respective par or net asset values. In addition to investing in public issuers, the Resulting Issuer may invest in securities of private issuers. Investments in private issuers cannot generally be resold without a prospectus, an available exemption from or an appropriate ruling under applicable securities legislation and there may not be any market for such securities. These limitations may impair the Resulting Issuer's ability to react quickly to market conditions or negotiate the most favourable terms for exiting such investments. Investments in private issuers may offer relatively high potential returns, but will also be subject to a

relatively high degree of risk. There can be no assurance that a public market will develop for any of the Resulting Issuer's private company investments or that the Resulting Issuer will otherwise be able to realize a return on such investments. The value attributed to securities of private issuers is generally the cost to acquire the securities, subject to adjustment in certain circumstances and therefore may not reflect the amount for which they can actually be sold. Because valuations are inherently uncertain, in particular valuations of investments for which market quotations are not readily available, determinations of fair value may differ materially from the values that would have resulted if a ready market had existed for the investments. The Resulting Issuer may also invest in illiquid securities of public issuers. A considerable period of time may elapse between the time a decision is made to sell such securities and the time that the Resulting Issuer is able to do so, and the value of such securities could decline during such period. Illiquid investments are subject to various risks, particularly the risk that the Resulting Issuer will be unable to realize its investment objectives by sale or other disposition at attractive prices or otherwise be unable to complete any exit strategy. In some cases, the Resulting Issuer may be prohibited by contract or by law from selling such securities for a period of time or otherwise be restricted from disposing of such securities. Furthermore, the types of investments made may require a substantial length of time to liquidate. Finally, it may be difficult for the Resulting Issuer to make trades in these securities without adversely affecting the price of such securities. The Resulting Issuer may also make direct investments in publicly-traded securities that have low trading volumes. Accordingly, it may be difficult to make trades in these securities without adversely affecting the price of such securities.

The Resulting Issuer may hold non-controlling interests in investee companies, which reduces the Resulting Issuer's ability to protect its interests.

The Resulting Issuer's investments may include debt instruments and equity securities of companies that it does not control. These instruments and securities may be acquired by the Resulting Issuer in the secondary market or through purchases of securities from the issuer. Any such investment is subject to the risk that the company in which the investment is made may make business, financial or management decisions with which the Resulting Issuer does not agree or that the majority stakeholders or the management of the company may take risks or otherwise act in a manner that does not serve the interests of the Resulting Issuer. Due to the lack of liquidity in the markets for the Resulting Issuer's investments in privately-held companies, the Resulting Issuer may not be able to dispose of its interests in such companies as readily as it would like. If any of the foregoing were to occur, the values of such investments could decrease and the financial condition, results of operations and cash flow of the Resulting Issuer could suffer as a result.

The Resulting Issuer's assets will be concentrated in the cryptocurrency sector, which is subject to many inherent risks.

Other than as disclosed herein and in the Investment Policy, there are no anticipated restrictions on the proportion of the Resulting Issuer's funds and no limit on the amount of the Resulting Issuer's funds that may be allocated to any particular investment, including no restriction on the proportion or amount of the Resulting Issuer's funds allocated directly to coins or tokens. The composition of the Resulting Issuer's cryptocurrency assets taken as a whole may vary widely from time to time and may be concentrated in different assets or asset classes within the scope of the Investment Policy, resulting in the Resulting Issuer's investment portfolio being less diversified than anticipated. Overweighting investments in certain sectors or industries involves risk that the Resulting Issuer will suffer a loss because of declines in the prices of securities in those sectors or industries. Alternatively, the Resulting Issuer may participate in a limited number of investments and, as a consequence, its financial results may be substantially adversely affected by the unfavourable performance of a single investee company or cryptocurrency.

The Resulting Issuer may choose to invest a portion of its portfolio in investments that may be considered highly speculative.

Samara has broad discretion under the Investment Policy to determine appropriate investments, which may include direct investments in cryptocurrency coins and tokens, debt instruments, and equity securities. Some of these investments may be of a highly speculative nature and may lose some or all of their value, which could negatively affect the Resulting Issuer's revenues, financial condition and operating results.

General Cryptocurrency Risks

Cryptocurrency may be exposed to cybersecurity threats and hacks.

As with any computer code, flaws in cryptocurrency codes have been exposed by certain malicious actors. Several errors and defects have been found and corrected, including those that disabled some functionality for users and exposed users' information. Discovery of flaws in or exploitations of the source code that allow malicious actors to take or create money have been relatively rare.

Regulatory developments could change the nature of an investment in the Resulting Issuer or restrict the use of cryptocurrencies in a way that adversely affects the Resulting Issuer's business.

As cryptocurrencies have grown in both popularity and market size, governments around the world have responded to cryptocurrencies differently: some governments have deemed them illegal, while others have allowed their use and trade. On-going and future regulatory actions may alter, perhaps to a materially adverse extent, the ability of the Resulting Issuer to continue to operate.

The effects of future regulatory developments on the Resulting Issuer or any cryptocurrency that the Resulting Issuer may hold are difficult to predict, but such developments could be substantial and adverse to the Resulting Issuer's business.

Governments could restrict or ban the acquisition, use or redemption of cryptocurrencies. Ownership of, holding or trading in cryptocurrencies could then be considered unlawful and subject to penalty. Governments could also take regulatory action that may increase the cost and/or subject cryptocurrency companies to additional regulation. For example, on July 25, 2017, the United States Securities and Exchange Commission reported that it would, in some circumstances, consider the offer and sale of blockchain tokens pursuant to an initial coin offering subject to U.S. securities laws.

Governments may in the future take regulatory actions that restrict or ban the right to acquire, own, hold, sell, use or trade cryptocurrencies or to exchange cryptocurrencies for fiat currency. By extension, similar actions by other governments could restrict the acquisition, ownership, holding, selling, use or trading in the Resulting Issuer Shares. Such a restriction could result in the Resulting Issuer liquidating its cryptocurrency inventory at unfavourable prices and may adversely affect the Resulting Issuer's shareholders, or the Resulting Issuer may be unable to liquidate its inventory of cryptocurrencies.

Cryptocurrency prices may be subject to momentum pricing risk.

Momentum pricing typically occurs when a price, as determined by the investing public, accounts for anticipated future appreciation in value – for example, a growth stock. Cryptocurrency market prices are determined primarily using data from various exchanges, over-the-counter markets, and derivative platforms. Momentum pricing may have resulted, and may continue to result, in speculation regarding future appreciation in the value of cryptocurrencies, inflating and making their market prices more volatile. As a result, cryptocurrency prices may be more likely to fluctuate in value due to changing investor

confidence in future appreciation (or depreciation) in their market prices, which could adversely affect the value of the Resulting Issuer's cryptocurrency inventory and thereby affect the Resulting Issuer's shareholders.

The nascent cryptocurrency exchanges and other trading venues are young and largely unregulated, and may therefore be vulnerable to fraud and failure.

If a cryptocurrency exchange or other trading venue is involved in fraud or experiences a security failure or other operational issue, this could result in a reduction in cryptocurrency prices.

Cryptocurrency prices depend, directly and indirectly, on the prices set on exchanges and other trading venues. Cryptocurrency exchanges and other trading venues are new and, in most cases, largely unregulated when compared to established, regulated exchanges for securities, derivatives and other currencies. In many instances, customers of the closed Bitcoin exchanges were not compensated for the partial or complete losses of their account balances. While smaller exchanges are less likely to have the infrastructure and capitalization that provide larger exchanges with additional stability, larger exchanges may be more likely to be appealing targets for hackers and "malware" (i.e., software used or programmed by attackers to disrupt computer operation, gather sensitive information or gain access to private computer systems) and may be more likely to be targets of regulatory enforcement action.

Businesses that provide cryptocurrency-related services or that accept cryptocurrencies as payment may have difficulty obtaining traditional banking services.

Some companies that provide cryptocurrency-related services have been unable to find banks willing to provide them with bank accounts and banking services. Similarly, a number of cryptocurrency-related companies have had their existing bank accounts closed by their banks. Banks may refuse to provide bank accounts and other banking services to cryptocurrency-related companies or companies that accept cryptocurrencies for a number of reasons, including perceived compliance risks or costs. The difficulty that many businesses that provide cryptocurrency-related services have and may continue to have in finding banks willing to provide them with bank accounts and other banking services may be currently decreasing the usefulness of cryptocurrencies as a payment system and harming public perception of cryptocurrencies or could decrease its usefulness and harm its public perception in the future. Similarly, the usefulness of cryptocurrencies as a payment system and the public perception of cryptocurrencies could be damaged if banks were to close the accounts of key businesses providing cryptocurrency-related services. This could decrease the market prices of cryptocurrencies and adversely affect the value of the Resulting Issuer's cryptocurrency inventory.

The relationship between geopolitical events and the supply and demand for cryptocurrencies is uncertain.

Crises may motivate large-scale purchases of cryptocurrencies, which could rapidly inflate the price of cryptocurrencies. This may increase the likelihood of a subsequent price deflation as crisis-driven purchasing wanes, adversely affecting the value of the Resulting Issuer's cryptocurrency inventory.

The large-scale purchase of cryptocurrencies in times of crisis may temporarily increase cryptocurrency prices. For example, in March 2013, reported uncertainty in the economy of the Republic of Cyprus and the imposition of capital controls by Cypriot banks motivated individuals in Cyprus and other countries with similar economic situations to purchase Bitcoins. This resulted in a significant short-term positive impact on the price of Bitcoins. However, once the purchasing activity of individuals in this situation began to wane, speculative investors began to sell their Bitcoins, which significantly decreased the price of Bitcoins. Crises of this nature in the future may erode investors' confidence in the stability of

cryptocurrencies and may impair their price performance which would, in turn, adversely affect the Resulting Issuer's investments.

As an alternative to fiat currencies backed by central governments, cryptocurrencies are subject to supply and demand forces based upon the desirability of an alternative, decentralised means of buying and selling goods and services, and it is unclear how geopolitical events will impact cryptocurrency supply and demand. Nevertheless, political or economic crises may motivate large-scale acquisitions or sales of cryptocurrency either globally or locally. Large-scale sales of cryptocurrencies would result in a reduction in their market prices and adversely affect the Resulting Issuer's operations and profitability.

Development and acceptance of the cryptographic and algorithmic protocols that govern the issuance of and transactions in cryptocurrencies are subject to a variety of unpredictable factors.

The use of cryptocurrencies in place of fiat currencies is part of a new and rapidly evolving industry that employs digital assets based on computer-generated mathematical and/or cryptographic protocol. This industry in general, and cryptocurrencies in particular, is subject to a high degree of uncertainty. If the development or acceptance of protocols slows, the Resulting Issuer's business may be adversely affected. The factors potentially affecting the industry's future development include, but are not limited to:

- continued worldwide growth in the adoption and use of cryptocurrencies;
- regulation of cryptocurrencies, or regulation of access to and operation of the network or similar cryptocurrency systems;
- changes in consumer demographics and public tastes and preferences;
- maintenance and development of the open-source software protocol of the network;
- the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;
- general economic conditions and the regulatory environment relating to digital assets; and
- negative consumer sentiment and perception of cryptocurrencies.

Widespread acceptance and use of cryptocurrency is uncertain.

Currently, there is relatively small use of Bitcoins and/or other cryptocurrencies in the retail and commercial marketplace in comparison to relatively large use by speculators, which contributes to price volatility that could adversely affect the Resulting Issuer's business.

As relatively new products and technologies, cryptocurrencies have not been widely adopted as a means of payment for goods and services by major retail and commercial outlets. Speculators and investors seeking to profit from short or long-term holding of cryptocurrencies currently generate a significant portion of cryptocurrency demand. The relative lack of acceptance of cryptocurrencies in the retail and commercial marketplace limits the ability of end-users to use them to pay for goods and services. If cryptocurrencies do not expand into retail and commercial markets, or experience a contraction in use in those markets, cryptocurrency prices may become volatile or decrease, either of which could adversely impact the Resulting Issuer's business.

Significant cryptocurrency developers could propose amendments to network protocols and software that, if accepted and authorized, could adversely affect the Resulting Issuer's business.

As open-source software, individuals can propose refinements or improvements to the cryptocurrency source code through one or more software upgrades that alter the protocols that govern the cryptocurrency networks and the properties of the cryptocurrencies exchanged on it, including, for example, the irreversibility of transactions and limitations on the mining of new Bitcoin. To the extent that a significant majority of the users and miners on a cryptocurrency network install such software upgrade(s), the cryptocurrency network would be subject to new protocols and software that could adversely affect the Resulting Issuer's business.

In the event a developer or group of developers proposes a modification to a cryptocurrency network that is not accepted by a majority of miners and users, but that is nonetheless accepted by a substantial plurality of miners and users, two or more competing and incompatible Blockchain implementations could result. This is known as a "hard fork." In such a case, the "hard fork" in the Blockchain could materially and adversely affect the perceived value of Bitcoin as reflected on one or both incompatible Blockchains, that could adversely affect the Resulting Issuer's business.

The open-source structure of cryptocurrency network protocols means that the contributors to the protocol are generally not directly compensated for their contributions in maintaining and developing the protocol. A failure to properly monitor and upgrade the protocol could damage the network and an investment in the Corporation.

The Bitcoin network operates based on an open-source protocol maintained by contributors. As an open source project, Bitcoin is not represented by an official organization or authority. As cryptocurrency network protocols are generally not sold and their use does not generate revenues for contributors, contributors are generally not compensated for maintaining and updating cryptocurrency network protocols. The lack of guaranteed financial incentive for contributors to maintain or develop cryptocurrency networks and the lack of guaranteed resources to adequately address emerging issues with the Bitcoin network may reduce incentives to address the issues adequately or in a timely manner. This could adversely affect the Resulting Issuer's business.

If miners are not sufficiently compensated for solving blocks and validating transactions, they may cease their mining operations. A reduction in the processing power made available by miners could result in delays and increase the likelihood of a malicious actor or botnet being able to manipulate cryptocurrencies.

If the award of coins for solving blocks and transaction fees for recording transactions are not sufficiently high to incentivize miners, miners may cease expending processing power to solve blocks and confirming transactions on the Blockchain could be slowed temporarily. A reduction in the processing power expended by miners could increase the likelihood of a malicious actor or botnet obtaining control in excess of 50 percent of the processing power active on the Blockchain, potentially permitting such actor or botnet to manipulate the Blockchain in a manner that adversely affects the business of the Resulting Issuer.

If cryptocurrencies choose to incentivize miners using transaction fees, rather than coin awards, the use and demand for cryptocurrencies may decrease.

In order to incentivize miners to continue to contribute processing power to the network, the network may either formally or informally transition from a set reward to transaction fees earned upon solving for a block. This transition could be accomplished either by miners independently electing to record on the blocks they solve only those transactions that include payment of a transaction fee or by the network adopting software upgrades that require the payment of a minimum transaction fee for all transactions. If transaction

fees paid for the recording of transactions in the Blockchain become too high, the marketplace may be reluctant to accept network as a means of payment and existing users may be motivated to switch between cryptocurrencies or back to fiat currency. Decreased use and demand for coins may adversely affect their value and result in a reduction in the market price of coins.

If miners cease to record transactions in solved blocks, transactions that do not include the payment of a transaction fee will not be recorded on the Blockchain until a miner who does not require the payment of transaction fees solves the block. Widespread delays in recording transactions could result in a loss of confidence in cryptocurrency, which could adversely impact an investment in the Resulting Issuer.

If miners cease to record transaction in solved blocks, such transactions will not be recorded on the Blockchain. Currently, there are no known incentives for miners to elect to exclude the recording of transactions in solved blocks; however, to the extent that any such incentives arise (e.g., a collective movement among miners or one or more mining pools forcing cryptocurrency users to pay transaction fees as a substitute for or in addition to the award of new coins upon the solving of a block), miners solving a significant number of blocks could delay the recording and confirmation of transactions on the Blockchain by withdrawing their mining efforts. Systemic delays in recording and confirming transactions on the Blockchain could result in greater risk of double-spending transactions, and a concurrent loss of confidence in cryptocurrency, which could adversely impact the Resulting Issuer's business.

Other businesses investing in coins or tracking cryptocurrency markets may affect cryptocurrency prices.

To the extent that other vehicles investing in cryptocurrency or tracking cryptocurrency markets form and come to represent a significant proportion of the demand for coins, large redemptions of the securities of those vehicles and the subsequent sale of coins by such vehicles could negatively affect cryptocurrency prices and therefore affect the value of the inventory held by the Resulting Issuer.

Intellectual property rights claims may adversely affect the operation of the Bitcoin Network.

Third parties may assert intellectual property claims against holding and transferring cryptocurrencies and their source codes. Regardless of the merit of such intellectual property claims or other legal action, threatened action could reduce confidence in cryptocurrency's long-term viability and the ability of end-users to hold and transfer cryptocurrency, either of which could adversely affect the Resulting Issuer's business.

A meritorious intellectual property claim could prevent the Resulting Issuer and other end-users from accessing, holding or transferring their cryptocurrency. As a result, an intellectual property claim against the Resulting Issuer or other large cryptocurrency participants could adversely affect the Resulting Issuer's business.

Resulting Issuer Cryptocurrency Risks

The Resulting Issuer may have to sell its coins to pay Samara for its services.

The Resulting Issuer may sell its coins, tokens, or other investments to pay expenses covered under the Management Services Agreement and other expenses incurred, irrespective of then-current asset prices. Consequently, the Resulting Issuer's assets may be sold at a time when the price is low, resulting in a negative effect on the Resulting Issuer's profitability.

The Resulting Issuer expects to invest in cryptocurrencies, the market prices of which are volatile.

The Resulting Issuer's investments in cryptocurrencies are subject to volatility in the prices of those cryptocurrencies. The crypto-asset industry is rapidly evolving with an uncertain future trajectory. Cryptocurrency values are volatile and may lose momentum, which could result in a decline in corresponding mining activity and associated payout transactions. There can be no assurance that an active trading market for any cryptocurrencies the Resulting Issuer invests in is sustainable. The trading prices of cryptocurrencies could be subject to wide fluctuations in response to various factors beyond the control of the Resulting Issuer. In recent years cryptocurrency markets have experienced extreme price and volume fluctuations. These fluctuations have had a substantial effect on market prices. Such market fluctuations could materially adversely impact the market price of the Resulting Issuer's assets.

The Resulting Issuer's business may be adversely affected by competition from other methods of investing in cryptocurrencies.

The Resulting Issuer competes with other companies that invest directly in blockchain and cryptocurrency vehicles, possibly including securities backed by or linked to cryptocurrencies through entities similar to the Resulting Issuer. Market and financial conditions, and other conditions beyond the Resulting Issuer's control, may make it more attractive to invest in other financial vehicles offered by competitors, or to invest in cryptocurrencies directly which could limit the market for the Resulting Issuer's shares and reduce their liquidity.

The Resulting Issuer's cryptocurrency assets may be subject to loss, theft or restriction on access.

Some or all of the Resulting Issuer's cryptocurrency assets could be lost or stolen. Access to the Resulting Issuer's cryptocurrency assets could also be restricted by cybercrime (such as a denial of service attack) against a service at which the Resulting Issuer holds cryptocurrency assets. Any of these events may adversely affect the Resulting Issuer's business.

The loss or destruction of a private key required to access the Resulting Issuer's cryptocurrency inventory may be irreversible. Losing access to private keys or a data loss relating to the Resulting Issuer's digital wallets could adversely affect the Resulting Issuer's business.

Cryptocurrencies are controllable only by the possessor of both the unique public and private keys associated with the local or online digital wallet in which they are held. A wallet's public key or address is reflected in the network's public Blockchain. The Resulting Issuer will publish the public key relating to its digital wallets in use when it verifies the receipt of cryptocurrency transfers and disseminates such information into the network, but it will need to safeguard the private keys associated with its digital wallets. To the extent such private keys are lost, destroyed or otherwise compromised, the Resulting Issuer may be unable to access its cryptocurrency, and such private keys will not be capable of being restored by network. Any loss of private keys relating to digital wallets used to store the Resulting Issuer's cryptocurrency could adversely affect its business.

Incorrect or fraudulent cryptocurrency transactions may be irreversible.

Cryptocurrency transactions are irrevocable, and stolen or mistakenly transferred cryptocurrency assets may be irretrievable. As a result, any incorrectly executed or fraudulent cryptocurrency transactions could adversely affect the Resulting Issuer's investments.

Cryptocurrency transactions are not reversible without the consent and active participation of the recipient of the transaction. Alternatively, cryptocurrency transactions are in theory reversible with the control or

consent of a majority of processing power on the network. Once a transaction has been verified and recorded in a block that is added to the Blockchain, an incorrect transfer of a cryptocurrency or a theft of cryptocurrency will not be reversible by the Resulting Issuer acting alone, and the Resulting Issuer may not be capable of obtaining compensation for any such transfer or theft. Although the Resulting Issuer's transfers of cryptocurrency assets will be made by experienced members of the management team, it is possible that, through computer or human error, or through theft or criminal action, the Resulting Issuer's cryptocurrency assets could be transferred in incorrect amounts, to unauthorized third parties or to uncontrolled accounts.

Reliance on Samara.

The Resulting Issuer will depend on the diligence, experience and skill of Samara. The Resulting Issuer's future success will depend on the continued service of Samara. The departure of the investment professionals of Samara could have a material adverse effect on the Resulting Issuer's ability to achieve its investment objectives. The Resulting Issuer relies on its management, provided by Samara through the Management Services Agreement, to properly assess and identify investment opportunities. Management undertakes an analysis of the fundamental business characteristics of all prospective investments. If management's assessment of the investment is not correct, then the Resulting Issuer's revenues may be at greater risk than estimated by management with the result that the Resulting Issuer's financial condition and operating results may be materially adversely impacted.

There is no assurance that the Resulting Issuer will be able to achieve its investment objectives.

There is no assurance that the Resulting Issuer will be able to achieve its investment objectives. If the Resulting Issuer fails to invest any new capital effectively, its return on equity may be negatively impacted, which could reduce the price of the Common Shares.

Reliance on Goldmoney.

As the Resulting Issuer and its management are reliant on the expertise and experience of Goldmoney in its role as Custodian, the Resulting Issuer may be exposed to certain risks should Goldmoney fail to act as a prudent custodian, or the Resulting Issuer's cryptocurrency assets held by the Custodian are otherwise compromised.

Third Party Cyber Security Risk.

Cyber security risk is the risk of harm, loss and liability resulting from a failure or breach of information technology systems. Failures or breaches of the information technology systems can result from deliberate attacks or unintentional events and may arise from external or internal sources. Deliberate cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g. through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, equipment or systems, or causing operational disruption. Deliberate cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e. efforts to make network services unavailable to intended users).

Cyber security incidents of the Resulting Issuer's third party service providers (e.g. administrators, transfer agents, the Custodian) or entities that the Resulting Issuer invests in can also subject the Resulting Issuer to many of the same risks associated with direct cyber security incidents.

Certain Bitcoin exchanges have in the past been compromised by hackers and malware. In the event that a Bitcoin exchange is hacked such an event may result in the in the closure or temporary closure of an

exchange or reduce investor confidence in Bitcoin generally which could affect the price of Bitcoin and in turn adversely affect the Resulting Issuer.

The Resulting Issuer cannot control the cyber security plans and systems put in place by the companies it invests in or any other third party whose operations may affect the Resulting Issuer, including the Custodian.

Risks related to insurance.

The Resulting Issuer intends to insure its operations in accordance with technology industry practice. However, given the novelty of cryptocurrencies and associated businesses, such insurance may not be available, uneconomical, or the nature or level may be insufficient to provide adequate insurance coverage. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the Resulting Issuer's business.

PART I – INFORMATION CONCERNING THE COMPANY

The following information is presented on a pre-Change of Business basis and prior to giving effect to the Change of Business. See "Part II – Information Concerning the Resulting Issuer" for information relating to the Resulting Issuer.

Corporate Structure

Name and Incorporation

The full name of the Company is Malbex Resources Inc. The Company's head and registered office is located at 82 Richmond Street East, Suite 200, Toronto, Ontario, M5C 1P1.

The Company was incorporated under the name "No. 440 Taurus Ventures Ltd." under the *Company Act* (British Columbia) on April 17, 1998. Effective June 22, 1998, the Company changed its name to "Arapaho Capital Corp." Effective March 1, 2005, the Company transitioned under the BCBCA. Following a reverse takeover, effective December 8, 2009, the Company continued under the OBCA with the name "Malbex Resources Ltd.". Effective December 8, 2009, the Company amalgamated with its wholly-owned subsidiary, Malbex Resources Inc., with the amalgamated entity being named "Malbex Resources Inc."

The Common Shares are listed on the TSXV, under the symbol "MBG". On January 8, 2018, the Common Shares were halted from trading on the TSXV in anticipation of the announcement via news release of the Letter of Intent on January 8, 2018. The last closing price of the Common Shares on the TSXV prior to the trading halt was \$0.385. Subject to the approval of the Exchange, and the Resulting Issuer meeting all of the conditions set forth in the approval of the Exchange, it is anticipated that the Resulting Issuer Shares will resume trading on the Exchange under the symbol "COIN" following Closing.

Intercorporate Relationships

The Company has a single wholly-owned subsidiary, Malbex Nominee Inc..

General Development of Business

Until early 2015, the Company's principal business was the exploration and development of mineral properties. As a result of the disposition of the Company's sole property in March of 2015 (which closed in April 2015), it does not currently have any active exploration or development projects. Since that time,

the Company has been focused on identifying a new project or business and has determined not to limit its search for a new project to the mining and resource sector. Through the Transaction with Samara, the Company will enter the cryptocurrency and blockchain investment industry.

Principal milestones in the development of the Company's business prior to the Transaction are as follows:

- In 2009, Arapaho Capital Corp. and Malbex Resources Inc. completed a business combination transaction effective as of October 30, 2009, constituting a reverse take-over. The combination was completed to create a new Argentina focused gold exploration company. In connection with this transaction, the Company completed a \$10.6 million financing through a private placement of 21,275,000 subscription receipts. Each subscription receipt was converted into a unit comprised of one common share and one half of one common share purchase warrant.
- In 2010, Malbex entered into an agency agreement with Dundee Securities Corporation in respect of the issuance of \$11,000,000 of units, by way of short form prospectus, at a price of \$0.30. Each unit was comprised of one common share and one half of one common share purchase warrant.
- In 2011, Malbex signed an option agreement to earn up to 75% interest in the Grace high sulphidation gold project in Southern Peru. Malbex also entered into an agency agreement signed with BMO Nesbitt Burns Inc., pursuant to which BMO agreed to purchase for resale to the public 30,000,000 units for gross proceeds of \$15,000,000. Each unit was comprised of one common share and one half of one common share purchase warrant.
- In 2013, Malbex entered into agreements that allowed it to acquire control of the Los Guandules Verdes exploration property in Dominican Republic.
- In 2014, Malbex completed a private placement that issued 14,284,714 Common Shares to Barrick Gold Corporation for \$1,000,000.
- In 2015, Malbex completed the transfer of its remaining 95% interest in the Del Carmen Project to Barrick, for consideration of US\$4,750,000 and a 0.5% net smelter royalty on the Del Carmen Project, which Malbex has retained to date.
- In 2016, Malbex completed a consolidation of its outstanding common shares, on the basis of ten pre-consolidation common shares for one post-consolidation common share. Upon completion, an additional 14,554,731 post-consolidation shares were issued. There was no name change in conjunction with the consolidation.
- On January 8, 2018 the Company and Samara entered into the Letter of Intent in connection with the Change of Business.

The Change of Business and the Transaction are described in more detail in "*Part II – Information Concerning the Resulting Issuer – Summary of Change of Business Transaction*".

Selected Financial Information and Management's Discussion and Analysis

A summary of selected financial information of the Company for the financial years ended December 31, 2017 and 2016 and the interim period ended March 31, 2018, is as follows:

	Interim Period ended March 31, 2018 (unaudited)	Fiscal Year ended December 31, 2017 (audited)	Fiscal Year ended December 31, 2016 (audited)
Total expenses.....	\$(116,561)	\$(585,067)	\$(694,438)
Amounts deferred in connection with the Change of Business	Nil	Nil	Nil

Additional financial information for the Company is set out in the financial statements of the Company included in Appendix A of this Filing Statement.

Management's Discussion and Analysis

The MD&A for the financial years ended December 31, 2017 and 2016 and the interim period ended March 31, 2018, are included as Appendix B of this Filing Statement.

Description of Securities

Common and Preferred Shares

The Company is authorized to issue of an unlimited number of Common Shares without par value and an unlimited number of preferred shares, issuable in series.

The holders of the Common Shares are entitled to dividends, if, as and when declared by the Board, to one vote per Common Share at meetings of the Company's shareholders and, upon liquidation, to share equally in such assets of the Company as are distributable to the holders of the Common Shares. All of the Common Shares to be outstanding after completion of the proposed Transaction will be fully paid and non-assessable and are not subject to any pre-emptive rights, conversion or exchange rights, redemption, retraction, purchase for cancellation or surrender provisions, sinking or purchase fund provisions, provisions permitting or restricting the issuance of additional securities or provisions requiring a shareholder to contribute additional capital.

There were 14,654,730 Common Shares issued and outstanding as of the close of business on May 28, 2018, and nil preferred shares.

Warrants

As of the date of this Filing Statement, the Company does not have any Common Share purchase warrants issued and outstanding.

Stock Options

At Closing, it is anticipated that 1,400,000 Resulting Issuer Options will be issued and outstanding. See "*Part II – Information Concerning the Resulting Issuer – Options to Purchase Securities*" below for more detail.

Stock Option Plan

The Company obtained shareholder approval at the Company AGM to adopt the Stock Option Plan. As of the date of this Filing Statement, there are 1,400,000 Options to purchase Common Shares. See "*Part II – Information Concerning the Resulting Issuer – Options to Purchase Securities*" below for more detail.

Summary of the Stock Option Plan

Purpose, Administration and Eligible Participants

The purpose of the Stock Option Plan is to advance the interests of the Company through the motivation, attraction and retention of key employees, consultants and directors of the Company and designated affiliates of the Company and to secure for the Company and the Shareholders of the Company the benefits inherent in the ownership of Common Shares by key employees, consultants and directors of the Company and the designated affiliates of the Company through the granting of Options to eligible participants under the Stock Option Plan. The Stock Option Plan is currently administered by the directors of the Company. Pursuant to the Stock Option Plan, the directors may delegate the administration of the Stock Option Plan to a committee (the "**Committee**") of the directors of the Company authorized to carry out such administration and, failing a committee being so designated, the Stock Option Plan is to be administered by the directors of the Company.

Subject to the provisions of the Stock Option Plan, the Committee has the authority to select those persons to whom Options will be granted. Eligible participants under the Stock Option Plan include the directors, officers and employees (including both full-time and part-time employees) of the Company or of any designated affiliate of the Company and any person or corporation engaged to provide ongoing management, advisory or consulting services for the Company or a designated affiliate of the Company or any employee of such person or corporation.

Common Shares Subject to the Option Plan

The aggregate number of Common Shares reserved for issue and which can be purchased upon the exercise of all Options granted under the Stock Option Plan may not exceed 10% of the Common Shares outstanding from time to time. The Stock Option Plan is a "rolling" maximum share option plan, and any increase or reduction in the number of outstanding Common Shares will result in an increase or reduction, respectively, in the number of Common Shares that are available to be issued under the Stock Option Plan.

The maximum number of Common Shares reserved for issue pursuant to Options granted to participants who are insiders of the Company in any 12 month period may not exceed, in the aggregate, 10% of the number of Common Shares then outstanding, unless disinterested shareholder approval is received therefor in accordance with the policies of the Exchange. The maximum number of Common Shares reserved for issue to any one participant upon the exercise of Options in any 12 month period shall not exceed 5% of the number of Common Shares then outstanding, unless disinterested shareholder approval is received therefor in accordance with the policies of the Exchange. The maximum number of Common Shares reserved for issue to any one participant (other than a participant who is an eligible director or eligible employee) upon the exercise of Options in any 12 month period shall not exceed 2% of the number of Common Shares then outstanding.

The maximum number of Common Shares reserved for issue to all eligible employees and to all participants (other than participants who are eligible directors) conducting Investor Relations Activities (as such terms are defined in the policies of the Exchange) upon the exercise of Options in any 12 month period shall not exceed, in the aggregate, 2% of the number of Common Shares then outstanding. Options granted to participants (other than participants who are eligible directors or eligible employees) performing Investor Relations Activities shall vest in stages over a 12 month period, with no more than ¼ of the Options vesting in any three month period. The directors of the Company shall, through the establishment of appropriate procedures, monitor the trading in the securities of the Company by all grantees of Options performing Investor Relations Activities.

Exercise Price of Options

The exercise price of any Option may not be less than the closing price of the Common Shares on the principal stock exchange on which the Common Shares are listed on the last trading day immediately preceding the date of grant of the Option less the maximum discount, if any, permitted by such stock exchange and, if the Common Shares are not then listed on any stock exchange, the exercise price may not be less than the fair market value of the Common Shares as may be determined by the directors of the Company on the day immediately preceding the day of the grant of such Option.

Expiry Date of Options

Each Option, unless sooner terminated pursuant to the provisions of the Stock Option Plan, will expire on a date to be determined by the Committee at the time the Option is granted, subject to amendment by an employment contract, which date cannot be later than ten years after the date the Option is granted. However, if the expiry date falls within a "blackout period" or within ten business days after the expiry of a "blackout period", then the expiry date of the Option will be the date which is ten business days after the expiry of the blackout period.

Vesting and Exercise of Options

Except as otherwise provided in the Stock Option Plan or in any employment contract, each Option may be exercised during the term of the Option only in accordance with the vesting schedule, if any, determined by the Committee at the time of the grant of the Option, which vesting schedule may include performance vesting or acceleration of vesting in certain circumstances and which may be amended or changed by the Committee from time to time with respect to a particular Option, subject to applicable regulatory requirements. If the Committee does not determine a vesting schedule at the time of the grant of any particular Option, such Option will be exercisable in whole at any time, or in part from time to time, during the term of the Option.

Effect of Termination

No Option granted under the Stock Option Plan may be exercised unless the optionee at the time of exercise thereof is:

- (a) in the case of an eligible employee, an officer of the Company or a designated affiliate of the Company or in the employment of the Company or a designated affiliate of the Company and has been continuously an officer or so employed since the date of the grant of such Option;
- (b) in the case of an eligible director who is not also an eligible employee, a director of the Company or a designated affiliate of the Company and has been such a director continuously since the date of the grant of such Option; and
- (c) in the case of any other eligible participant, engaged, directly or indirectly, in providing ongoing management, advisory, consulting, technical or other services for the Company or a designated affiliate of the Company and has been so engaged since the date of the grant of such Option;

provided, however, that if a participant: (i) ceases to be a director of the Company and of the designated affiliates of the Company (and is not or does not continue to be an employee thereof) for any reason (other than death); or (ii) ceases to be employed by, or provide services to, the Company or the designated affiliates

of the Company (and is not or does not continue to be a director or officer thereof), or any corporation engaged to provide services to the Company or the designated affiliates of the Company, for any reason (other than death) or receives notice from the Company or any designated affiliate of the Company of the termination of his or her employment contract, except as otherwise provided in any employment contract, such participant will have 90 days (or, subject to the below limitations, such other period of time as may be determined by the Board of Directors) from the date of such termination to exercise his or her Options to the extent that such participant was entitled to exercise such Options at the date of such termination. Notwithstanding the foregoing or any employment contract, in no event shall such right extend beyond the period during which the Option was exercisable under the terms of its grant or one year from the date of such termination.

Consolidation, Merger, etc.

If there is a consolidation, merger or statutory amalgamation or arrangement of the Company with or into another corporation, a separation of the business of the Company into two or more entities or a sale, lease exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company to another entity, upon the exercise of an Option under the Stock Option Plan the holder thereof is entitled to receive the securities, property or cash which the holder would have received upon such consolidation, merger, amalgamation, arrangement, separation or transfer if the holder had exercised the Option immediately prior to the effective time of such event, unless the Committee otherwise determines the basis upon which such Option shall be exercisable.

Securities Exchange Take-Over Bid

If a take-over bid (within the meaning of the *Securities Act* (Ontario)) is made as a result of which all of the outstanding Common Shares are acquired by the offeror through compulsory acquisition provisions of the incorporating statute of the Company or otherwise, and where consideration is paid in whole or in part in equity securities of the offeror, the Committee may send notice to all optionees requiring them to surrender their Options within ten days of the mailing of such notice, and the optionees shall be deemed to have surrendered such Options on the tenth day after the mailing of such notice without further formality, provided that, among other things, the Committee delivers with such notice an irrevocable and unconditional offer by the offeror to grant replacement options to the optionees on the equity securities offered as consideration.

Acceleration on Take-Over Bid, Consolidation or Merger

In the event that: (a) the Company seeks or intends to seek approval from the Shareholders of the Company for a transaction which, if completed, would constitute an Acceleration Event (as hereinafter defined); or (b) a person makes a bona fide offer or proposal to the Company or the Shareholders of the Company which, if accepted or completed, would constitute an Acceleration Event, then the Company is required to send notice to all optionees of such transaction, offer or proposal as soon as practicable. Provided that the Committee has determined that no adjustment will be made under the provisions of the Stock Option Plan described above under the heading "Consolidation, Merger, etc.", (i) the Committee may by resolution, and notwithstanding any vesting schedule applicable to any Option, permit all Options outstanding which have restrictions on their exercise to become immediately exercisable during the period specified in the notice (but in no event later than the applicable expiry date of an Option), so that the optionee may participate in such transaction, offer or proposal, and (ii) the Committee may accelerate the expiry date of such Options and the time for the fulfillment of any conditions or restrictions on such exercise. An "**Acceleration Event**" means an acquisition by any offeror of beneficial ownership of more than 50% of the votes attached to the outstanding voting securities of the Company, any consolidation merger or statutory amalgamation or arrangement of the Company with or into another corporation and pursuant to which the Company will not

be the surviving entity (other than a transaction under which the Shareholders of the Company immediately prior to completion of the transaction will have the same proportionate ownership of the surviving corporation), a separation of the business of the Company into two or more entities, a sale, lease exchange or other transfer of all or substantially all of the assets of the Company to another entity or the approval by Shareholders of the Company of any plan of liquidation or dissolution of the Company.

Amendments, Modifications and Changes

The Committee has the right under the Stock Option Plan to make certain amendments to the Stock Option Plan, including, but not limited to, amendments of a "housekeeping" nature, to comply with applicable law or regulation, to the vesting provisions of the Stock Option Plan, to the terms of any Option previously granted (with the consent of the optionee), and with respect to the effect of the termination of an optionee's position, employment or services under the Stock Option Plan, to the categories of persons who are participants in respect of the administration or implementation of the Stock Option Plan.

The Committee has the right, under the Stock Option Plan, with the approval of the Shareholders, to make certain amendments to the Stock Option Plan, including, but not limited to, any change to the number of Common Shares issuable from treasury under the Stock Option Plan, any amendment which would change the number of days of an extension of the expiration date of Options expiring during or immediately following a blackout period, any amendment which reduces the exercise price of any Option, any amendment which extends the expiry date of an Option other than as permitted under the Stock Option Plan, any amendment which cancels any Option and replaces such Option with an Option which has a lower exercise price, any amendment which would permit Options to be transferred or assigned by any participant other than as currently permitted under the Stock Option Plan, and any amendments to the amendment provisions of the Stock Option Plan.

A copy of the Stock Option Plan is available in the Company's management information circular dated May 15, 2017 in respect of the Company AGM.

Prior Sales

No securities of the Company have been sold during the 12 months prior to the date of this Filing Statement, except as follows:

<u>Date Issued</u>	<u>Type of Security Issued</u>	<u>Transaction</u>	<u>Number of Securities</u>	<u>Issue Price Per Security</u>
May 3, 2017	Options ⁽¹⁾	Option Grant	400,000 Options expiring May 3, 2022	Exercise price of \$0.33

Note:

(1) See "Part II – Information Concerning the Resulting Issuer – Options to Purchase Securities" below for more detail.

Stock Exchange Price

The Common Shares trade on the TSXV. The following table sets out trading information for the Common Shares for the periods indicated as reported by the TSXV:

<u>Month</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Close (\$)</u>	<u>Volume Traded</u>
Quarter ended September 30, 2015	\$0.055	\$0.02	\$0.025	68,780,000
Quarter ended December 31, 2015	\$0.03	\$0.025	\$0.025	8,440,000
Quarter ended March 30, 2016	\$0.40	\$0.025	\$0.295	2,259,321

Quarter ended June 30, 2016.....	\$0.365	\$0.27	\$0.365	1,045,310
Quarter ended September 30, 2016.....	\$0.455	\$0.30	\$0.34	1,932,655
Quarter ended December 31, 2016.....	\$0.365	\$0.285	\$0.35	1,183,668
Quarter ended March 30, 2017.....	\$0.425	\$0.29	\$0.355	749,904
Quarter ended June 30, 2017.....	\$0.37	\$0.31	\$0.35	868,114
July, 2017.....	\$0.35	\$0.30	\$0.34	380,000
August, 2017.....	\$0.35	\$0.31	\$0.34	206,350
September, 2017.....	\$0.35	\$0.32	\$0.345	216,900
October, 2017.....	\$0.345	\$0.325	\$0.34	382,349
November, 2017.....	\$0.40	\$0.315	\$0.375	342,690
December, 2017.....	\$0.40	\$0.34	\$0.385	296,350
January, 2018 ⁽¹⁾	N/A	N/A	N/A	N/A
February, 2018.....	N/A	N/A	N/A	N/A
April, 2018.....	N/A	N/A	N/A	N/A

Note:

- (1) At the request of the Company, trading in the Common Shares was halted on January 8, 2018 pending the announcement of the Letter of Intent.

Executive Compensation

The purpose of this section is to describe the compensation of certain named executive officers of the Company and the directors of the Company for the most recently completed financial year of the Company in accordance with Form 51-102F6 – *Statement of Executive Compensation* published by the Canadian Securities Administrators. When used in this section, "**Named Executive Officers**" means the chief executive officer, the chief financial officer and each of the three most highly compensated executive officers of the Company or the three most highly compensated individuals acting in a similar capacity, other than the chief executive officer and the chief financial officer, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year.

The Named Executive Officers during the financial year of the Company ended December 31, 2017 were Joseph Hamilton, the President and Chief Executive Officer of the Company, and Daniel Crandall, the Chief Financial Officer of the Company.

Compensation Discussion and Analysis

Philosophy and Objectives of the Compensation Program

The executive compensation program of the Company is administered by the directors of the Company with the assistance of the Governance and Compensation Committee. The directors of the Company, with the assistance of the Governance and Compensation Committee, review and make decisions in respect of compensation matters relating to the executive officers, employees, consultants and directors of the Company.

Responsibilities of the Governance and Compensation Committee

The Governance and Compensation Committee is responsible for assisting the directors in determining all forms of compensation, including long-term incentive in the form of stock options, to be granted to the Named Executive Officers and to the directors, and for reviewing the recommendations respecting compensation for any other officers of the Company from time to time.

Financial Instruments

Currently, the Company does not have a policy that prohibits a Named Executive Officer or director from purchasing financial instruments designed to hedge against a decrease in the market value of equity securities granted as compensation or held directly or indirectly by the Named Executive Officer or director. However, no Named Executive Officer or director has purchased any such financial instrument.

Discussion of Compensation Awarded to the Named Executive Officers

Joseph Hamilton, the President and Chief Executive Officer of the Company, is compensated for his services to the Company through an executive services arrangement with Pickax International Corp. ("**Pickax International**"), a company controlled by Mr. Hamilton. Pickax International receives compensation based on the number of days for which Mr. Hamilton provides services to the Company. Pickax International receives no other compensation and is not entitled to receive any performance-based variable incentive compensation or any long-term incentives in the form of awards under the Option Plan.

On January 8, 2015, Daniel Crandall replaced Ms. Stephanie Malec as the Company's Chief Financial Officer. Mr. Crandall is a Senior Manager at Marrelli Support Services Inc. which is compensated in the amount of \$1,500 per month for Mr. Crandall's services as the Chief Financial Officer of the Company.

Option-Based Awards

Long-term incentive compensation is provided to executive officers and directors of the Company by granting Options to them under the Option Plan. All of the Company's officers, directors, employees and other service providers are eligible to participate in the Option Plan. Participants in the Option Plan benefit only if the market value of the Common Shares at the time of Option exercise is greater than the exercise price of the Options determined with reference to the market price of the Common Shares at the time of grant, thereby motivating holders of Options, including executive officers, to achieve longer-term sustainable business results and align their interests with those of the shareholders of the Company. Consistent with most other junior mining companies who do not have a source of revenues (other than interest from funds on deposit), management of the Company believes that security-based compensation arrangements and similar plans are a critical component of the Company's compensation arrangements and are necessary and vital to attracting and retaining key individuals.

Options are awarded by the directors in a manner that ensures that the total number of Options granted to any particular individual, including previous grants of Options, is commensurate with the individual's level of ongoing responsibility within the Company. Generally, all employees, officers and directors are eligible for an annual award of Options.

A summary of the Option Plan is set out under the heading "*Part I – Information Concerning the Company – Stock Option Plan*" above. The full text of the Stock Option Plan available on the Company's SEDAR profile.

Summary Compensation Table

The following table sets forth information concerning the annual and long-term compensation for services rendered to the Company and its subsidiaries for the three most recently completed financial years of the Company in respect of the Named Executive Officers during such financial years.

Name and Principal Position	Period Ended	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards ⁽⁴⁾ (\$)	Non-Equity Incentive Plan Compensation			All Other Comp. (\$)	Total Comp. (\$)
					Annual Incentive Plans ⁽⁵⁾ (\$)	Long-Term Incentive Plans (\$)	Pension Value (\$)		
Joseph Hamilton ⁽¹⁾ President and Chief Executive Officer	March 31, 2018	12,000 ⁽²⁾	Nil	Nil	Nil	Nil	Nil	3,750 ⁽⁶⁾	15,750
	December 31, 2017	24,000 ⁽²⁾	Nil	26,228	Nil	Nil	Nil	15,000 ⁽⁷⁾	67,704
	December 31, 2016	23,000 ⁽²⁾	Nil	60,840	Nil	Nil	Nil	15,000 ⁽⁸⁾	98,840
	December 31, 2015	45,000 ⁽²⁾	Nil	Nil	Nil	Nil	Nil	15,000 ⁽⁹⁾	60,000
Daniel Crandall ⁽³⁾ Chief Financial Officer	March 31, 2018	Nil	Nil	Nil	Nil	Nil	Nil	13,244 ⁽¹⁰⁾	13,244
	December 30, 2017	Nil	Nil	17,485	Nil	Nil	Nil	50,219 ⁽¹⁰⁾	65,228
	December 31, 2016	Nil	Nil	60,840	Nil	Nil	Nil	48,362 ⁽¹⁰⁾	109,202
	December 31, 2015	Nil	Nil	Nil	Nil	Nil	Nil	49,754 ⁽¹⁰⁾	49,754

Notes:

- (1) Joseph Hamilton assumed the role of President and Chief Executive Officer of the Company on June 1, 2012, after Mr. Tim Warman resigned effective May 31, 2012.
- (2) Paid to PICKAX International Corp., a company controlled by Mr. Hamilton.
- (3) On January 8, 2015, Daniel Crandall replaced Ms. Stephanie Malec as the Company's Chief Financial Officer.
- (4) The Company uses the Black-Scholes model to calculate the grant date fair value of option-based awards. The Black-Scholes model is a commonly used option-pricing model that requires six key inputs: risk-free interest rate, exercise price of the option, market price of the Common Shares at date of grant, expected dividend yield, expected life and share price volatility, all of which, except for exercise price of the option and market price of the Common Shares at the date of grant, are estimates of management. The 2016 fair value was estimated on the date of grant using the Black-Scholes option valuation model with the following assumptions: share price \$0.305; expected dividend yield of 0%; risk-free interest rate of 0.65%; expected average life of five years; and expected volatility of 270%.
- (5) Represents annual cash bonus paid to Named Executive Officer.
- (6) This represents Mr. Hamilton's directors fees paid over the 3-month period from January 1, 2018 to March 31, 2018.
- (7) This represents Mr. Hamilton's directors fees paid over the 12-month period from January 1, 2017 to December 31, 2017.
- (8) This represents Mr. Hamilton's directors fees paid over the 12-month period from January 1, 2016 to December 31, 2016.
- (9) This represents Mr. Hamilton's directors fees paid over the 12-month period from January 1, 2015 to December 31, 2015.
- (10) These amounts, plus applicable HST, were paid to Marrelli Support Services Inc. for Chief Financial Officer and accounting services provided to the Company. Mr. Daniel Crandall is a senior employee of Marrelli Support Services Inc.

Incentive Plan Awards

The following table sets forth certain information, in relation to the Named Executive Officers, regarding share-based and option-based awards outstanding as of the end of the financial year of the Company ended December 31, 2017 and March 31, 2018

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options ⁽¹⁾ (\$)	Number of Shares or Units of Shares That Have not Vested (#)	Market or Payout Value of Share-Based Awards That Have not Vested (\$)	Market or Payout Value of Vested Share-Based Awards not Paid Out or Distributed (\$)
Joseph Hamilton	200,000	0.31	May 10, 2021	11,000	-	-	-
	75,000	0.33	May 3, 2022	4,125	-	-	-
Daniel Crandall	200,000	0.31	May 10, 2021	11,000	-	-	-
	50,000	0.33	May 3, 2022	2,750	-	-	-

Note:

- (1) Represents the aggregate dollar amount of in-the-money unexercised options held at the end of the most recent financial year of the Company. The value of in-the-money unexercised options is calculated based on the difference between the market value per Common Share as at December 31, 2017 and March 31, 2018 (\$0.385 per Common Share on the TSX Venture Exchange) and the exercise price of the option.

The following table sets forth certain information, in relation to the Named Executive Officers, regarding the value vested or earned in connection with incentive plan awards during the financial year of the Company ended December 31, 2017.

Name	Option-Based Awards – Value Vested During the Year ⁽¹⁾ (\$)	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Joseph Hamilton	Nil	-	-
Daniel Crandall	Nil	-	-

Note:

- (1) The amounts reported in this column represent the aggregate dollar value that would have been realized if all of the in-the-money option-based awards had been exercised on their respective vesting dates. Amounts represented by "Nil" indicate that none of the option-based awards were in-the-money on their respective vesting dates.

The following table sets forth certain information, in relation to the Named Executive Officers, regarding the value vested or earned in connection with incentive plan awards during the interim period ended March 31, 2018.

Name	Option-Based Awards – Value Vested ⁽¹⁾ (\$)	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
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Joseph Hamilton	Nil	-	-
Daniel Crandall(3)	Nil	-	-

Note:

- (1) The amounts reported in this column represent the aggregate dollar value that would have been realized if all of the in-the-money option- based awards had been exercised on their respective vesting dates. Amounts represented by "Nil" indicate that none of the option-based awards were in-the-money on their respective vesting dates.

Termination and Change of Control Benefits

Mr. Hamilton and Pickax International are not entitled to receive any compensation in the event that Mr. Hamilton's executive services are terminated pursuant to a change of control of the Company or if his employment is terminated without cause.

Director Compensation

The following table sets forth information concerning the annual and long-term compensation in respect of the directors of the Company, other than the Named Executive Officers, during the financial year of the Company ended December 31, 2017.

<u>Name⁽¹⁾</u>	<u>Fees Earned (\$)</u>	<u>Share- Based Awards (\$)</u>	<u>Option- Based Awards⁽²⁾ (\$)</u>	<u>Non-Equity Incentive Plan Compen- sation (\$)</u>	<u>Pension Value (\$)</u>	<u>All Other Compen- sation (\$)</u>	<u>Total (\$)</u>
Frank Davis	20,000	Nil	26,228	Nil	Nil	Nil	46,228
A. Terrance MacGibbon	20,000	Nil	26,228	Nil	Nil	Nil	46,228
Robert B. Low	20,000	Nil	26,228	Nil	Nil	Nil	46,228

Notes:

- (1) Joseph Hamilton is a Named Executive Officer; the disclosure required for this table has been provided in the table under the heading "Summary Compensation Table".
- (2) The Company uses the Black-Scholes model to calculate the grant date fair value of option-based awards. The Black-Scholes model is a commonly used option-pricing model that requires six key inputs: risk-free interest rate, exercise price of the option, market price of the Common Shares at date of grant, expected dividend yield, expected life and share price volatility, all of which, except for exercise price of the option and market price of the Common Shares at the date of grant, are estimates of management. The 2017 fair value was estimated on the date of grant using the Black-Scholes option valuation model with the following assumptions: share price \$0.35; expected dividend yield of 0%; risk-free interest rate of 1.47%; expected average life of five years; and expected volatility of 300%..

The following table sets forth information concerning the annual and long-term compensation in respect of the directors of the Company, other than the Named Executive Officers, during the interim period of the Company ended March 31, 2018.

<u>Name⁽¹⁾</u>	<u>Fees Earned (\$)</u>	<u>Share- Based Awards (\$)</u>	<u>Option- Based Awards⁽²⁾ (\$)</u>	<u>Non-Equity Incentive Plan Compen- sation (\$)</u>	<u>Pension Value (\$)</u>	<u>All Other Compen- sation (\$)</u>	<u>Total (\$)</u>
Frank Davis	5,000	Nil	Nil	Nil	Nil	Nil	5,000
A. Terrance MacGibbon	5,000	Nil	Nil	Nil	Nil	Nil	5,000
Robert B. Low	5,000	Nil	Nil	Nil	Nil	Nil	5,000

Notes:

- (1) Joseph Hamilton is a Named Executive Officer; the disclosure required for this table has been provided in the table under the heading "Summary Compensation Table".

The following table sets forth certain information, in relation to the directors of the Company, other than the Named Executive Officers, regarding share-based and option-based awards outstanding as of the end of the financial year of the Company ended December 31, 2017 and March 31, 2018.

Name ⁽¹⁾	Option-Based Awards			Share-Based Awards			
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options ⁽²⁾ (\$)	Number of Shares or Units of Shares That have not Vested (#)	Market or Payout Value of Share-Based Awards That Have not Vested (\$)	Market or Payout Value of Vested Share-Based Awards not Paid Out or Distributed (\$)
Frank Davis	150,000	0.31	May 10, 2021	8,250	Nil	Nil	Nil
	75,000	0.33	May 3, 2022	4,125	Nil	Nil	Nil
A. Terrance MacGibbon	150,000	0.31	May 10, 2021	8,250	Nil	Nil	Nil
	75,000	0.33	May 3, 2022	4,125	Nil	Nil	Nil
Robert B. Low	150,000	0.31	May 10, 2021	8,250	Nil	Nil	Nil
	75,000	0.33	May 3, 2022	4,125	Nil	Nil	Nil

Notes:

- (1) Joseph Hamilton is a Named Executive Officer; the disclosure required for this table has been provided in the table under the heading "Incentive Plan Awards".
- (2) Represents the aggregate dollar amount of in-the-money unexercised options held at the end of the most recent financial year of the Company. The value of in-the-money unexercised options is calculated based on the difference between the market value per Common Share as at December 31, 2017 and March 31, 2018 (\$0.385 per Common Share on the Exchange) and the exercise price of the option.

The following table sets forth certain information, in relation to the directors of the Company, other than the Named Executive Officers, regarding the value vested or earned in connection with incentive plan awards during the financial year of the Company ended December 31, 2017.

Name ⁽¹⁾	Option-Based Awards – Value Vested During the Year ⁽²⁾ (\$)	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Frank Davis	Nil	Nil	Nil
A. Terrance MacGibbon	Nil	Nil	Nil
Robert B. Low	Nil	Nil	Nil

Notes:

- (1) Joseph Hamilton is a Named Executive Officer; the disclosure required for this table has been provided in the table under the heading "Incentive Plan Awards".
- (2) The amounts reported in this column represent the aggregate dollar value that would have been realized if all of the in-the-money option-based awards had been exercised on their respective vesting dates. Amounts represented by "nil" indicate that none of the option-based awards were in-the-money on their respective vesting dates.

The following table sets forth certain information, in relation to the directors of the Company, other than the Named Executive Officers, regarding the value vested or earned in connection with incentive plan awards during the interim period of the Company ended March 31, 2018.

<u>Name⁽¹⁾</u>	<u>Option-Based Awards – Value Vested During the Year⁽²⁾ (\$)</u>	<u>Share-Based Awards – Value Vested During the Year (\$)</u>	<u>Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)</u>
Frank Davis	Nil	Nil	Nil
A. Terrance MacGibbon	Nil	Nil	Nil
Robert B. Low	Nil	Nil	Nil

Notes:

- (1) Joseph Hamilton is a Named Executive Officer; the disclosure required for this table has been provided in the table under the heading "Incentive Plan Awards".
- (2) The amounts reported in this column represent the aggregate dollar value that would have been realized if all of the in-the-money option-based awards had been exercised on their respective vesting dates. Amounts represented by "nil" indicate that none of the option-based awards were in-the-money on their respective vesting dates.

The directors of the Company reviews directors' compensation annually. Each director receives a base board retainer of \$15,000. The chairman of the Audit Committee receives an additional \$5,000 retainer. The chairman of the Governance and Compensation Committee receives an additional \$5,000 retainer.

Non-Arm's Length Party Transactions

The Company has not acquired any assets or any services from a director or officer, principal securityholder or an Associate or Affiliate of any such person in the 24 months prior to the date of this Filing Statement, other than those disclosed in the Company's financial statements attached to this Filing Statement as Appendix A.

Legal Proceedings

There are no legal proceedings that the Company is, or has been, a party or of which any of its property is, or has been, the subject matter, and to the knowledge of the management of the Company, there are no such proceedings contemplated.

Auditor, Transfer Agents and Registrars*Auditor*

The auditor of the Company is MNP LLP, located at 111 Richmond Street West, Suite 300, Toronto, ON, M5H 2G4.

Transfer Agent and Registrar

The transfer agent and registrar of the Company is Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1.

Material Contracts

Other than as disclosed in this Filing Statement and in connection with the Transaction, the Company is not a party to any material contracts, except contracts entered into in the ordinary course of business.

Except for the Management Services Agreement, Investment Policy, and Custodian Agreement, the Company has no material contracts. See "*Part II – Information Concerning the Resulting Issuer – Summary of Change of Business Transaction*".

PART II – INFORMATION CONCERNING THE RESULTING ISSUER

The following disclosure contains forward-looking statements, including with respect to the Resulting Issuer's business objectives and milestones. Such statements involve known and unknown risks, uncertainties and other factors outside of management's control, including the risk factors set out elsewhere in this Filing Statement that could cause results to differ materially from those described or anticipated in such forward-looking statements. See "*Forward-Looking Information*".

Summary of Change of Business Transaction

The Change of Business will be effected in accordance with the Management Services Agreement, a copy of which has been filed by the Company on SEDAR at www.sedar.com as a material document. The summary herein is provided for information purposes only, and is qualified in its entirety by the full text of the Management Services Agreement.

Management Services Agreement

On May 28, 2018, the Company and Samara entered into the Management Services Agreement which sets out the terms and conditions pursuant to which Samara will provide such services as are necessary to develop, implement, and monitor the Investment Policy.

Services to be provided by Samara

Pursuant to the Management Services Agreement, Samara will, among other things:

- manage and administer the Company's day-to-day business and affairs, including all applicable reporting requirements under securities laws;
- provide or procure the services and facilities required to manage and administer the Company's day-to-day operations;
- implement decisions of the Board;
- implement and monitor the Company's Investment Policy;
- provide the services of Ben Cubitt as President and Chief Executive Officer of the Company, and as a director; and

- nominate one other appropriately qualified individual acceptable to the Board to serve as a director of the Company, provided that if Samara's nominees would represent 33% or more of the proposed directors of the Company, Samara will only have the right to nominate Ben Cubitt as a director of the Company.

In order to carry out its obligations, Samara will be entitled to, among other things:

- deal with the Company's assets for the use and benefit of the Company;
- borrow money on behalf of the Company, on a secured or unsecured basis;
- authorize payment on behalf of the Company; and
- appoint and deal with the Company's banks, insurers, and custodians.

Duties of Samara

Samara is obliged to carry out the terms of the Management Services Agreement in good faith with a view to the best interests of the Company, and to exercise at least the degree of care, diligence, and skill that a reasonably prudent person would in the same circumstances. Samara will not be liable to the Company for any loss or damages as a result of Samara's action or inaction, provided: (i) such action or inaction does not constitute negligence, wilful misconduct, wilful neglect, a breach of the Management Services Agreement or other applicable law, or bad faith; and (ii) at the time Samara decided to carry out such course of conduct, Samara believed in good faith to be in the Company's best interests. Samara is also obliged to periodically report to the Board on its performance of the Management Services Agreement.

The Management Services Agreement is non-exclusive. Samara may continue to promote or manage other funds, trusts, and investment portfolios, provided Samara devotes as much time as is necessary to satisfy its obligations to the Company under the Management Services Agreement.

Management Fee

Samara shall be entitled to Management Fee, which shall be, initially, an annual fee equal to 2% of the Company's Net Asset Value. The Management Fee will be calculated and accrue quarterly (i.e., 0.5% of net asset value per quarter), payable within 30 days following the end of the quarter to which the payment is referable. At any time following the end of the third year of the Initial Term, the Board may elect to review and reset the Management Fee.

Indemnification

The Company will indemnify and hold harmless Samara from all expenses, losses, damages, liabilities, demands, charges, costs and claims arising from the discharge of Samara's obligations under the Management Services Agreement. However, the Company has no obligation to indemnify Samara where the expense, loss, damage, liability, charge, cost, or claim: (i) is caused by Samara in breach of its obligation to act in good faith exercising the appropriate standard of care; or (ii) relate to taxes payable by Samara.

Term and Termination

The Management Service Agreement will be in force for the Initial Term, expiring December 31, 2022, at which time (and from time to time thereafter) it will automatically renew for a period of one year. The Management Service Agreement can be terminated by: written agreement between the Company and

Samara; by either party on notice before the end of the initial or a renewal term; by the Company in the event of a persistent or fundamental breach by Samara; by the Company after a change of control or sale of its business; by the Company should Ben Cubitt cease to be employed by Samara; by the Company upon an insolvency; or by Samara in the event of a change of control, material change in business, creation of a new class of shares, or a proposal to wind up the Company without Samara's prior consent.

Investment Policy

The Change of Business will be effected in accordance with the Investment Policy, a copy of which has been filed by the Company on SEDAR at www.sedar.com as a material document. The summary herein is provided for information purposes only, and is qualified in its entirety by the full text of the Investment Policy.

Investment Objectives

The Company aims to seek investment opportunities through investments in cryptocurrencies, securities of private and public cryptocurrency providers and block-chain companies, and commercial partnerships with cryptocurrency miners. The Company will aim to do so while preserving its capital, limiting its risk, and accumulating a diversified portfolio of cryptocurrencies and block-chain investments.

Investment Strategies

The primary investment targets will be cryptocurrency and financial instruments or products with exposure to cryptocurrency, and investments in public or private corporations, partnerships or other legal entities which own, or propose to own cryptocurrency or block-chain technology and/or cryptocurrency mining operations and projects. In light of the numerous investment opportunities across the cryptocurrency and block-chain sectors, the Company aims to adopt a flexible approach to investment targets without placing unnecessary limits on potential returns on its investment, and therefore, subject to the limitations described in the Investment Policy, the form of investments the Company undertakes will not be restricted.

The Company's investment approach is to develop a macro view of a sector, build a position consistent with the view by identifying micro-cap opportunities within that sector, and devise an exit strategy designed to maximize our relative return in light of changing fundamentals and opportunities. The weighting of investments among various sectors changes over time, with a view to maximizing the total value of the Company's investment portfolio, and without regard to maintaining particular sector allocations.

In certain instances, the Company expects to be a passive investor. Positions may be concentrated and could reach or exceed 20% of NAV. There will be no restriction on Malbex's ability to acquire controlling interests in its investee companies, including positions in excess of 10% of the voting securities of such investee companies. In certain of its investments, Malbex expects to play an active role by advising management of its portfolio investments and/or placing one or more nominees on their boards of directors. In these circumstances, the Company will work with management of a portfolio company to help it unlock value by providing strategic counsel in areas such as financing, operations, capital structure, potential acquisitions and exit strategies.

The nature and timing of the Company's investments will depend, in part, on available capital at any particular time and the investment opportunities identified and available to the Company.

The Investment Policy further sets out the following investment parameters:

- (a) **Jurisdictions:** All cryptocurrencies, jurisdictions and exchanges are permissible depending on the risk assessment of the Board and Management at the time the investment is made and the risk-reward relationship associated with each investment in a particular jurisdiction.
- (b) **Investment Size:** Initially the target investment size is between \$0.2M and \$2M in value per investment, but this will change based on available funds for investment.
- (c) **Investment Timeline:** Not limited.
- (d) **Investment Review:** Will seek to maintain the ability to actively review and revisit all investments on an ongoing basis.
- (e) **Liquidity:** Will evaluate the liquidity of investments and seek to realize value from same in a prudent and orderly fashion.

Notwithstanding the foregoing, subject to applicable law and the requirements of the Exchange, or such principal exchange on which the securities of the Company are then listed, the Board may approve investments outside the blockchain or cryptocurrency sectors as it sees fit for the benefit of the Company and its shareholders.

Composition of Investment Portfolio

The nature and timing of the Company's investments will depend, in part, on available capital at any particular time and the investment opportunities identified and available to the Company.

Subject to the availability of capital, the Company intends to create a diversified portfolio of investments. The composition of its investment portfolio will vary over time depending on its assessment of a number of factors including the performance of financial markets and credit risk.

Subject to the limitations set out in the Investment Policy, the Company shall not be restricted in the amount of its portfolio allocated to tokens/coins. Digital assets of the Company will be purchased, sold and stored with the Custodian, or such other custodian that may be engaged by the Company from time to time in accordance with this Investment Policy.

Procedures and Implementation

The management and the Board and the respective members thereof shall work jointly and severally to uncover appropriate investment opportunities. These individuals have a broad range of business experience and their own networks of business partners, financiers, venture capitalists and finders through whom potential investments may be identified.

Prospective investments will be channeled through management. Management shall make an assessment of whether the proposal fits with the investment and corporate strategy of the Company in accordance with the investment objectives and strategy set out in the Investment Policy, and then proceed with preliminary due diligence, leading to a decision to reject or move the proposal to the next stage of detailed due diligence. This process may involve the participation of outside professional consultants.

The Company will obtain detailed knowledge of the relevant business the investment shall be made in, as well as the investee corporation, their management team, quality of asset(s) and risks associated as applicable.

Once a decision has been reached to invest in a particular situation, a summary of the rationale behind the investment decision shall be prepared by management and submitted to the Board. This summary should include, among other things, the estimated return on investment, timeline of investment, guidelines against which future progress can be measured and risks associated with the investment. The summary should also disclose any finder's or agent's fees payable.

All investments shall be submitted to the Board for final approval. The Board will make the final investment decision based upon the submissions by management. The final submissions by management will be based on the due diligence and evaluation process undertaken in the course of evaluating an investment, as described above.

Management will select all investments for submission to the Board and monitor the Company's investment portfolio on an ongoing basis, and will be subject to the direction of the Board. Management will present an overview of the state of the investment portfolio to the Board on a quarterly basis.

Negotiation of terms of participation is a key determinant of the ultimate value of any opportunity to the Company. Negotiations may be ongoing before and after the performance of due diligence. The representative(s) of the Company involved in these negotiations will be determined in each case by the circumstances of the investment opportunity.

Malbex's direct investments in coins and/or tokens will only be through the facilities of the Custodian.

From time to time, the Board may authorize such additional investments outside of the guidelines described herein as it sees fit for the benefit of the Company and its shareholders.

Compliance

All investments shall be made in compliance with applicable laws in relevant jurisdictions, and shall be made in accordance with and governed by the rules and policies of applicable regulatory authorities. Where deemed necessary, the Board may authorize management to engage such necessary outside counsel to review the compliance of proposed investments with applicable laws in relevant jurisdictions.

Amendment

The Company's investment objectives, strategy and restrictions and other provisions of the Investment Policy may be amended from time to time on the recommendation of management and approval by the Board. Unless required by the Exchange, approval by the Company's shareholders of any such amendments shall not be required under the terms of the Investment Policy.

Custodian Agreement

The Change of Business will be effected in accordance with the Custodian Agreement, a copy of which has been filed by the Company on SEDAR at www.sedar.com as a material document. The summary herein is provided for information purposes only, and is qualified in its entirety by the full text of the Custodian Agreement.

On May 28, 2018, the Company and the Custodian entered into the Custodian Agreement, pursuant to which the Custodian will act as custodian of certain cryptocurrency assets of the Company. Cryptocurrency held by the Custodian pursuant to the Custodian Agreement will be held by the Custodian's Vault. The Vault will provide for segregated, secure storage of the cryptocurrency assets of the Company.

Establishment of Client Holding Record

Pursuant to the Custodian Agreement, the Custodian will establish the Client Holding Record, in which Goldmoney Wealth will record transactions in fiat currency and cryptocurrency effected on behalf of the Client.

The Client Holding Record will be established in accordance with the Custodian's general compliance procedures, and the Company will be required to provide all information required for the Custodian to comply with applicable laws and regulations, including all applicable anti-money laundering rules and regulations, including, but not limited to, information with respect to identity ascertainment and the source of funds. The Custodian will have the right to terminate the Custodian Agreement if the Company fails to comply with requests for information or the Company is unable to satisfy the Custodian in connection with its internal compliance processes and under applicable laws and regulations.

The Client Holding Record will be available through the Custodian's online interface, and will be available 24 hours a day, 7 days a week, subject to customary maintenance and unforeseen events. The Company will communicate through the secure interface through which it will access its Client Holding Record.

Under the terms of the Custodian Agreement, the Custodian will be required to use its best efforts to maintain, and provide to the Company upon request, sufficient accounting records to enable the Company to fulfill all necessary financial reporting requirements under applicable securities law to which the Company is subject, including, but not limited to, the Company's annual audit procedures.

Functionality of Client Holding Record

Upon establishing Client Holding Record, the Company will have the ability to, among other things, buy cryptocurrency from and sell cryptocurrency to the Custodian by submitting requests to buy or sell cryptocurrency via the Client Holding Record.

Each credit on the Client Holding Record represents a unit of cryptocurrency (or a part thereof) held for the Company in a segregated storage facility at the Vault in accordance with the Custodian Agreement. The number of credits recorded in the Client Holding Record is always represented by an identical amount of cryptocurrency held in a segregated storage facility at the Vault. In no event shall any error in the Client Holding Record affect the Company's rights in its cryptocurrency.

The Company can obtain credits by delivering (or causing delivery of) cryptocurrency to the Vault, subject to compliance with all applicable requirements, and receiving cryptocurrency purchased from Goldmoney Wealth.

All transactions, including any fees or charges for services due to any custodian or any third party provider or supplier in relation to the services or transactions, will be recorded on the relevant Client Holding Record. All transactions are recorded electronically using a fiat currency or cryptocurrency (as the case may be) as the unit of account.

Fiat Currency

To the extent that any fiat currency of the Company is held by the Custodian, the Custodian does not pay interest. The Company may, at any time, request the Custodian to transfer fiat currency to a bank account linked to its Client Holding Record.

Insurance

Under the Custodian Agreement, the Custodian will maintain sufficient insurance coverage for all assets of the Client held in the Vault, as may be evidenced by vault insurance certificates from time to time.

Storage and Transport of Cryptocurrency Assets; Title to Cryptocurrency Assets

The balances in the Client Holding Record are intended at all times to reflect the quantity of cryptocurrency held on behalf of the Company in allocated segregated storage in the Vault. For every unit of cryptocurrency reflected in the Client Holding Record, there is an identical quantity of cryptocurrency at the Vault; provided, however, no errors in the Client Holding Record, shall affect the Company's rights in the cryptocurrency held in the Client Holding Record. The Company may authorize the Custodian to arrange for the storage, and transportation of the cryptocurrency.

The Custodian Agreement further provides that:

- (a) title to the cryptocurrency held in the Vault pursuant hereto shall at all times remain vested solely in Company;
- (b) the Custodian does not have any ownership interest the cryptocurrency held in the Vault;
- (c) the Company agrees to keep its cryptocurrency acquired and held under and in accordance with the Custodian Agreement free from any liens, encumbrances, charges, or claims; provided, however, that the Company may from time to time permit asset-level liens on its cryptocurrency or other assets held in the Vault upon written notice to the Custodian.

Fees, charges, and expenses

The Custodian will charge fees in respect of the services provided to the Company under the Custodian Agreement as specified below, including the following:

- (a) storage fees and related fees charged by the Vault in respect of storage and handling of cryptocurrency at the Vault equal to 1% of assets under custody per annum; and
- (b) buy fees as set out in in the Custodian's fee schedule which it will publish from time to time.

Representations and Warranties

The Custodian represents and warrants that:

- (a) the Custodian shall perform its duties and obligations in a professional, careful, diligent, expeditious, prudent, conscientious and workmanlike manner, and in accordance with leading prudent industry practices and procedures, the terms and conditions of the Custodian Agreement and all applicable laws;
- (b) the Custodian (and its subcontractors) has and will continue to have:
 - (i) the necessary knowledge and expertise concerning the services being provided to the Company; and
 - (ii) suitable training, experience and skills to perform such services; and

- (iii) all licenses, governmental authorizations and certifications necessary to fulfill the Custodian's obligations under the Custodian Agreement;
- (c) the services being provided to the Company do not and will not conflict with nor violate any commitment to, or agreement or understanding the Custodian has or will have with, any third party;
- (d) the Custodian's website has, at all times in the last two (2) years, operated in accordance with its published operating specifications and related documentation without any defects, delays, nonperformance, or system downtime that have adversely impacted, in a material or significant manner, a third party customer's ongoing business operations;
- (e) there have been no Data Security Breaches (as defined below) in the last two (2) years; and
- (f) the Custodian maintains sufficient insurance coverage for all assets of the Company held in the Vault.

In the Custodian Agreement, "**Data Security Breach**" means: (i) any unlawful or unauthorized acquisition, access, loss, theft, use or disclosure of Company data; (ii) any breach or attempted breach of the security or confidentiality of the Company data; (iii) any breach or attempted breach of the security of any computer system, network or database that has access to Company data and that is used by or on behalf of Custodian in connection with its obligations under the Custodian Agreement; and (iv) any other circumstances or event that compromises or may potentially compromise the confidentiality or security of the Company data.

Disaster Recovery

The Custodian shall use all commercially reasonable efforts in accordance with industry accepted standards used or observed by comparable suppliers of similar services/applications, which standards shall in no event be less than reasonable standards of care in all circumstances, to protect the security and integrity of the Custodian's website and the Client Holding Record.

The Custodian shall implement minimum security measures to protect the Custodian's computer systems, networks and databases, and the data processed, transmitted or stored thereon against the risk of penetration by, or exposure to, a third party via any system or feature utilized by or on behalf of the Custodian in performing such work or accessing such systems.

Such protections implemented by the Custodian will include, but not be limited to:

- (a) encrypting the Company's data;
- (b) implement and maintain such contingency measures as are standard in the industry for service providers similar to the Custodian, including, without limitation, a comprehensive business resumption and contingency plan (the "**Disaster Recovery/Business Continuity Plan**") to continue the performance of its obligations under the Custodian Agreement, under various scenarios including, without limitation, computer system breakdown, fire, pandemic, quarantine, and natural disasters;
- (c) upon the Company's request from time to time, provide a copy of the Disaster Recovery/Business Continuity Plan for the Company's review;

- (d) test the effectiveness of its Disaster Recovery/Business Continuity Plan on a regular, periodic basis, but no less frequently than once every twelve (12) months; and
- (e) notify the Company of any material changes to the Disaster Recovery/Business Continuity Plan.

The Custodian shall immediately notify the Company if the Custodian knows of, or has reasonable belief of, a Data Security Breach (or any suspicion thereof). Within five (5) days of any such notification, the Custodian shall provide the Company with written documentation of the cause, remedial steps and future plans to prevent a recurrence of the same or similar Data Security Breach or suspicious activity, in sufficient detail for the Company to evaluate the likely consequences and any legal or regulatory requirements arising out of the event.

The Custodian shall use its best efforts to immediately terminate any Data Security Breach. The Custodian shall not allow any Data Security Breach to persist for any amount of time or for any reason except as required by law. If any breach of the security, confidentiality, or privacy of the Company's data requires notification by the Company to any party under any applicable laws, the Company shall have sole control over the timing, content, and method of such notification, unless otherwise required by applicable law, and if a Data Security Breach is a result of the Custodian's failure to comply with the Custodian Agreement, the Custodian shall reimburse the Company for its reasonable out-of-pocket costs in providing any such notification.

The Custodian shall backup the Company's data on a daily basis during the term of the Custodian Agreement.

Term and Termination

Both the Custodian and the Company may terminate the Custodian Agreement upon 90 days' written notice to the other party.

Upon termination of the Custodian Agreement by either party, the Company may choose to collect or take delivery of the cryptocurrency, provided that no amount due from the Company to the Custodian under the Custodian Agreement (including any applicable fees and charges relating to such delivery) remains outstanding.

In addition, the Custodian will, as requested by the Company, provide all reasonable assistance in connection with the Company's transfer of: (i) the services being provided hereunder to another third party service provider; and (ii) if applicable, the cryptocurrency to another hot or cold wallet, or third party storage service provider.

Limitation of Liability

Subject to, among other things, fraud, fraudulent misrepresentation, or gross negligence, the Custodian Agreement provides that no party shall under any circumstances be liable:

- (a) to any other party, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, for any loss of profit, or any indirect or consequential loss arising under or in connection with the Custodian Agreement;
- (b) for any general, indirect, incidental or consequential damages, even if such party had been advised of the possibility thereof;

- (c) with respect to the Custodian, for any fees, duties, taxes, or loss as a result of theft or any other loss after cryptocurrency has been removed from the Vault at the Company's request;
- (d) for any damages resulting from latent defect, loss of data or loss of profits; or
- (e) for any loss as a result of risks associated with online trading, including software and hardware failure latent defect, loss of data, delays, failure, errors, omissions, or losses of transmitted information or instructions, power outages, internet failure, hackers, denial of service (DoS) attacks, viruses, or other contaminating or destructive properties.

Further, the Custodian Agreement provides that the Custodian will not be in breach of the Custodian Agreement or otherwise liable to the Company for any loss suffered or incurred as a result of any delay in performance or any non-performance of any obligations under the Custodian Agreement (and, where relevant, the time for performance will be extended accordingly) if and to the extent that the delay or non-performance is owing to force majeure; or neglect, serious fault or willful misconduct on the part of the Company including any failure to keep its password to the Client Holding Record secure.

The Company shall have no liability with respect to any unauthorised or fraudulent payments or withdrawals arising from: (i) any loss or damage caused by unauthorised, fraudulent, or grossly negligent acts committed by the Custodian; or (ii) any loss or damage resulting from a breach of security of the Custodian's website except where such payments or withdrawals resulted from the misuse of the Company's password to the Client Holding Record.

In case of force majeure, the Custodian will use all reasonable endeavours to mitigate the effect of the force majeure and to carry out its obligations under the Custodian Agreement in any other way that is reasonably practicable. The Custodian will, as soon as reasonably practicable, notify the Company of the nature and extent of the circumstances giving rise to force majeure. The existence of any force majeure shall not affect the Company's right to terminate the Custodian Agreement.

In the case of market distortion, volatile markets, systems (including third party systems upon which the Custodian is reliant) being hacked, and market disruption, the Custodian reserves the right to adjust an order if the cryptocurrency and currency quotes received from the Custodian's data source, when the order was placed, is found to be incorrect. The Custodian will contact the Company directly if an order needs to be adjusted due to incorrect market data, and the Company may cancel the order if it does not want to trade on the corrected market rate.

Except in respect of matters arising from the Custodian's fraud or wilful misconduct, for which there shall be no limit on liability of the Custodian, the total liability of the Custodian to the Company in respect of any loss arising under or in connection with the Custodian Agreement, whether in contract, tort (including negligence), breach of statutory duty, or otherwise, shall in no circumstances exceed the value of the Client Holding Record at the time of the claim, subject always to a maximum liability limit of \$50 million or equivalent, subject to increase once the Custodian has a permanent insurance facility in place.

If the Company believes that any item reported in its Client Holding Record is incorrect, or that any unauthorised or fraudulent activity has taken place, the Company must contact the Custodian promptly. The Custodian will make every reasonable effort to restore the Holding to the position it was in prior to the said activity, but the Company acknowledges that if the Custodian is notified more than ninety (90) business days after the said activity occurred, the Custodian's ability to restore the Holding may be limited. Except to the extent that it results from any the Custodian's gross negligence, fraud, wilful misconduct, or default or arises from any contravention or breach by any the Custodian of any applicable law, the Custodian shall

not be liable for any loss or damage the Company may incur or suffer as a result of such error, unauthorised, or fraudulent activity.

Indemnity

Except to the extent that it results from the Custodian's gross negligence, fraud, willful misconduct, or default or arises from any contravention or breach by the Custodian of any applicable law, the Company irrevocably and unconditionally agrees to indemnify and keep the Custodian and its directors, officers, employees, and agents indemnified against any loss, claim, damage, cost, or expense or any other liability whatsoever (including, without limitation, reasonable legal fees on a full indemnity basis and all taxes and other duties payable in connection therewith) which may be suffered as a result of the Company's failure to comply with its obligations under the Custodian Agreement.

Except to the extent that it results from the Company's gross negligence, fraud, willful misconduct, or default or arises from any contravention or breach by the Company of any applicable law, the Custodian irrevocably and unconditionally agrees to indemnify and keep the Company and its directors, officers, employees, and agents indemnified against any Claim which may be suffered (a) as a result of the Custodian's failure to comply with its obligations under the Custodian Agreement or (b) in the enforcement of the Custodian Agreement or (c) any action properly taken by the Custodian or by its agents under the Custodian Agreement.

Winding-up or bankruptcy

If any resolution is passed or order is made by a court or other competent authority for the dissolution, receivership, winding-up, or liquidation of the Custodian, or any declaration is made in relation to the Custodian under the Bankruptcy (Désastre) (Jersey) Law 1990, Part 21 of the Companies (Jersey) Law 1991, or equivalent (together, a "**Termination Event**"), any liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator, the Viscount of the Royal Court of Jersey or similar officer who is appointed in respect of the affairs of the Custodian (the "**Appointed Person**") will, subject always to applicable law, make such reasonable efforts as the Appointed Person may consider appropriate, using such information as the Appointed Person may hold, to locate the Company. If, having made such reasonable efforts, the Appointed Person is unable to locate the Company or its next of successor, the Appointed Person may after the expiry of seven (7) years commencing with the date of the Termination Event, deem the Client Holding Record abandoned and the Client Holding Record will be closed.

Subject to the direction of the Appointed Person, on the winding-up or bankruptcy of the Custodian, the Company may request distribution of the cryptocurrency from the Vault or take any other action by the Company that is permitted under the Agreement. Any Cryptocurrency that the Company chooses not to have delivered in kind will be sold at prevailing market prices, and the net sale proceeds, less any outstanding fees due under the Custodian Agreement, will be transferred to the Company, either to a bank account designated by the Company or by cheque payable to the Company to its last known address.

Corporate Structure

Name and Incorporation

The Resulting Issuer will be named Malbex Resources Inc. and will continue to be governed by the OBCA. The Resulting Issuer's head office will remain located at 82 Richmond Street East, Suite 200, Toronto, Ontario, M5C 1P1, and the Resulting Issuer's registered office will remain located at 82 Richmond Street

East, Suite 200, Toronto, Ontario, M5C 1P1. See "*Part I – Information Concerning the Company*" for further detail.

Intercorporate Relationships

The Resulting Issuer will have a single wholly-owned subsidiary, Malbex Nominee Inc..

Narrative Description of Business

Background

Introduction to Blockchain

Blockchain technology was invented in 2008 as the database technology that underpins Bitcoin, the world's first cryptocurrency. Blockchain technologies are characterized by public ledgers that verify and record transactions. Each transaction includes information from all previous transactions, making it extremely difficult to retroactively adjust transactions or "double spend". The ledgers are maintained by peer-to-peer networks operating according to agreed protocols.

Each time a new transaction or group of transactions is created (a block), data from that block is used to create a hash (a fixed-length code that identifies the larger block) that is stored along with the block. Every block's hash incorporates the hash of the block before it (the chain), acting as a tamper-evident seal that confirms the validity of the new block and all earlier blocks. Alterations made to an earlier block would make the hashes of all subsequent blocks invalid, the network would easily detect the discrepancy, and the faulty broadcast would be discarded in favour of one from a different peer.

Although blockchain has remained largely synonymous with Bitcoin and cryptocurrency, blockchain technologies are capable of much more than just serving as a database for a decentralised digital currency. Blockchain is gaining widespread adoption and is expected to be the backbone of a new digital world with fewer intermediaries, greater efficiency and automated transactions.

A major advantage of blockchain technology that it stores and distributes data in a decentralised manner, increasing security and offering additional functionality to its users. Blockchain technologies are expected to make a significant impact in many areas of business, finance, information management and governance. However, blockchain is still in its infancy with significant future opportunities.

Introduction to Cryptocurrency

Cryptocurrency is a form of encrypted and decentralised digital currency, transferred directly between peers across the internet, with transactions being settled, confirmed and recorded in a distributed public ledger by a process known as "mining" (i.e., a blockchain).

Cryptocurrencies exist only as data on the internet, and are not issued or controlled by any single institution, authority, or government. Whereas most of the world's money currently exists in the form of electronic records managed by central authorities such as banks, units of a cryptocurrency exist as electronic records in blockchain databases. The ledger is publicly available to anyone and secured with public key encryption.

Because the network is decentralised, it does not depend on government authorities or financial institutions to create, transmit or determine the value of cryptocurrency. Rather, the value of a unit of cryptocurrency is determined by the market supply of and demand for cryptocurrency, the prices set in transfers by mutual agreement or barter, as well as the number of merchants that accept the cryptocurrency.

There are little or no transaction costs involved in the use of cryptocurrencies, because as digital data, they can be transferred without the involvement of intermediaries or third parties through peer-to-peer transactions. Coins can be used to pay for goods and services or can be converted to fiat currencies, such as the US dollar, at rates determined by various exchanges. There are also country-based and regional exchanges. Additionally, third party service providers are also used for transfers, although they may charge significant fees for processing transactions.

In a cryptocurrency network, every user has a copy of the blockchain, which includes a record of every historical transaction – effectively containing records of all account balances. Each account is identified by a unique public key (making it effectively anonymous), and is secured with an associated private key (kept secret, like a password). The combination of private and public cryptographic keys constitutes a secure digital identity in the form of a digital signature, providing strong control of ownership.

For example, assume that Alan is sending some quantity of a cryptocurrency to Betty. The amount of cryptocurrency that Alan wishes to send is combined with Betty's public key and some information from the previous transaction(s) that Alan's cryptocurrency came from, into a message that Alan signs with his private key. The transaction message is broadcast into the network, where it is received by peers on the network (often called miners) who verify the transaction, group it with others into a transaction block, and link the new block to the blockchain.

Miners verify new blocks and attach them to the blockchain. Blockchain security is ensured by multiple protocols, such as proof-of-work and proof-of-stake. Proof-of-work is currently the most widely used, including currencies such as Bitcoin and Ether. Proof-of-work functions based on a distributed consensus system dependent on the participation of miners who through their computing work verify the blockchain transactions.

In a proof-of-work system, miners that verify and solve new blocks are awarded newly generated quantities of coins, in an amount typically proportionate to the miner's contribution to solving the puzzle, (and, in some cases, a small transaction fee) as an incentive to invest computing power. The difficulty of the proof-of-work puzzles is adjusted so that new blocks are mined on specified bases, adapting as the total mining power active on the network increases over time. This process requires high-performance computers running specialized automatic mining software.

In a proof-of-stake system, the creator of a new block is chosen in a deterministic way, depending on its wealth. No block rewards are given to miners, who instead receive transaction fees. Blocks are verified by vote weighted based on existing wealth in the currency – the more votes a miner controls, the greater their interest in maintaining the integrity of the cryptocurrency. One of the advantages of proof of stake over proof of work is that proof of stake mining requires much lower amounts of energy.

Why Cryptocurrencies?

Blockchain enables market participants to make and verify transactions on a network instantaneously without an intermediary or central authority (i.e., a clearinghouse in the traditional financial system). The Company believes that Blockchain, the backbone technology behind cryptocurrency, has the potential to disrupt financial industries and make financial processes more democratic, secure, transparent and efficient.

For example, interbank transactions can potentially take days to clear and settle, especially outside of working hours. Blockchain transactions can reduce transaction times to minutes, and are processed at all hours.

Because cryptocurrencies are digital, they can be used in ways that ordinary currencies cannot: primarily, they are used like the digital equivalent of cash. Retailers and institutions are increasingly accepting digital currencies globally.

The Market for Cryptocurrency

The market for cryptocurrencies has been growing at a volatile pace –the market capitalization for Bitcoin grew from US\$17 billion in January 2017 to over US\$240 billion in January 2018, and daily volumes grew from US\$130 million in January 2017 to US\$13 billion in January 2018.

Cryptocurrencies emerged in 2009 with the debut of Bitcoin as the world's first cryptocurrency. The initial exchange rate (recorded on October 5, 2009) for Bitcoin was 1 Bitcoin = US\$0.000764. Bitcoin has remained the number one cryptocurrency in terms of market capitalization (US\$241.1 billion as at January 15, 2018). As of March 15, 2018, the trading price of one Bitcoin was US \$8,251.71, indicating an early investor in Bitcoin would have benefited from over 10,800,500% in return.

Cryptocurrencies offer many advantages over fiat currency, including:

- acting as a fraud deterrent, as cryptocurrencies are digital and cannot be counterfeited or reversed arbitrarily by sender;
- immediate settlement;
- eliminate counterparty risk;
- no intermediary required;
- lower transaction costs;
- identity theft prevention;
- accessible by everyone;
- transactions are verified and protected through a confirmation process, which prevents the problem of double spending currencies;
- decentralised – no central authority (government or financial institution); and
- recognized universally and not bound by government imposed exchange rates.

As the demand for cryptocurrencies increases and cryptocurrencies become more widely accepted, there is an increasing demand for professional-grade, scalable infrastructure to support the growing blockchain market.

Bitcoin

Bitcoin is the oldest cryptocurrency. It is not backed by any country's central bank or government and is created, held and transferred wholly electronically. The software creating Bitcoin is open source and is available to the public to review and follow the mathematical formula producing Bitcoin at any time.

The supply of Bitcoin is regulated by software and the agreement of users of the system (the 'Bitcoin protocol') and cannot be manipulated by any government, bank, organization or individual. The Bitcoin protocol currently stipulates that only 21 million Bitcoins can ever be created by miners. However, these coins can be divided into smaller parts (the smallest divisible amount is one hundred millionth of a Bitcoin). The limited inflation of the Bitcoin system's currency supply is distributed evenly to miners who help secure the Bitcoin network.

Bitcoin is stored in a 'digital wallet' which exists in either 'hot storage' or 'cold storage'. A 'hot wallet' refers to Bitcoin that is held in a wallet that is connected in some way to the internet. A user is able to pay for certain goods and services by making withdrawals from his or her hot wallet. Bitcoin stored in a hot wallet is easily accessible for payment of goods and services however it is also at the greatest risk of unrecoverable theft in the event of an attack by a hacker or malware. A 'cold wallet' refers to Bitcoin that is held in a wallet that is offline and is not present on a web server or any other computer. Typical methods of cold storage include storing data on a USB and storing the USB in a safety deposit box or safe. By keeping the majority of one's Bitcoin in cold storage users are able to minimize the possibility of theft in the event of a security breach.

Bitcoin can be purchased on Bitcoin exchanges which operate websites that facilitate the purchase and sale of Bitcoin. These exchanges generally report the bid and ask prices for the purchase and sale of Bitcoin. Although each Bitcoin exchange has its own market price, the Company is of the view that most Bitcoin exchanges' market prices should be relatively consistent with the Bitcoin exchange market average as market participants can choose the Bitcoin exchange on which to buy or sell Bitcoin. Bitcoin exchanges are open 24 hours a day, 365 days a year.

Ethereum

The cryptocurrency Ether and its corresponding platform Ethereum has been gaining favour as it presents significant technological improvements over Bitcoin, including the ability to build applications and code smart contracts directly into the blockchain.

Currently ranked as the currency with the second highest market capitalization (US\$60.37 billion as at March 15, 2018), Ethereum has 98.23 million Ether circulating. Ethereum has caught on in recent years due to its smart contract abilities and flexibility in creating new applications. Cryptocurrency users no longer focus on just the peer-to-peer currency transfer abilities of Bitcoin but look for other functionalities, such as global decentralised computing or smart contracts infrastructure.

Whereas Bitcoin was originally designed to be a secure digital cash system, the goal for Ethereum was to create a fully-programmable blockchain. First proposed by its inventor, Vitalik Buterin in 2013, Ethereum provides an open, decentralised blockchain platform that runs smart contracts and distributed applications ("**dapps**"), using its integrated cryptocurrency, called Ether. The primary programming language for Ethereum, *Solidity*, is a high-level contract-oriented language that facilitates the programming of smart contracts and dapps that run on the Ethereum Virtual Machine. Developers can also write programs for the Ethereum platform that integrate as blockchain-based components of more complex web applications.

A smart contract, the term coined by computer scientist Nick Szabo in 1994, is "a computerized transaction protocol that executes the terms of a contract. The general objectives of smart contract design are to satisfy common contractual conditions (such as payment terms, liens, confidentiality, and even enforcement), minimize exceptions both malicious and accidental, and minimize the need for trusted intermediaries. Related economic goals include lowering fraud loss, arbitration and enforcement costs, and other

transaction costs.¹ Smart contracts involving conditional payment can be implemented in Ethereum via transfer of Ether.

Ethereum is considering switching from a proof of work system, where miners vote in proportion to computing power contributed to the network, to a proof of stake system, where miners vote in proportion to the percentage of outstanding Ether they control.

Ripple

Ripple, a Digital Currency exchange, has created 'ripples' ("**XRP**") which are digital tokens that can represent fiat currency or even other commodities that have units of value such as frequent flier miles or mobile minutes. Ripple is the only digital asset specifically designed for financial institutions and payment providers. Ripple has built a digital payments network for real-time financial transactions. Ripple allows banks and non-bank financial services companies to incorporate the Ripple protocol into their own systems, and therefore allow their customers to use the service. Ripple's software connects these siloed networks through an open, neutral protocol – Interledger Protocol (ILP) – that brings new efficiency to financial settlement by enabling real-time settlement, ensuring transaction certainty and removing settlement risk. Ripple's software also includes messaging between all transacting parties – delivering a real-time payments experience to end users.

There are a total of 100 billion XRP in existence, each worth approximated \$0.26. The \$26 billion of total value is second among cryptocurrencies, behind Bitcoin, which is valued at \$41 billion.

Bitcoin Cash

Bitcoin Cash is the result of a "hard fork" (when a blockchain splits into two incompatible separate chains) of Bitcoin. Bitcoin Cash was created to increase the number of transactions its ledger can process by increasing the block size limit to eight megabytes.

Bitcoin blocks are limited to one megabyte in size. Bitcoin takes 10 min or longer to confirm transactions, and achieves 7 transactions/sec maximum throughput. In comparison, a mainstream payment processor such as Visa confirms a transaction within seconds, and processes 2,000 transaction per second on average, with a peak rate of 56,000 transactions/second.² The one-megabyte limit can create a bottleneck in Bitcoin, resulting in increasing transaction fees and delayed processing of transactions that cannot be fit into a block.

Bitcoin Cash was developed as a solution to the one-megabyte limit by permitting faster transaction processing as a result of the greater number of transactions that can fit on a single block, and is therefore considered a competitor to Bitcoin. Bitcoin Cash has been adopted by several digital currency exchanges, including Coinbase, Bitfinex, Bitstamp, CEX.IO, Kraken, and ShapeShift.

Competition and Market Participants

Market participants in the cryptocurrency industry include investors and speculators, retail users transacting in cryptocurrencies, and service companies that provide a variety of services including buying, selling, payment processing and storing of cryptocurrencies.

¹ Szabo, Nick "**Smart Contracts**" (1994).
<http://www.fon.hum.uva.nl/rob/Courses/InformationInSpeech/CDROM/Literature/LOTwinterschool2006/szabo.best.vwh.net/smart.contract.s.htm>

² <http://www.comp.nus.edu.sg/~prateeks/papers/Bitcoin-scaling.pdf>

In the cryptocurrency industry, many online companies offer cryptocurrency cloud mining services, as well as companies, individuals and groups that run their own mining farms. Miners can range from individual enthusiasts to professional mining operations with dedicated data centres. The vast majority of mining is now undertaken by mining pools.

Other market participants, in both Canada and internationally, have entered into the cryptocurrency and blockchain investment space, either directly or indirectly. It is expected that as blockchain and cryptocurrencies increase in popularity, additional market entrants will enter the cryptocurrency and blockchain investment space and compete with the Company. See "*Risk Factors*".

Stated Business Objectives

Over the next twelve months, the Company will review and identify potential investments in cryptocurrencies, securities of private and public cryptocurrency providers and block-chain companies, and commercial partnerships with cryptocurrency miners, in accordance with its Investment Policy.

The Resulting Issuer expects, subject to appropriate due diligence, to deploy 50% of its cash on hand on Closing to a portfolio of 4 cryptocurrencies, consisting of: Bitcoin, Bitcoin Cash, Ripple, and Ethereum. The Company plans to use the funds from its investment budget of \$2,500,000 for this business objective.

The following chart describes investment value of each currency the Company intends to acquire, through what means, at what time, and how such currency will be held:

Asset	Investment Value	Acquisition Strategy	Timing	Holding
Bitcoin	Approx. \$625,000.00	Pursuant to the terms of the Investment Policy, the Company intends to acquire all cryptocurrencies through the facilities of its Custodian	12 months following closing of the Change of Business	Pursuant to the terms of the Investment Policy, the Company will hold all digital assets in its Client Holding Record with the Custodian
Bitcoin Cash	Approx. \$625,000.00	Pursuant to the terms of the Investment Policy, the Company intends to acquire all cryptocurrencies through the facilities of its Custodian	12 months following closing of the Change of Business	Pursuant to the terms of the Investment Policy, the Company will hold all digital assets in its Client Holding Record with the Custodian
Ripple	Approx. \$625,000.00	Pursuant to the terms of the Investment Policy, the Company intends to acquire all cryptocurrencies through the facilities of its Custodian	12 months following closing of the Change of Business	Pursuant to the terms of the Investment Policy, the Company will hold all digital assets in its Client

				Holding Record with the Custodian
Ethereum	Approx. \$625,000.00	Pursuant to the terms of the Investment Policy, the Company intends to acquire all cryptocurrencies through the facilities of its Custodian	12 months following closing of the Change of Business	Pursuant to the terms of the Investment Policy, the Company will hold all digital assets in its Client Holding Record with the Custodian

The above objectives may change at any time depending on market conditions. See "*Risk Factors*".

Milestones

To accomplish the Resulting Issuer's stated business objectives, it is anticipated that the Resulting Issuer will need accomplish the following milestones:

- **Implement Investment Policy.** In order to carry out its stated business objectives, the Company will need to implement its Investment Policy, including identifying potential investments, completing satisfactory due diligence, obtaining all necessary Board approvals, and entering into agreements with target companies or acquiring target assets, as applicable. The Company intends to identify prospective investments in accordance with the Investment Policy and begin to carry it out in the next 12 months.
- **Raise Capital.** In order to implement the Investment Policy, the Company may need to raise capital in order to have sufficient capital to deploy to suitable investments. As such, the Resulting Issuer may undertake debt or equity financing in the next 12-24 months in order to fund its investment strategy in accordance with the Investment Policy.
- **Establish Market Presence.** The Company plans to establish a market presence within the cryptocurrency industry to gain access to technological advancement updates, industry news, and competitors in the industry. The Company will expand its network and establish relationships that are mutually beneficial which will also allow the Company access to identify future investment and partnership opportunities that align with the Investment Policy.

The foregoing milestones may change due to market conditions. Please see "*Risk Factors*".

Selected Financial Information

The following table contains certain financial information regarding the Resulting Issuer.

Statement of Financial Position:

Statement of Financial Position as at December 31, 2017	Statement of Financial Position as at March 31, 2018
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Total assets	\$4,996,370	\$4,960,907
Total long and short term liabilities	\$72,314	\$153,412

See the audited financial statements of the Company for the year ended December 31, 2017 and the unaudited condensed interim consolidate ended March 31, 2018 included as Appendix A to this Filing Statement.

Description of Securities

The Resulting Issuer's authorized capital will remain the same as the Company's. See "*Part I – Information Concerning the Company – Description of Securities*" above for more detail.

Post-Transaction Capitalization

The following table sets out the fully-diluted share capital of the Resulting Issuer after completion of the Transaction:

Designation of Security	Amount Authorized	Amount Outstanding after giving effect to the Transaction
Resulting Issuer Shares ⁽¹⁾	Unlimited	14,654,730
Resulting Issuer preferred shares	Unlimited	Nil
Resulting Issuer Options	10% of Issued and Outstanding Resulting Issuer Shares (1,465,473)	1,400,000

Note:

(1) As of the date this Filing Statement, there are 14,654,730 issued and outstanding Common Shares.

Fully Diluted Share Capital

The following table sets out the number and percentage of Resulting Issuer Shares which will be issued upon closing of the Transaction on a fully diluted basis after giving effect to the Transaction:

	Number of the Resulting Issuer Shares	Percentage of Total
Resulting Issuer Shares held by current Company shareholders....	14,654,730	91.28%
Resulting Issuer Options	1,400,000	8.72%
Fully-Diluted	16,054,370	100%

Other than as disclosed above, no other securities will be outstanding which are convertible into, or exchangeable for, Resulting Issuer Shares following the completion of the Transaction.

Available Funds and Principal Purposes

The Resulting Issuer is expected to have approximately \$4,807,495 in working capital available on Closing. The Resulting Issuer is expected to use the funds available to it in furtherance of its stated business objectives which are summarized in the table appearing below.

Sources of Funds:

Estimated working capital of the Company as at March 31, 2018	\$4,807,495
Total Sources.....	\$4,807,495

Uses of Funds:

Estimated costs of the Transaction	\$50,000
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Estimated payments to Samara under the Management Services Agreement for the 12 month period following Closing	\$100,000
General and administrative expenses for the first 12 months	\$300,000
Initial investment portfolio ⁽¹⁾	\$2,500,000
<i>Unallocated working capital to fund ongoing operations</i>	<u>\$1,857,495</u>
Total Uses	\$4,807,495

Based on current projections, the Resulting Issuer's working capital available for funding ongoing operations is expected to meet its expenses for a minimum period of 12 months commencing immediately after the completion of the Transaction.

Notwithstanding the proposed uses of available funds discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. It is difficult, at this time, to definitively project the total funds necessary to effect the planned activities of the Resulting Issuer. For these reasons, management of the Resulting Issuer considers it to be in the best interests of the Resulting Issuer and its shareholders to afford management a reasonable degree of flexibility as to how the funds are employed among the uses identified above, or for other purposes, as the need arises. Further, the above uses of available funds should be considered estimates. See "*Forward-Looking Information*".

Dividends

The Resulting Issuer does not currently intend to declare any dividends payable to the holders of the Resulting Issuer shares. The Resulting Issuer has no restrictions on paying dividends, but if the Resulting Issuer generates earnings in the foreseeable future, it expects that they will be retained to finance growth, if any. The directors of the Resulting Issuer will determine if and when dividends should be declared and paid in the future based upon the Resulting Issuer's financial position at the relevant time.

Principal Securityholders

To the knowledge of Malbex, the following person will own, directly or indirectly, or exercise control or direction over, more than 10% of the Resulting Issuer Shares following the completion of the Transaction:

Name of Shareholder and Municipality of Residence	Number of Shares After Giving Effect to the Transaction	Percentage of Issued and Outstanding After Giving Effect to the Transaction (on a non-diluted basis)⁽¹⁾
Samara Capital Inc. ⁽¹⁾	1,562,200	10.66%

Note:

(1) Based on 14,654,730 Resulting Issuer shares being outstanding on completion of the Transaction.

Directors, Officers and Promoters

The following table sets out the name, municipality and province of residence, position with the Resulting Issuer, current principal occupation, the date such person became a director or officer of the Company, and the number and percentage of Resulting Issuer Shares which will be beneficially owned, directly or indirectly, or over which control or direction is proposed to be exercised, by each of the Resulting Issuer's proposed directors and officers following the completion of the Change of Business:

Name, Province or State and Country of Residence, and Position with the Resulting Issuer⁽¹⁾	Principal Occupation, Business or Employment in Previous Five Years⁽¹⁾	Date Served as Director or Officer Since	Anticipated Number and Percentage of Resulting Issuer Shares owned or controlled on completion at Closing⁽¹⁾⁽²⁾
Ben Cubitt ⁽³⁾ Toronto, Canada Proposed CEO and Director	Chief Executive Officer, Samara Capital Inc.	To be appointed at Closing	1,562,200 ⁽⁴⁾ or 10.66%
Justin Oliver ^{(3), (5)} Director	Director, Exchange Traded Funds, Bank of Montreal; Principal, Head of Institutional Sales, Fraser Mackenzie	To be appointed at Closing	Nil
Dan Crandall CFO and Corporate Secretary	Senior Manager, Marrelli Support Services Inc.	January 8, 2015	Nil
Josh Crumb ⁽³⁾ Proposed Director	Chief Financial Officer of Goldmoney Inc.	To be appointed at Closing	Nil
Stefan Wieler Proposed Director	Director and Vice President of Goldmoney Inc.	To be appointed at Closing	Nil

Note:

- (1) The information as to the Province and Country of residence, principal occupation and shares beneficially owned, not being within the knowledge of the Company, has been furnished by the respective directors or officers individually as of May 28, 2018.
- (2) Based on 14,654,730 Resulting Issuer Shares being outstanding on completion of the Transaction.
- (3) Member of the Audit Committee.
- (4) Controlled by Samara, a corporation which Mr. Cubitt controls.
- (5) Chair of Audit Committee.

At the completion of the Change of Business, it is anticipated that the directors and officers of the Resulting Issuer, as a group, will beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of 1,562,200 Resulting Issuer shares, representing 10.66% of the issued and outstanding Resulting Issuer shares on an undiluted basis. Each director's term of office shall expire at the next annual meeting of the Resulting Issuer shareholders unless re-elected at such meeting.

Ben Cubitt, CFA (Proposed CEO and Chairman): Ben has been working for the past 15 years at two of the most successful hedge funds in Canada. For the first nine years he was at MMCAP, a top performing fund, before launching his own fund, Samara Capital Inc., in 2012 that specializes in small cap Canadian companies. He has also served as a director of Selwyn Resources and is a vocal proponent of good corporate governance. Ben has a Bachelor of Commerce degree from the University of British Columbia and obtained his Chartered Financial Analyst charter in 2005. Samara has participated in financings for small cap Canadian companies to the tune of over \$200mm over the last five years. He has a sophisticated knowledge of Canadian capital markets and has made many valuable contacts across the industry over the last 15 years in this business.

Dan Crandall, CPA, CA (CFO of the Company) In addition to acting as the Company's Chief Financial Officer for the previous three years, Mr. Crandall is a Senior Manager at Marrelli Support Services Inc., providing CFO, accounting, regulatory compliance, and management advisory services to numerous issuers on the TSX, TSX-Venture and other Canadian and US exchanges. Mr. Crandall is a CPA, CA and has an Honours Bachelor of Accounting (Co-op) degree from Brock University. Previously, he was a Manager at Collins Barrow Toronto LLP, a public accounting firm.

Josh Crumb (Proposed Director) Mr. Crumb is a co-founder of Goldmoney Inc. (TSX: XAU) (formerly BitGold Inc.) and its Chief Financial Officer since 2017. Mr. Crumb is also the Founder of BlockVault Inc., a Goldmoney subsidiary that will offer digital asset custody and dealing services to financial institutions. Mr. Crumb was previously an Executive Director at Goldman Sachs – the Senior Metals Strategist in the Global Economics, Commodities and Strategy Research Division, and a Director of Corporate Development at the Lundin Group of Companies. Mr. Crumb holds a Master of Science in Mineral Economics, a Graduate Certificate in International Political Economy, and a Bachelor of Science degree in Engineering from the Colorado School of Mines.

Stefan Wieler, CFA. (Proposed Director) Stefan Wieler is a Director and Vice President of Canadian-listed Goldmoney Inc. (TSX: XAU), and its crypto-focused subsidiary BlockVault AG based in Zug, Switzerland. Stefan previously worked for over 10 years at some of the world's top financial institutions, including a role as an Executive Director and senior commodity strategist at Goldman Sachs, Head of Research for NY-based commodities hedge fund BBL Commodities, and as the head of commodity research (buy side) at Julius Baer in Zurich. Stefan studied Mandarin Chinese at the National Taiwan Normal University in Taipei and earned a Master's degree in Financial Economics at the University of Zurich, where he graduated with honors. Stefan is a CFA (Chartered Financial Analyst) charterholder and a CAIA (Chartered Alternative Investment Analyst) charterholder.

Justin Oliver, CPA, CA. Justin has more than 15 years of experience in the investment industry, specializing in exchange traded funds, new innovative ways to deliver financial advice, capital markets and mutual funds. Justin currently works at BMO as a V.P. for ETFs helping to raise awareness and educate various types of institutions on ETFs and the value of their use. Prior, Justin helped to rebuild Fraser Mackenzie, a small Toronto based brokerage firm for 3 years where he served as a partner. Previously, he worked with Canaccord Genuity for 7 years as a V.P. Institutional Equity Sales raising over \$1B dollars in capital for various types of companies, both public and private. Justin has a Chartered Accountant (CPA, CA) designation and holds his undergraduate degree from the University of Western Ontario, Huron College in Finance and Economics. Justin has a passion for being a part of positive change.

Management

On Closing, the management team of the Resulting Issuer is expected to be comprised of Ben Cubitt as Chief Executive Officer and Dan Crandall as Chief Financial Officer and Corporate Secretary. It is anticipated that Board of the Resulting Issuer will consist of Ben Cubitt, Justin Oliver, Stefan Wieler, and Josh Crumb.

None of the directors or officers listed above have entered into non-competition or non-disclosure agreements with the Company or proposes to enter into such an agreement with the Resulting Issuer.

Promoters

None.

Corporate Cease Trade Orders or Bankruptcies

None of the above directors or officers, or securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, within 10 years before the date of this Filing Statement, has been, a director, officer or promoter of any person or company that, while that person was acting in that capacity,

- (a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities law, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect; or
- (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact.

Penalties or Sanctions

No proposed director or officer of the Resulting Issuer, or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has

- (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self regulatory body, that would be likely to be considered important to a reasonable securityholder making a decision about the Change of Business.

Personal Bankruptcies

No proposed director or officer of the Resulting Issuer, or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such persons, has, within the 10 years before the date of this Filing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or Promoter.

Conflicts of Interest

Some of the individuals proposed for appointment or acting as directors or officers of the Resulting Issuer upon the completion of the Transaction are also directors, officers and/or Promoters of other reporting and non-reporting issuers. Except as disclosed below, as of the date of this Filing Statement and to the knowledge of the directors and officers of the Company, there are no existing conflicts of interest between the Resulting Issuer and any of the individuals acting as directors or officers following completion of the Transaction.

Samara, a 10% shareholder of the Company, is party to the Management Services Agreement and will receive the Management Fee in connection with the Change of Business. Ben Cubitt, proposed CEO of the Resulting Issuer, is the sole director and officer of Samara.

Conflicts of interest will be subject to, and will be resolved in accordance with, the procedures and remedies under the OBCA, as well as contractually under the Management Services Agreement.

Other Reporting Issuer Experience

The following table sets out the proposed directors and officers of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

<u>Name</u>	<u>Name of Reporting Issuer</u>	<u>Position</u>	<u>To – From (MM/YYYY)</u>
Ben Cubitt Proposed CEO and Director	Selwyn Resources	Director	10/2014 – 08/2015
Justin Oliver Director	Selwyn Resources	Director	06/2013 – 08/2015
Dan Crandall CFO	Loma Vista Capital Inc.	CFO	07/2012 – 04/2015
	Mukuba Resources Limited	CFO	09/2012 – 12/2013
	BWR Exploration Inc.	CFO	10/2012 – ongoing
	Titan Goldworx Resources Inc.	CFO	11/2012 – 07/2013
	West Red Lake Gold Mines Inc.	CFO	02/2013 – 06/2015
	Pan American Goldfields Ltd.	CFO	09/2013 – 06/2014
	Royal Standard Minerals Inc.	CFO	01/2014 – ongoing
	Chilean Metals Inc.	CFO	06/2014 – ongoing
	GoldMoney Inc.	CFO	09/2014 – 10/2015
	First Bauxite Corporation	CFO	01/2015 – 12/2015
	Malbex Resources Inc.	CFO	01/2015 – ongoing
	Rockcliff Metals Corporation	CFO	08/2015 – ongoing
	Mukuba Resources Limited	CFO	08/2015 – ongoing
	Imex Systems Inc.	CFO	11/2015 – 10/2017
	Castle Resources Inc.	CFO	07/2016 – ongoing
	Giyani Metals Corp.	CFO	08/2016 – ongoing
	Mukuba Resources Limited	CEO	08/2015 – ongoing
	West Red Lake Gold Mines Inc.	Director	06/2015 – ongoing
	Mukuba Resources Limited	Director	08/2015 – ongoing
	BE Resources Limited	Director	05/2016 – ongoing
Josh Crumb, Proposed Director	Goldmoney Inc.	CFO	08/2014 – ongoing
Stefan Wieler, Proposed Director	Goldmoney Inc.	Director and Vice President	11/2016- ongoing

Executive Compensation

As of the date of this Filing Statement, and other than as disclosed below and under "*Options to Purchase Securities*", it is anticipated that: (i) Mr. Cubitt's will receive compensation under the terms of the Management Services Agreement, and (ii) Mr. Crandall's compensation will not be altered outside of the ordinary course.

Incentive Plan Awards

Option-based awards

The Resulting Issuer intends on granting stock options under the Company Stock Option Plan at Closing. See "*Part II – Information Concerning the Resulting Issuer – Options to Purchase Securities*" below for more detail, and see "*Part I – Information Concerning the Company – Stock Option Plan*" above for more detail on the Company Stock Option Plan.

In addition the above, the Resulting Issuer will likely grant future option-based awards, being awards under the Stock Option Plan, including, for greater certainty, by granting stock options to its directors, officers, employees, consultants and charities. The timing, amounts, exercise price of these future option-based awards are not yet determined. See "*Forward-Looking Information*".

Pension Plan Benefits

During the 12 month period post-Closing, it is not expected that the Resulting Issuer will provide for defined benefit plans or defined contribution plans, being plans that provide for payments or benefits at, following, or in connection with retirement, or provide for deferred compensation plans. See "*Forward-Looking Information*".

Compensation of Directors

It is anticipated that the directors of the Resulting Issuer will be paid fees for their services, however, the amounts of such fees will be determined in the discretion of the Board of Directors of the Resulting Issuer following completion of the Change of Business.

It is also expected that the Resulting Issuer will grant stock options to directors in recognition of the time and effort that such directors devote to the Resulting Issuer. The timing, amounts, exercise price of these future option-based awards are not yet determined.

Indebtedness of Directors and Officers

No individual who: (a) is a director or officer of the Resulting Issuer; (b) at any time during the most recently completed financial year of the Company, was a director or officer of the Company or (c) is an Associate of any of the foregoing, is either: (i) indebted to the Company or any of its subsidiaries; or (ii) indebted to another entity with such indebtedness being the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

Options to Purchase Securities

Other than as disclosed below in connection with the Closing of the Transaction, there are no options to purchase Resulting Issuer Shares that are outstanding as of the date of this Filing Statement. The Resulting Issuer reserves the right to grant Resulting Issuer Options to directors, officers, employees consultants and charities subsequent to completion of the Change of Business, with the exercise price and amount to be determined by the Board of Directors.

It is expected that at Closing, there will be 1,400,000 Resulting Issuer Options and 14,654,730 Resulting Issuer Shares outstanding. See "*Part I – Information Concerning the Company – Description of Securities – Options*" above, for more detail.

Other than the foregoing, no other securities will be outstanding which are convertible into, or exchangeable for, Resulting Issuer Shares following the completion of the Transaction.

Upon Closing, the outstanding Resulting Issuer Options will be held under the Stock Option Plan by:

Group / Other Optionee	Number of Resulting Issuer Options
All proposed officers of the Resulting Issuer, as a group	250,000
All proposed directors of the Resulting Issuer who are not also officers, as a group.....	Nil

Group / Other Optionee	Number of Resulting Issuer Options
All consultants (including investor relations arrangements) of the Resulting Issuer, as a group.....	1,125,000

There are no assurances that the options described above will be exercised in whole or in part. There are no options being granted to Insiders other than as detailed above.

Stock Option Plan

The stock option plan of the Resulting Issuer will be the Stock Option Plan. For a description of the Stock Option Plan, see the heading "Part I – Information Concerning the Company – Stock Option Plan".

Resulting Issuer Escrow Securities

Upon completion of the Transaction, it is expected that there will be an aggregate 1,562,200 Resulting Issuer Shares held pursuant to a value security agreement (the "**Value Security Escrow Agreement**") for Tier 2 issuers to be entered into by the Resulting Issuer, the Transfer Agent and the holders of Resulting Issuer Shares subject to such escrow requirements.

In the case of a Resulting Issuer that is a Tier 2 issuer when the Final Exchange Bulletin is issued, the Value Security Escrow Agreement provides for a 36 month escrow release mechanism with:

- (a) 10% of the escrowed securities being releasable upon the issuance of the Final Exchange Bulletin;
- (b) 15% of the escrowed securities being releasable on the 6 month anniversary of the Final Exchange Bulletin;
- (c) 15% of the escrowed securities being releasable on the 12 month anniversary of the Final Exchange Bulletin;
- (d) 15% of the escrowed securities being releasable on the 18 month anniversary of the Final Exchange Bulletin;
- (e) 15% of the escrowed securities being releasable on the 24 month anniversary of the Final Exchange Bulletin;
- (f) 15% of the escrowed securities being releasable on the 30 month anniversary of the Final Exchange Bulletin; and,
- (g) 15% of the escrowed securities being releasable on the 36 month anniversary of the Final Exchange Bulletin.

The following table sets out, as of the date hereof and to the knowledge of Kramer and 48North, the name and municipality of residence of the security holders of 48North and Kramer whose Resulting Issuer Shares will be subject to a Value Security Escrow Agreement.

Name and Municipality of Residence of Securityholder	Designation of class	Number of securities held in escrow	Percentage of class
Ben Cubitt	Common	1,562,200 ⁽¹⁾	10.66%

Note:

- (1) Held directly or indirectly. Refer to "*Part II – Information Concerning the Resulting Issuer – Directors, Officers and Promoters*" for further information regarding ownership.

Auditors

The auditor of the Resulting Issuer will be MNP LLP, located at 111 Richmond Street West, Suite 300, Toronto, ON, M5H 2G4.

Transfer Agent and Registrar

The transfer agent and registrar of the Resulting Issuer will be Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1.

PART III – GENERAL MATTERS**Relationships**

Except as disclosed herein, there are no actual or anticipated agreements with any registrant to provide sponsorship or corporate finance services either now or in the future.

Experts

The audited financial statements of the Company for the fiscal years ended December 31, 2017 and 2016 described or included in this Filing Statement were audited by MNP LLP.

MNP LLP, does not beneficially own, directly or indirectly, any securities; nor does it have any interest in the property of the Company or the Resulting Issuer. Moreover, none of the foregoing Persons or any of their respective directors, officers or employees is, or expects to be, elected, appointed or employed as a director, officer or employee of the Resulting Issuer or its Associates or Affiliates.

MNP LLP, are the auditors of the Company and have confirmed that they are independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed in the relevant professional bodies in Canada and any applicable legislation or regulation.

Other Material Facts

There are no other material facts about the Company or the Resulting Issuer that are not disclosed elsewhere in this Filing Statement.

Board Approval

The contents and sending of this Filing Statement have been approved by the Board of Directors of the Company. Where information contained in this Filing Statement rests particularly within the knowledge of a Person other than the Company, the Company has relied upon information furnished by such Person. In particular, all information contained in this Filing Statement with respect to Samara Capital Inc. was supplied by Samara Capital Inc. for inclusion herein.

SCHEDULE "A"
FINANCIAL STATEMENTS

Please see attached.



Malbex
Resources

MALBEX RESOURCES INC.
CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS
THREE MONTHS ENDED MARCH 31, 2018
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Malbex Resources Inc.**Condensed Interim Consolidated Statements of Financial Position****(Expressed in Canadian Dollars)****Unaudited**

	As at March 31, 2018	As at December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,931,261	\$ 4,982,804
Receivables	14,981	-
Prepaid expenses	14,665	13,566
Total assets	\$ 4,960,907	\$ 4,996,370
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	\$ 153,412	\$ 72,314
Total liabilities	153,412	72,314
Equity		
Capital stock (note 3)	34,360,252	34,360,252
Contributed surplus	12,184,109	12,184,109
Deficit	(41,736,866)	(41,620,305)
Total equity	4,807,495	4,924,056
Total liabilities and shareholders' equity	\$ 4,960,907	\$ 4,996,370

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Approved on behalf of the Board:

"Robert B. Low", Director

"Joseph Hamilton", Director

Malbex Resources Inc.**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss****(Expressed in Canadian Dollars)****Unaudited**

	Three months ended March 31, 2018	Three months ended March 31, 2017
Operating expenses		
General and administrative (note 7)	\$ 117,834	\$ 58,723
	117,834	58,723
Foreign exchange loss	(1,273)	49
Net loss for the period	\$ 116,561	\$ 58,772
Other comprehensive loss		
Items that will be reclassified subsequently to income		
Cumulative translation adjustments	\$ -	\$ 67
Other comprehensive loss for the period	-	67
Total comprehensive loss for the period	\$ 116,561	\$ 58,839
Basic and diluted net loss per share (note 5)	\$ 0.01	\$ 0.00
Weighted average number of common shares outstanding	14,654,730	14,654,730

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Malbex Resources Inc.**Condensed Interim Consolidated Statements of Cash Flows****(Expressed in Canadian Dollars)****Unaudited**

	Three months ended March 31, 2018	Three months ended March 31, 2017
Operating activities		
Net loss for the period	\$ (116,561)	\$ (58,772)
Adjustments for:		
Unrealized foreign exchange gain	-	(290)
Changes in non-cash working capital items:		
Receivables	(14,981)	-
Prepaid expenses	(1,099)	5,400
Accounts payable and accrued liabilities	81,098	19,642
Net cash used in operating activities	(51,543)	(34,020)
Net change in cash and cash equivalents	(51,543)	(34,020)
Effect of exchange rate changes on cash	-	223
Cash and cash equivalents, beginning of period	4,982,804	5,405,029
Cash and cash equivalents, end of period	\$ 4,931,261	\$ 5,371,232

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Malbex Resources Inc.**Condensed Interim Consolidated Statements of Changes in Equity****(Expressed in Canadian Dollars)****Unaudited**

	Capital stock	Contributed surplus	Accumulated other comprehensive income(loss)	Deficit	Total
Balance, December 31, 2016	\$ 34,360,252	\$ 12,044,229	\$ 43,800	\$(41,081,750)	\$ 5,366,531
Other comprehensive loss for the period	-	-	(67)	-	(67)
Net loss for the period	-	-	-	(58,772)	(58,772)
Balance, March 31, 2017	\$ 34,360,252	\$ 12,044,229	\$ 43,733	\$(41,140,522)	\$ 5,307,692
<hr/>					
Balance, December 31, 2017	\$ 34,360,252	\$ 12,184,109	\$ -	\$(41,620,305)	\$ 4,924,056
Net loss for the period	-	-	-	(116,561)	(116,561)
Balance, March 31, 2018	\$ 34,360,252	\$ 12,184,109	\$ -	\$(41,736,866)	\$ 4,807,495

The accompanying notes to the unaudited condensed interim consolidated financial statements are an integral part of these statements.

Malbex Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2018

(Expressed in Canadian Dollars)

Unaudited

1. Nature of operations

Malbex Resources Inc. and its subsidiaries (the "Company" or "Malbex") is a Canadian based company. Malbex Resources Inc. was originally incorporated on April 7, 1998 under the laws of British Columbia and operated as Arapaho Capital Corp. ("Arapaho") until December 8, 2009. Effective December 8, 2009, Arapaho has operated as Malbex Resources Inc. and operates on a continuing basis under the laws of Ontario. Malbex is a publicly listed company with common shares traded on the TSX Venture Exchange ("TSX-V"). The address of the Company's registered office is the Canadian Venture Building, 82 Richmond Street East, Suite 200, Toronto, Ontario, M5C 1P1.

The Company was formerly a gold exploration company with a focus on its project in Argentina. The Company is now focused on identifying a new project and has determined not to limit its search for a new project to the mining and resource sector and is broadening its search to other opportunities where it may be possible to create shareholder value (see note 8).

As a result of the disposition of the Company's sole property in March of 2015 (which closed in April 2015), it does not currently have any active exploration or development projects. While the Company is currently in the process of examining business opportunities as it formulates a new strategic direction (see note 8), the Company may currently be considered to be operating with more than one deficiency under the TSX-V Tier 2 continued listing requirements. A failure to remedy these deficiencies in a prescribed period could result in the Company's common shares being transferred to the NEX, which is a unique and separate board of the TSX-V for listed companies that have fallen below the TSX-V's ongoing listing requirements.

2. Significant accounting policies

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRSs issued and outstanding as of May 14, 2018, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended December 31, 2017. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2018 could result in restatement of these unaudited condensed interim consolidated financial statements.

Malbex Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2018

(Expressed in Canadian Dollars)

Unaudited

2. Significant accounting policies (continued)

New standards not yet adopted and interpretations issued but not yet effective

IFRS 9 – Financial instruments ("IFRS 9") addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009, October 2010, November 2013 and finalized in July 2014. It replaces the parts of IAS 39 Financial Instruments: Recognition and Measurement that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into three measurement categories: those measured at fair value through profit or loss ("FVTPL"), those measured at fair value through other comprehensive income ("FVOCI") and those measured at amortized cost, with the determination made at initial recognition. The classification depends on an entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that in cases where the fair value option is selected for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the consolidated statements of operations, unless this creates an accounting mismatch. IFRS 9 has also been updated to amend the requirements around hedge accounting, however, there is no impact to the Company from these amendments as it does not apply hedge accounting. On January 1, 2018, the Company adopted these amendments and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

3. Capital stock

On January 8, 2016, the Company completed the share consolidation of its issued and outstanding common shares on the basis of one post-consolidation common share for every ten pre-consolidation common shares. As part of the share consolidation, the stock options were also consolidated and the exercise price adjusted to reflect the consolidation. The share consolidation has been reflected in these financial statements and all applicable references to the number of shares and stock options and their strike price and per share information has been restated.

a) Authorized share capital

Authorized share capital consists of an unlimited number of voting common shares without par value and an unlimited number of preferred shares, issuable in series. All issued shares are fully paid. No dividends have been paid or declared by the Company since inception.

b) Common shares issued

	Number of common shares	Amount
Balance, December 31, 2016 and March 31, 2017	14,654,730	\$ 34,360,252
Balance, December 31, 2017 and March 31, 2018	14,654,730	\$ 34,360,252

4. Stock options

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the directors of the Company may, from time to time, at their discretion, grant to directors, officers, employees, advisors and consultants to the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issue under the Option Plan will not exceed 10% of the number of then outstanding common shares. Such options will be exercisable for a period of up to five years from the date of grant. Vesting terms will be determined at the time of grant in accordance with the Option Plan.

Malbex Resources Inc.**Notes to Condensed Interim Consolidated Financial Statements****Three Months Ended March 31, 2018****(Expressed in Canadian Dollars)****Unaudited**

4. Stock options (continued)

	Number of stock options	Weighted average exercise price
Balance, December 31, 2016	1,087,500	\$ 0.65
Expired	(87,500)	4.50
Balance, March 31, 2017	1,000,000	\$ 0.65
Balance, December 31, 2017 and March 31, 2018	1,400,000	\$ 0.32

The following table reflects the actual stock options issued and outstanding as of March 31, 2018:

Expiry date	Weighted average exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
May 10, 2021	0.31	3.11	1,000,000	1,000,000
May 3, 2022	0.33	4.09	400,000	400,000
	0.32	3.39	1,400,000	1,400,000

5. Loss per share

For the three months ended March 31, 2018, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of \$116,561 (three months ended March 31, 2017 - \$58,772) and the weighted average number of common shares outstanding of 14,654,730 (three months ended March 31, 2017 - 14,654,730). Diluted loss per share did not include the effect of stock options as they are anti-dilutive.

6. Related party transactions

Related parties include key management being the Company's executive officers and the Board of Directors. The following related party transactions were conducted in the normal course of operations and were made on an arm's length basis:

(a) Compensation of key management personnel of the Company

In accordance with IAS 24, Related Party Disclosures ("IAS 24"), key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

Malbex Resources Inc.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended March 31, 2018

(Expressed in Canadian Dollars)

Unaudited

6. Related party transactions (continued)

The remuneration of key management personnel is determined by the Board of Directors having regard to the performance of individuals and market trends and was as follows:

	Three months ended March 31, 2018	Three months ended March 31, 2017
Management salaries	\$ 25,244	\$ 25,398
Director fees	18,750	18,750
	\$ 43,994	\$ 44,148

(b) The Company received consulting services from Pickax International Corporation ("Pickax"), a company controlled by the President and Chief Executive Officer ("CEO"). During the three months ended March 31, 2018 the Company incurred \$12,000 (three months ended March 31, 2017 - \$12,000) for CEO services. As at March 31, 2018, Pickax was owed \$27,120 (December 31, 2017 - \$12,000) and this amount was included in accounts payable and accrued liabilities.

(c) The Chief Financial Officer ("CFO") is a senior employee of Marrelli Support Services Inc. ("MSSI"), a firm also providing accounting services. During the three months ended March 31, 2018 the Company incurred \$13,244 (three months ended March 31, 2017 - \$13,398) for CFO and accounting services rendered by MSSI. As at March 31, 2018, MSSI was owed \$8,481 (December 31, 2017 - \$6,100) and this amount was included in accounts payable and accrued liabilities.

7. General and administrative

	Three months ended March 31, 2018	Three months ended March 31, 2017
Corporate expenses	\$ 18,002	\$ 24,066
Salaries and benefits (note 6)	12,661	12,901
Investor relations	11,611	6,508
Professional fees (note 6)	75,560	15,248
	\$ 117,834	\$ 58,723

8. Proposed Transaction

During the three months ended March 31, 2018, the Company announced that it has entered into a non-binding letter of intent dated January 8, 2018, to complete a change of business transaction (the "Transaction") pursuant to the policies of the TSX-V with Samara Capital Inc. ("Samara") and become a merchant banking and financial advisory company focused on the small-cap market, with investments in cryptocurrency and blockchain sectors (the "New Business").

Under the proposed Transaction, the Company intends to retain Samara to provide the services of Ben Cubitt as the new Chief Executive Officer of Malbex to develop, manage and carry on the New Business pursuant to the terms of a management services agreement to be entered into between Malbex and Samara (the "Management Services Agreement") and a board approved investment policy (the "Investment Policy").

Malbex Resources Inc.**Notes to Condensed Interim Consolidated Financial Statements****Three Months Ended March 31, 2018****(Expressed in Canadian Dollars)****Unaudited**

8. Proposed Transaction (continued)

Pursuant to the proposed Investment Policy, the primary investment targets will be cryptocurrency and financial instruments or products with exposure to cryptocurrency, and investments in public or private corporations, partnerships or other legal entities which own, or propose to own cryptocurrency or blockchain technology and/or cryptocurrency mining operations and projects. The investment activities may be passive or Malbex may take an active role in the business of companies in which it has equity positions through the provision of strategic advice, board representation and/or other means. It is expected that, after completion of the Transaction, Malbex will qualify for listing on the TSX-V as a Tier 1 or Tier 2 Investment Issuer.

Subsequent to March 31, 2018, the Company received conditional approval from the TSX-V.



Malbex
Resources

**MALBEX RESOURCES INC.
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(EXPRESSED IN CANADIAN DOLLARS)**

Independent Auditors' Report

To the Shareholders of Malbex Resources Inc.:

We have audited the accompanying consolidated financial statements of Malbex Resources Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of loss and comprehensive loss, cash flows and changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Malbex Resources Inc. as at December 31, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

April 24, 2018
Toronto, Ontario

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

MNP
LLP

Malbex Resources Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	As at December 31, 2017	As at December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,982,804	\$ 5,405,029
Prepaid expenses	13,566	18,900
Total assets	\$ 4,996,370	\$ 5,423,929
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 11)	\$ 72,314	\$ 57,398
Total liabilities	72,314	57,398
Equity		
Capital stock (note 7)	34,360,252	34,360,252
Contributed surplus	12,184,109	12,044,229
Accumulated other comprehensive income	-	43,800
Deficit	(41,620,305)	(41,081,750)
Total equity	4,924,056	5,366,531
Total liabilities and shareholders' equity	\$ 4,996,370	\$ 5,423,929

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

Subsequent event (note 14)

Approved on behalf of the Board:

"Robert B. Low", Director _____

"Joseph Hamilton", Director _____

Malbex Resources Inc.**Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)**

	Year ended December 31, 2017	Year ended December 31, 2016
Operating expenses		
General and administrative (note 12)	\$ 578,782	\$ 751,347
	578,782	751,347
Foreign exchange loss	6,285	248,556
Gain on sale of Malbex San Juan S.A. (note 6)	-	(305,465)
Net loss for the year	\$ 585,067	\$ 694,438
Other comprehensive loss		
Items that will be reclassified subsequently to income		
Cumulative translation adjustments	\$ (2,712)	\$ 236,159
Reclassification on dissolution of subsidiaries	46,512	-
Other comprehensive loss for the year	43,800	236,159
Total comprehensive loss for the year	\$ 628,867	\$ 930,597
Basic and diluted net loss per share (note 9)	\$ 0.04	\$ 0.05
Weighted average number of common shares outstanding	14,654,730	14,654,730

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

Malbex Resources Inc.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended December 31, 2017	Year ended December 31, 2016
Operating activities		
Net loss for the year	\$ (585,067)	\$ (694,438)
Adjustments for:		
Unrealized foreign exchange loss (gain)	2,712	(217,707)
Stock-based compensation	139,880	304,200
Gain on sale of Malbex San Juan S.A.	-	(305,465)
Changes in non-cash working capital items:		
Receivables	-	6,776
Prepaid expenses	5,334	1,417
Accounts payable and accrued liabilities	14,916	(299,236)
Net cash used in operating activities	(422,225)	(1,204,453)
Investing activities		
Cash and cash equivalents sold on disposition of Malbex San Juan S.A.	-	(105,755)
Net cash used in investing activities	-	(105,755)
Net change in cash and cash equivalents	(422,225)	(1,310,208)
Effect of exchange rate changes on cash	-	(18,452)
Cash and cash equivalents, beginning of year	5,405,029	6,733,689
Cash and cash equivalents, end of year	\$ 4,982,804	\$ 5,405,029

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

Malbex Resources Inc.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Capital stock	Contributed surplus	Accumulated other comprehensive income(loss)	Deficit	Total
Balance, December 31, 2015	\$ 34,360,252	\$ 11,740,029	\$ 279,959	\$(40,387,312)	\$ 5,992,928
Stock-based compensation	-	304,200	-	-	304,200
Other comprehensive loss for the year	-	-	(236,159)	-	(236,159)
Net loss for the year	-	-	-	(694,438)	(694,438)
Balance, December 31, 2016	\$ 34,360,252	\$ 12,044,229	\$ 43,800	\$(41,081,750)	\$ 5,366,531
Stock-based compensation	-	139,880	-	-	139,880
Other comprehensive loss for the year	-	-	(43,800)	46,512	2,712
Net loss for the year	-	-	-	(585,067)	(585,067)
Balance, December 31, 2017	\$ 34,360,252	\$ 12,184,109	\$ -	\$(41,620,305)	\$ 4,924,056

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

Malbex Resources Inc.
Notes to Consolidated Financial Statements
Years Ended December 31, 2017 and 2016
(Expressed in Canadian Dollars)

1. Nature of operations

Malbex Resources Inc. and its subsidiaries (the "Company" or "Malbex") is a Canadian based company. Malbex Resources Inc. was originally incorporated on April 7, 1998 under the laws of British Columbia and operated as Arapaho Capital Corp. ("Arapaho") until December 8, 2009. Effective December 8, 2009, Arapaho has operated as Malbex Resources Inc. and operates on a continuing basis under the laws of Ontario. Malbex is a publicly listed company with common shares traded on the TSX Venture Exchange ("TSX-V"). The address of the Company's registered office is the Canadian Venture Building, 82 Richmond Street East, Suite 200, Toronto, Ontario, M5C 1P1.

The Company was formerly a gold exploration company with a focus on its project in Argentina. The Company is now focused on identifying a new project and has determined not to limit its search for a new project to the mining and resource sector and is broadening its search to other opportunities where it may be possible to create shareholder value (see note 14).

As a result of the disposition of the Company's sole property in March of 2015 (which closed in April 2015), it does not currently have any active exploration or development projects. While the Company is currently in the process of examining business opportunities as it formulates a new strategic direction (see note 14), the Company may currently be considered to be operating with more than one deficiency under the TSX-V Tier 2 continued listing requirements. A failure to remedy these deficiencies in a prescribed period could result in the Company's common shares being transferred to the NEX, which is a unique and separate board of the TSX-V for listed companies that have fallen below the TSX-V's ongoing listing requirements.

2. Significant accounting policies

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The policies applied in these consolidated financial statements are based on IFRSs issued and outstanding as of April 24, 2018, the date the Board of Directors approved the statements.

Consolidation

The Company's consolidated financial statements include the interests in Malbex's four wholly owned subsidiaries: Malbex Nominee Inc., Malbex Cooperatief U.A. (prior to dissolution in November 2017), Malbex B.V. (prior to dissolution in November 2017) and Malbex San Juan S.A. (prior to disposition in May 2016).

These consolidated financial statements incorporate the assets, liabilities and results of operations of all entities controlled by the Company. The effects of all transactions between entities in the consolidated group have been eliminated.

Foreign currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's presentation currency. Items included in the financial statements of Malbex Resources Inc. (the "Parent") and each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

Malbex Resources Inc.
Notes to Consolidated Financial Statements
Years Ended December 31, 2017 and 2016
(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

Foreign currency (continued)

The functional currency of the Parent is the Canadian dollar and the functional currency of each subsidiary is the United States dollar ("USD"). The subsidiaries are funded by the Parent company in USD. Major supplier contracts and professional staff salaries are denominated in USD and as such the functional currency is determined to be USD. Foreign currency monetary assets and liabilities are translated into the functional currency at the rate of exchange prevailing at the end of the period. Non-monetary assets and liabilities are translated at the rate of exchange prevailing when the assets were acquired or the liabilities incurred. Income, expense items and exploration and evaluation expenditures are translated using the average rate of exchange during the financial statement periods, except for one time specific transactions that can be measured at their transaction date, and depreciation and amortization, which are translated at historic rates. Foreign exchange gains and losses resulting from the translation of monetary balances and balances denominated in foreign currencies are included in net loss and comprehensive loss.

Assets and liabilities of entities with functional currencies other than the Canadian dollar are translated into the presentation currency at the period end exchange rate and the results of their operations are translated at the average rates of exchange for the period. The resulting translation adjustments are recognized in other comprehensive income as cumulative translation adjustments.

Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid short-term investments held in the form of high quality money market investments with a maturity date of less than three months at acquisition.

Share-based payments

Equity-settled share-based payments to employees and consultants providing services to the Company are measured at the fair value of the equity instruments at the grant date.

The fair value of options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options are granted. The fair value of awards is adjusted by the estimated number of options that are expected to vest as a result of non-market conditions, and is expensed over the vesting period, which is established by the Board of Directors for each award, using a graded vesting method of amortization. At each balance sheet date, the Company revises its estimates of the number of options that are expected to vest based on non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in net loss, with a corresponding adjustment to contributed surplus.

Income tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets and liabilities are determined on a non-discounted basis, using the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets are recognized to the extent that it is probable that the asset can be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Malbex Resources Inc.
Notes to Consolidated Financial Statements
Years Ended December 31, 2017 and 2016
(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

Income (loss) per share

Basic loss per common share has been computed by dividing the income (loss) applicable to common shareholders by the weighted-average number of common shares outstanding during the period.

Diluted income (loss) per common share is determined using the deemed proceeds on the exercise of stock options and other dilutive instruments are considered to be used to reacquire common shares at the average share price for the period with the incremental number of shares being included in the denominator of the diluted income (loss) per share calculation. The diluted income (loss) per share calculation excludes any potential conversion of options and warrants that would increase income per share or decrease loss per share.

Financial instruments

The Company determines the classification of its financial assets at initial recognition.

The Company's financial instruments primarily consist of cash and cash equivalents (classified as loans and receivables), Receivables (classified as loans and receivables), and accounts payable and accrued liabilities (classified as other financial liabilities at amortized cost). The fair value of these financial instruments approximates their carrying values.

Loans and receivables and other financial liabilities are initially measured at fair value and subsequently measured at amortized cost. Amortization of premiums or discounts and losses due to impairment are included in current period net loss.

The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Financial assets and financial liabilities are recognized on the statement of financial position when the Company has become party to the contractual provisions of the instruments.

Financial assets are derecognized when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial assets.

For financial liabilities, derecognition occurs when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in net loss.

Malbex Resources Inc.
Notes to Consolidated Financial Statements
Years Ended December 31, 2017 and 2016
(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

Future accounting pronouncements

IFRS 9 – Financial instruments ("IFRS 9") addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009, October 2010, November 2013 and finalized in July 2014. It replaces the parts of IAS 39 Financial Instruments: Recognition and Measurement that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into three measurement categories: those measured at fair value through profit or loss ("FVTPL"), those measured at fair value through other comprehensive income ("FVOCI") and those measured at amortized cost, with the determination made at initial recognition. The classification depends on an entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that in cases where the fair value option is selected for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the consolidated statements of operations, unless this creates an accounting mismatch. IFRS 9 has also been updated to amend the requirements around hedge accounting, however, there is no impact to the Company from these amendments as it does not apply hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company has assessed the impact of adoption and there will be no significant impact on the consolidated financial statements.

3. Significant accounting judgments, estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Other significant estimates made by the Company include factors affecting valuations of stock-based compensation, warrants and recognition of deferred income tax amounts. The Company regularly reviews its estimates and assumptions; however, actual results could differ from these estimates and these differences could be material. Significant assumptions and judgment about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

(a) Functional currency – Under IFRS, each entity within the Company has its results measured using the currency of the primary economic environment in which the entity operates (the "functional" currency). Judgment is necessary in assessing each entity's functional currency. The Company considers the currency of expenses and outflows, as well as financing activities as part of its decision-making process.

4. Capital risk management

The Company considers its capital structure to consist of capital stock, contributed surplus, deficit and accumulated other comprehensive income, which at December 31, 2017 totaled \$4,924,056 (December 31, 2016 - \$5,366,531).

When managing capital, the Company's objective is to ensure Malbex continues as a going concern, to identify a new project as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management reviews and adjusts its capital structure on an ongoing basis. There can be no assurance that the Company will be able to continue to meet its funding requirements in this manner.

The Company is dependent on external financing to fund its activities. In order to identify a new project and pay for administrative costs, the Company will spend its existing working capital and may issue new shares to facilitate the management of its capital requirements.

The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2017. The Company is not subject to any externally imposed capital requirements.

Malbex Resources Inc.
Notes to Consolidated Financial Statements
Years Ended December 31, 2017 and 2016
(Expressed in Canadian Dollars)

5. Financial instruments

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk, including interest rate and foreign currency rate.

Financial risk management is carried out by the Company's management team with guidance from the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and receivables. Cash and cash equivalents are held with Canadian chartered banks which are closely monitored by management.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2017, the Company had cash and cash equivalents of \$4,982,804 to settle current liabilities of \$72,314. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

i) Interest Rate Risk

The Company has cash balances and no interest bearing debt. The Company's current policy is to invest excess cash in interest-bearing securities of major Canadian chartered banks. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its financial institutions.

ii) Foreign Currency Risk

The Company is not subject to significant foreign currency risk.

Financial Instruments

The Company has designated its cash and cash equivalents as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

As at December 31, 2017 and December 31, 2016, the carrying value and fair value amounts of the Company's financial instruments were approximately equivalent.

Malbex Resources Inc.
Notes to Consolidated Financial Statements
Years Ended December 31, 2017 and 2016
(Expressed in Canadian Dollars)

6. Sale of subsidiary

On May 10, 2016, the Company completed the 100% disposition of Malbex San Juan S.A. for proceeds of \$100.

Net proceeds received

Cash	\$ 100
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Net liabilities sold

Cash and cash equivalents	105,855
Accounts payable and accrued liabilities	(411,220)
Net liabilities sold	\$ (305,365)

Gain on sale of Malbex San Juan S.A.	\$ 305,465
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7. Capital stock

On January 8, 2016, the Company completed the share consolidation of its issued and outstanding common shares on the basis of one post-consolidation common share for every ten pre-consolidation common shares. As part of the share consolidation, the stock options were also consolidated and the exercise price adjusted to reflect the consolidation. The share consolidation has been reflected in these financial statements and all applicable references to the number of shares and stock options and their strike price and per share information has been restated.

a) Authorized share capital

Authorized share capital consists of an unlimited number of voting common shares without par value and an unlimited number of preferred shares, issuable in series. All issued shares are fully paid. No dividends have been paid or declared by the Company since inception.

b) Common shares issued

	Number of common shares	Amount
Balance, December 31, 2015 and December 31, 2016	14,654,730	\$ 34,360,252

8. Stock options

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the directors of the Company may, from time to time, at their discretion, grant to directors, officers, employees, advisors and consultants to the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issue under the Option Plan will not exceed 10% of the number of then outstanding common shares. Such options will be exercisable for a period of up to five years from the date of grant. Vesting terms will be determined at the time of grant in accordance with the Option Plan.

Malbex Resources Inc.
Notes to Consolidated Financial Statements
Years Ended December 31, 2017 and 2016
(Expressed in Canadian Dollars)

8. Stock options (continued)

	Number of stock options	Weighted average exercise price
Balance, December 31, 2015	157,500	\$ 4.50
Issued (i)	1,000,000	0.31
Expired	(70,000)	4.50
Balance, December 31, 2016	1,087,500	\$ 0.65
Issued (ii)	400,000	0.33
Expired	(87,500)	4.50
Balance, December 31, 2017	1,400,000	\$ 0.32

(i) On May 10, 2016, the Company issued 1,000,000 incentive stock options to directors and officers of the Company with an exercise price of \$0.31 and expiring May 10, 2021. The incentive stock options vested immediately. The fair value of \$304,200 was estimated on the date of grant using the Black-Scholes option valuation model with the following assumptions: share price \$0.305; expected dividend yield of 0%; risk-free interest rate of 0.65%; expected average life of five years; and expected volatility of 270%.

(ii) On May 3, 2017, the Company issued 400,000 incentive stock options to directors and officers of the Company with an exercise price of \$0.33 and expiring May 3, 2022. The incentive stock options vested immediately. The fair value of \$139,880 was estimated on the date of grant using the Black-Scholes option valuation model with the following assumptions: share price \$0.35; expected dividend yield of 0%; risk-free interest rate of 1.47%; expected average life of five years; and expected volatility of 300%.

The following table reflects the actual stock options issued and outstanding as of December 31, 2017:

Expiry date	Weighted average exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
May 10, 2021	0.31	3.36	1,000,000	1,000,000
May 3, 2022	0.33	4.34	400,000	400,000
	0.32	3.64	1,400,000	1,400,000

9. Loss per share

For the year ended December 31, 2017, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of \$585,067 (year ended December 31, 2016 - \$694,438) and the weighted average number of common shares outstanding of 14,654,730 (year ended December 31, 2016 - 14,654,730). Diluted loss per share did not include the effect of stock options as they are anti-dilutive.

Malbex Resources Inc.
Notes to Consolidated Financial Statements
Years Ended December 31, 2017 and 2016
(Expressed in Canadian Dollars)

10. Income taxes

A reconciliation between tax expense and the product of accounting loss multiplied by the Corporation's domestic rate is as follows:

	Year ended December 31, 2017	Year ended December 31, 2016
Loss before income taxes	\$ 585,067	\$ 694,438
Statutory tax rate	26.50%	26.50%
Expected income tax recovery	(155,043)	(184,026)
Change in timing differences not recognized	176,112	(791,290)
Change in timing differences resulting from sale of subsidiary	-	1,042,786
Permanent differences	(21,069)	(67,470)
Deferred income tax recovery	\$ -	\$ -

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off the current tax assets and current tax liabilities or deferred tax assets and liabilities and they relate to taxes levied by the same tax authority.

The tax benefit of the following unused tax losses and other deductible temporary differences have not been recognized in the financial statements due to the unpredictability of future earnings:

	December 31, 2017	December 31, 2016
Tax loss carry-forwards	\$ 9,361,153	\$ 9,321,305
Exploration and development	725,706	725,706
Property plant and equipment	39,079	158,461
Other	2,690	2,690
	\$ 10,128,628	\$ 10,208,162

The Company's non-capital income tax losses expire as follows:

Year of expiry		
	2026	\$ 550,000
	2027	1,037,000
	2028	283,000
	2029	1,861,000
	2030	1,124,000
	2031	1,287,000
	2032	313,000
	2033	987,000
	2034	236,000
	2035	812,000
	2036	508,000
	2037	362,000
		\$ 9,360,000

Malbex Resources Inc.
Notes to Consolidated Financial Statements
Years Ended December 31, 2017 and 2016
(Expressed in Canadian Dollars)

10. Income taxes (continued)

The benefit from the non-capital loss carryforward amounts have not been recorded in the financial statements.

11. Related party transactions

Related parties include key management being the Company's executive officers and the Board of Directors. The following related party transactions were conducted in the normal course of operations and were made on an arm's length basis:

(a) Compensation of key management personnel of the Company

In accordance with IAS 24, Related Party Disclosures ("IAS 24"), key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of key management personnel is determined by the Board of Directors having regard to the performance of individuals and market trends and was as follows:

	Year ended December 31, 2017	Year ended December 31, 2016
Management salaries	\$ 74,219	\$ 71,362
Director fees	75,000	75,000
Stock-based compensation	139,880	304,200
	\$ 289,099	\$ 450,562

(b) The Company received consulting services from Pickax International Corporation ("Pickax"), a company controlled by the President and Chief Executive Officer ("CEO"). During the year ended December 31, 2017 the Company incurred \$24,000 (year ended December 31, 2016 - \$23,000) for CEO services. As at December 31, 2017, Pickax was owed \$12,000 (December 31, 2016 - \$6,000) and this amount was included in accounts payable and accrued liabilities.

(c) The Chief Financial Officer ("CFO") is a senior employee of Marrelli Support Services Inc. ("MSSI"), a firm also providing accounting services. During the year ended December 31, 2017 the Company incurred \$50,219 (year ended December 31, 2016 - \$48,362) for CFO and accounting services rendered by MSSI. As at December 31, 2017, MSSI was owed \$6,100 (December 31, 2016 - \$6,340) and this amount was included in accounts payable and accrued liabilities.

12. General and administrative

	Year ended December 31, 2017	Year ended December 31, 2016
Corporate expenses	\$ 148,832	\$ 212,375
Salaries and benefits (note 11)	27,606	42,403
Investor relations	29,550	43,114
Stock-based compensation	139,880	304,200
Professional fees (note 11)	232,914	149,255
	\$ 578,782	\$ 751,347

Malbex Resources Inc.
Notes to Consolidated Financial Statements
Years Ended December 31, 2017 and 2016
(Expressed in Canadian Dollars)

13. Segmented information

An operating segment is a component within Malbex that engages in business activities from which it may earn revenues and incur expenses (including expenses relating to transactions with other components of the Company), whose operating results are regularly reviewed by the entity's chief operating decision maker, the chief executive officer, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company's operations consisted of a single reportable segment engaged in the acquisition and exploration of precious metals projects. As the operations comprise a single reporting segment, amounts disclosed in the consolidated financial statements also represent segment amounts. The Company has a head office located in Toronto, Canada.

Geographical information

The Company had operated in two principal geographical areas in the prior period – Canada and Argentina.

The following tables summarize the net loss by geographic segment for the prior period:

Year ended December 31, 2016	Argentina	Canada	Total
General and administrative	\$ 43,868	\$ 707,479	\$ 751,347
Foreign exchange loss (gain)	(253,845)	502,401	248,556
Gain on sale of Malbex San Juan S.A.	(305,465)	-	(305,465)
	\$ (515,442)	\$ 1,209,880	\$ 694,438

14. Subsequent event

Subsequent to December 31, 2017, the Company announced that it has entered into a non-binding letter of intent dated January 8, 2018, to complete a change of business transaction (the "Transaction") pursuant to the policies of the TSX-V with Samara Capital Inc. ("Samara") and become a merchant banking and financial advisory company focused on the small-cap market, with investments in cryptocurrency and blockchain sectors (the "New Business").

Under the proposed Transaction, the Company intends to retain Samara to provide the services of Ben Cubitt as the new Chief Executive Officer of Malbex to develop, manage and carry on the New Business pursuant to the terms of a management services agreement to be entered into between Malbex and Samara (the "Management Services Agreement") and a board approved investment policy (the "Investment Policy").

Pursuant to the proposed Investment Policy, the primary investment targets will be cryptocurrency and financial instruments or products with exposure to cryptocurrency, and investments in public or private corporations, partnerships or other legal entities which own, or propose to own cryptocurrency or blockchain technology and/or cryptocurrency mining operations and projects. The investment activities may be passive or Malbex may take an active role in the business of companies in which it has equity positions through the provision of strategic advice, board representation and/or other means. It is expected that, after completion of the Transaction, Malbex will qualify for listing on the TSX-V as a Tier 1 or Tier 2 Investment Issuer.

SCHEDULE "B"
MANAGEMENT'S DISCUSSION & ANALYSIS

Please see attached.



Malbex
Resources

Malbex Resources Inc.

**Management's Discussion & Analysis -
Quarterly Highlights**

FOR THE THREE MONTHS ENDED MARCH 31, 2018

This Management's Discussion and Analysis ("MD&A") of Malbex Resources Inc. ("Malbex" or the "Company") for the three months ended March 31, 2018 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management discussion & analysis, being the Management Discussion & Analysis ("Annual MD&A") for the fiscal year ended December 31, 2017. This MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company's Annual MD&A, audited annual consolidated financial statements for the years ended December 31, 2017 and 2016 and unaudited condensed interim consolidated financial statements for the three months ended March 31, 2018 ("Statements").

The Company's Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The Statements have been prepared in accordance with International Standard 34, Interim Financial Reporting.

All amounts included in this MD&A are in Canadian dollars, unless otherwise specified. This report is dated as of May 14, 2018. Readers are encouraged to read the Company's public filings, which can be viewed on the SEDAR website (www.sedar.com).

RECENT HIGHLIGHTS

- March 31, 2018: Working capital of \$4.8 million, including cash-on-hand of \$4.9 million, compared with working capital of \$4.9 million, including cash-on-hand of \$5.0 million, at December 31, 2017. The decrease in working capital was due to the on-going corporate expenses of the Company and expenses incurred related to trying to identify a new project.
- During the period, the Company announced that it has entered into a non-binding letter of intent dated January 8, 2018, to complete a change of business transaction pursuant to the policies of the TSX Venture Exchange ("TSX-V") with Samara Capital Inc. and become a merchant banking and financial advisory company focused on the small-cap market, with investments in cryptocurrency and blockchain sectors (see "Proposed Transaction" below). Subsequent to March 31, 2018, the Company received conditional approval from the TSX-V.

STRATEGIC OBJECTIVE

The Company is focused on identifying a new project or business and has determined not to limit its search for a new project to the mining and resource sector (see "Proposed Transaction" below).

OUTLOOK

The capital markets continue to be extremely challenging for exploration companies. The strategic objectives are currently under review as management searches for new opportunities (see "Proposed Transaction" below). The Company's current balance sheet should enable the Company to identify, evaluate and advance opportunities and projects without the requirement for immediate access to the capital markets.

PROPOSED TRANSACTION

During the three months ended March 31, 2018, the Company announced that it has entered into a non-binding letter of intent dated January 8, 2018, to complete a change of business transaction (the "Transaction") pursuant to the policies of the TSX-V with Samara Capital Inc. ("Samara") and become a merchant banking and financial advisory company focused on the small-cap market, with investments in cryptocurrency and blockchain sectors (the "New Business").

Under the proposed Transaction, the Company intends to retain Samara to provide the services of Ben Cubitt as the new Chief Executive Officer of Malbex to develop, manage and carry on the New Business pursuant to the terms of a management services agreement to be entered into between Malbex and Samara (the "Management Services Agreement") and a board approved investment policy (the "Investment Policy").

Pursuant to the proposed Investment Policy, the primary investment targets will be cryptocurrency and financial instruments or products with exposure to cryptocurrency, and investments in public or private corporations, partnerships or other legal entities which own, or propose to own cryptocurrency or blockchain technology and/or cryptocurrency mining operations and projects. The investment activities may be passive or Malbex may take an active role in the business of companies in which it has equity positions through the provision of strategic advice, board representation and/or other means. It is expected that, after completion of the Transaction, Malbex will qualify for listing on the TSX-V as a Tier 1 or Tier 2 Investment Issuer.

On closing of the proposed Transaction, certain of the current board members will resign and individuals with capital markets, blockchain and cryptocurrency investment experience will be appointed to the board of Malbex. Ben Cubitt is proposed to become CEO and director and Josh Crumb and Stefan Wieler are proposed to become directors. See January 8, 2018 press release for detailed biographies. Frank Davis, Terry MacGibbon and Bob Low are expected to resign from the board of directors of Malbex.

Subsequent to March 31, 2018, the Company received conditional approval from the TSX-V.

RESULTS OF OPERATIONS

Three months ended March 31, 2018 compared to three months ended March 31, 2017

The Company's net loss totaled \$116,561 for the three months ended March 31, 2018, with basic and diluted loss per share of \$0.01. This compares with a net loss of \$58,772, with basic and diluted loss per share of \$0.00 for the three months ended March 31, 2017. The increase of \$57,789 in net loss was principally because:

- For the three months ended March 31, 2018, professional fees increased \$60,312 due to expenses incurred related to the proposed new business (see "Proposed Transaction" above).

CASH FLOW STATEMENT

Liquidity, Capital Resources and Contractual Obligations

As March 31, 2018 the Company had working capital of \$4,807,495 (December 31, 2017 – \$4,924,056) and held cash of \$4,931,261 (December 31, 2017 - \$4,982,804). The decrease in working capital at March 31, 2018 is mainly due to Canadian corporate expense requirements and expenses incurred related to the proposed new business (see "Proposed Transaction" above).

The Company's only sources of liquidity are its cash balances, the exercise of stock options and the equity markets. On an ongoing basis, the Company examines various financing alternatives to address future funding requirements. There is no guarantee of the sufficiency or success of these initiatives. See "Outlook" above.

The timing and ability to complete any future funding efforts will depend on the liquidity of the financial markets and the willingness of investors to finance any new opportunities or business combinations. At this time, the Company has no profit from operations; therefore, it will have to rely on its ability to obtain equity or debt financing for growth. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable to the Company.

RELATED PARTY AND OTHER TRANSACTIONS

In accordance with IAS 24, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of key management personnel is determined by the Board of Directors having regard to the performance of individuals and market trends and was as follows:

	Three months ended March 31, 2018 (\$)	Three months ended March 31, 2017 (\$)
Management salaries	25,244	25,398
Director fees	18,750	18,750
Total	43,994	44,148

The Company received consulting services from Pickax International Corporation ("Pickax"), a company controlled by the President and Chief Executive Officer ("CEO"). During the three months ended March 31, 2018 the Company incurred \$12,000 (three months ended March 31, 2017 - \$12,000) for CEO services. As at March 31, 2018, Pickax was owed \$27,120 (December 31, 2017 - \$12,000) and this amount was included in accounts payable and accrued liabilities.

The Chief Financial Officer ("CFO") is a senior employee of Marrelli Support Services Inc. ("MSSI"), a firm also providing accounting services. During the three months ended March 31, 2018 the Company incurred \$13,244 (three months ended March 31, 2017 - \$13,398) for CFO and accounting services rendered by MSSI. As at March 31, 2018, MSSI was owed \$8,481 (December 31, 2017 - \$6,100) and this amount was included in accounts payable and accrued liabilities.

DISCLOSURE OF INTERNAL CONTROLS

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the Statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the Statements; and (ii) the Statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

RISK FACTORS

An investment in securities of the Company is highly speculative and involves significant risks. There are various risk factors that could have a material adverse effect on, among other things, the operating results, properties, business and condition (financial or otherwise) of the Company. Any prospective investor should carefully consider those risk factors and all of the other information contained in the Company's Annual Information Form dated December 30, 2013 and elsewhere, or incorporated by reference (including information contained in the section entitled "Forward-Looking Statements") before purchasing any of the securities of the Company. The risks described herein, or in documents incorporated herein by reference, are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently considers immaterial, may also materially and adversely affect its operating results, properties, business and condition (financial or otherwise).

As a result of the disposition of the Company's sole property in March of 2015 (which closed in April 2015), it does not currently have any active exploration or development projects. While the Company is currently in the process of examining business opportunities as it formulates a new strategic direction, the Company may currently be considered to be operating with more than one deficiency under the TSX-V Tier 2 continued listing requirements. A failure to remedy these deficiencies in a prescribed period could result in the Company's common shares being transferred to the NEX, which is a unique and separate board of the TSX-V for listed companies that have fallen below the TSX-V's ongoing listing requirements.

FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws which is prospective in nature. Forward-looking information by its nature requires the Company to make assumptions and is subject to inherent risks and uncertainties. Forward-looking information includes, but is not limited to, statements

about strategic plans, future operations, cost estimates, sustaining capital, anticipated financial results, future work programs, capital expenditures and objectives, evolution and economic performance of projects, budgets and targets, continuity of a favourable markets, contractual commitments, continuous availability of required manpower and continuous access to capital markets, future ability to finance projects and other statements that express management's expectations or estimates regarding the timing of completion of various aspects of business or of the Company's future performance. Forward-looking information is generally, but not always, identifiable by use of the words "may", "will", "should", "continue", "expect", "anticipate", "estimate", "believe", "intend", "plan" or "project" or the negative or other variations of these words or comparable terminology. The Company has made certain assumptions about the Company's business, the economy and the mineral exploration industry in general and has also assumed that there will be no significant events occurring outside of the Company's normal course of business.

Readers are cautioned not to place undue reliance on the forward-looking information herein because a number of factors, known and unknown, could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking information. There can be no assurance that forward-looking information will prove to be accurate. The following are material factors that could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking information in this MD&A: the inability of the Company to identify new business opportunities and consummate transactions, risks normally incidental to exploration and development of mineral properties, changes in governmental regulation adverse to the Company, risks normally associated with operating in foreign jurisdictions, environmental risks, lack of adequate infrastructure at the Company's projects, economic uncertainties, the inability of the Company to obtain additional financing when and as needed, dependence on a small number of key personnel, competition from other businesses, the future price of gold and other metals and commodities, fluctuation in currency exchange rates, title defects, and other related matters. Although the Company has attempted to identify material factors that could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking information, there may be other factors that could cause results to differ from what is anticipated, estimated or intended.

All forward-looking information contained in this MD&A is given as of the date hereof. Except as required under applicable laws, the Company undertakes no obligation to update or revise forward-looking information, whether as a result of new information, future events or otherwise.



Malbex
Resources

Malbex Resources Inc.

Management's Discussion & Analysis

FOR THE YEAR ENDED DECEMBER 31, 2017

This Management's Discussion and Analysis ("MD&A") provides a discussion and analysis of the financial condition and results of operations of Malbex Resources Inc. ("Malbex" or the "Company") to enable a reader to assess material changes in the financial condition and results of operations of the Company as at and for the year ended December 31, 2017. This MD&A should be read in conjunction with the consolidated financial statements and notes thereto of the Company for the years ended December 31, 2017 and 2016 ("Statements").

The Company's Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

All amounts included in this MD&A are in Canadian dollars, unless otherwise specified. This report is dated as of April 24, 2018. Readers are encouraged to read the Company's public filings, which can be viewed on the SEDAR website (www.sedar.com).

On January 8, 2016, the Company completed the share consolidation of its issued and outstanding common shares on the basis of one post-consolidation common share for every ten pre-consolidation common shares. As part of the share consolidation, the stock options were also consolidated and the exercise price adjusted to reflect the consolidation. The share consolidation has been reflected in this MD&A and all applicable references to the number of shares and stock options and their strike price and per share information has been restated.

RECENT HIGHLIGHTS

- December 31, 2017: Working capital of \$4.9 million, including cash-on-hand of \$5.0 million, compared with working capital of \$5.4 million, including cash-on-hand of \$5.4 million, at December 31, 2016. The decrease in working capital was due to the on-going corporate expenses of the Company and expenses incurred related to trying to identify a new project.
- During the year ended December 31, 2017, the Company dissolved its wholly owned subsidiaries Malbex Cooperatief U.A., and Malbex B.V.
- Subsequent to December 31, 2017, the Company announced that it has entered into a non-binding letter of intent dated January 8, 2018, to complete a change of business transaction pursuant to the policies of the TSX Venture Exchange with Samara Capital Inc. and become a merchant banking and financial advisory company focused on the small-cap market, with investments in cryptocurrency and blockchain sectors (see "Proposed Transaction" below).

STRATEGIC OBJECTIVE

The Company is focused on identifying a new project or business and has determined not to limit its search for a new project to the mining and resource sector (see "Proposed Transaction" below).

OUTLOOK

The capital markets continue to be extremely challenging for exploration companies. The strategic objectives are currently under review as management searches for new opportunities (see "Proposed Transaction" below). The Company's current balance sheet should enable the Company to identify, evaluate and advance opportunities and projects without the requirement for immediate access to the capital markets.

PROPOSED TRANSACTION

Subsequent to December 31, 2017, the Company announced that it has entered into a non-binding letter of intent dated January 8, 2018, to complete a change of business transaction (the "Transaction") pursuant to the policies of the TSX-V with Samara Capital Inc. ("Samara") and become a merchant banking and financial advisory company focused on the small-cap market, with investments in cryptocurrency and blockchain sectors (the "New Business").

Under the proposed Transaction, the Company intends to retain Samara to provide the services of Ben Cubitt as the new Chief Executive Officer of Malbex to develop, manage and carry on the New Business pursuant to the terms of a management services agreement to be entered into between Malbex and Samara (the "Management Services Agreement") and a board approved investment policy (the "Investment Policy").

Pursuant to the proposed Investment Policy, the primary investment targets will be cryptocurrency and financial instruments or products with exposure to cryptocurrency, and investments in public or private corporations, partnerships or other legal entities which own, or propose to own cryptocurrency or blockchain technology and/or cryptocurrency mining operations and projects. The investment activities may be passive or Malbex may take an active role in the business of companies in which it has equity positions through the provision of strategic advice, board representation and/or other means. It is expected that, after completion of the Transaction, Malbex will qualify for listing on the TSX-V as a Tier 1 or Tier 2 Investment Issuer.

On closing of the proposed Transaction, certain of the current board members will resign and individuals with capital markets, blockchain and cryptocurrency investment experience will be appointed to the board of Malbex. Ben Cubitt is proposed to become CEO and director and Josh Crumb and Stefan Wieler are proposed to become directors. See January 8, 2018 press release for detailed biographies. Frank Davis, Terry MacGibbon and Bob Low are expected to resign from the board of directors of Malbex.

SELECTED ANNUAL FINANCIAL INFORMATION

	Year ended December 31, 2017 (\$)	Year ended December 31, 2016 (\$)	Year ended December 31, 2015 (\$)
Net loss (income)	585,067	694,438	(5,375,378)
Basic and diluted loss (income) per share	0.04	0.05	(0.37)
Total assets	4,996,370	5,423,929	6,760,782

SELECTED QUARTERLY FINANCIAL INFORMATION

Three Months Ended	Total Revenue (\$)	Loss (income)		Total Assets (\$)
		Total (\$)	Per Share (\$)	
December 31, 2017	-	87,748	0.01	4,996,370
September 30, 2017	-	76,561	0.01	5,084,357
June 30, 2017	-	361,986	0.02	5,286,984
March 31, 2017	-	58,772	0.00	5,384,732
December 31, 2016	-	47,280	0.00	5,423,929
September 30, 2016	-	48,719	0.00	5,485,122
June 30, 2016	-	5,016	0.00	5,559,904
March 31, 2016	-	593,423	0.04	5,972,453

RESULTS OF OPERATIONS

Three months ended December 31, 2017 compared to three months ended December 31, 2016

The Company's net loss totaled \$87,748 for the three months ended December 31, 2017, with basic and diluted loss per share of \$0.01. This compares with a net loss of \$47,280, with basic and diluted loss per share of \$0.00 for the three months ended December 31, 2016. The increase of \$40,468 in net loss was principally because:

- For the three months ended December 31, 2017, professional fees increased \$47,040 due to expenses incurred related to trying to identify a new business (see "Proposed Transaction" above).
- For the three months ended December 31, 2017, corporate expenses and investor relations decreased \$4,617 and \$1,129, respectively, due to cost cutting measures put in place.

Year ended December 31, 2017 compared to year ended December 31, 2016

The Company's net loss totaled \$585,067 for the year ended December 31, 2017, with basic and diluted loss per share of \$0.04. This compares with a net loss of \$694,438, with basic and diluted loss per share of \$0.05 for the year ended December 31, 2016. The decrease of \$109,371 in net loss was principally because:

- For the year ended December 31, 2017, foreign exchange loss decreased \$242,271 versus the year ended December 31, 2016. This was due mainly to fluctuations in the US dollar in the prior period.
- For the year ended December 31, 2016, the Company recorded a gain on sale of Malbex San Juan S.A. of \$305,465 due to the sale of the Company's interest in the year.
- For the year ended December 31, 2017, corporate expenses decreased \$63,543 due to cost cutting measures put in place.
- For the year ended December 31, 2017, professional fees increased \$83,659 due to expenses incurred related to trying to identify a new business (see "Proposed Transaction" above).
- For the year ended December 31, 2017, stock-based compensation was \$139,880 versus \$304,200 in the prior year. The expense in the current year was due to the issuance of 400,000 incentive stock options to directors and officers of the Company with an exercise price of \$0.33 and expiring May 3, 2022 versus the issuance of

1,000,000 incentive stock options to directors and officers of the Company with an exercise price of \$0.31 and expiring May 10, 2021 in the prior year.

CASH FLOW STATEMENT

Liquidity, Capital Resources and Contractual Obligations

As December 31, 2017 the Company had working capital of \$4,924,056 (December 31, 2016 – \$5,366,531) and held cash of \$4,982,804 (December 31, 2016 - \$5,405,029). The decrease in working capital at December 31, 2017 is mainly due to Canadian corporate expense requirements and expenses incurred related to trying to identify a new project or business.

The Company's only sources of liquidity are its cash balances, the exercise of stock options and the equity markets. On an ongoing basis, the Company examines various financing alternatives to address future funding requirements. There is no guarantee of the sufficiency or success of these initiatives. See "Outlook" above.

The timing and ability to complete any future funding efforts will depend on the liquidity of the financial markets and the willingness of investors to finance any new opportunities or business combinations. At this time, the Company has no profit from operations; therefore, it will have to rely on its ability to obtain equity or debt financing for growth. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable to the Company.

RELATED PARTY AND OTHER TRANSACTIONS

In accordance with IAS 24, key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of key management personnel is determined by the Board of Directors having regard to the performance of individuals and market trends and was as follows:

	Year ended December 31, 2017 (\$)	Year ended December 31, 2016 (\$)
Management salaries	74,219	71,362
Director fees	75,000	75,000
Stock-based compensation	139,880	304,200
Total	289,099	450,562

The Company received consulting services from Pickax International Corporation ("Pickax"), a company controlled by the President and Chief Executive Officer ("CEO"). During the year ended December 31, 2017 the Company incurred \$24,000 (year ended December 31, 2016 - \$23,000) for CEO services. As at December 31, 2017, Pickax was owed \$12,000 (December 31, 2016 - \$6,000) and this amount was included in accounts payable and accrued liabilities.

The Chief Financial Officer ("CFO") is a senior employee of Marrelli Support Services Inc. ("MSSI"), a firm also providing accounting services. During the year ended December 31, 2017 the Company incurred \$50,219 (year ended December 31, 2016 - \$48,362) for CFO and accounting services rendered by MSSI. As at December 31, 2017, MSSI was owed \$6,100 (December 31, 2016 - \$6,340) and this amount was included in accounts payable and accrued liabilities.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of voting common shares without par value and an unlimited number of preferred shares, issuable in series.

As of the date of this MD&A, the Company had 14,654,730 issued and outstanding common shares.

Stock options outstanding for the Company at the date of this MD&A were as follows:

Options	Expiry Date	Exercise Price (\$)
1,000,000	May 10, 2021	0.31
400,000	May 3, 2022	0.33
1,400,000		

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

General and Administrative

	Year ended December 31, 2017 (\$)	Year ended December 31, 2016 (\$)
Corporate expenses	148,832	212,375
Salaries and benefits	27,606	42,403
Investor relations	29,550	43,114
Stock-based compensation	139,880	304,200
Professional fees	232,914	149,255
Total	578,782	751,347

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

FUTURE ACCOUNTING PRONOUNCEMENTS

IFRS 9 – Financial instruments (“IFRS 9”) addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009, October 2010, November 2013 and finalized in July 2014. It replaces the parts of IAS 39 Financial Instruments: Recognition and Measurement that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into three measurement categories: those measured at fair value through profit or loss (“FVTPL”), those measured at fair value through other comprehensive income (“FVOCI”) and those measured at amortized cost, with the determination made at initial recognition. The classification depends on an entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that in cases where the fair value option is selected for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the consolidated statements of operations, unless this creates an accounting mismatch. IFRS 9 has also been updated to amend the requirements around hedge accounting, however, there is no impact to the Company from these amendments as it does not apply hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company has assessed the impact of adoption and there will be no significant impact on the consolidated financial statements.

CAPITAL RISK MANAGEMENT

The Company considers its capital structure to consist of capital stock, contributed surplus, deficit and accumulated other comprehensive income, which at December 31, 2017 totaled \$4,924,056 (December 31, 2016 - \$5,366,531).

When managing capital, the Company's objective is to ensure Malbex continues as a going concern, to identify a new project as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management reviews and adjusts its capital structure on an ongoing basis. There can be no assurance that the Company will be able to continue to meet its funding requirements in this manner.

The Company is dependent on external financing to fund its activities. In order to identify a new project and pay for administrative costs, the Company will spend its existing working capital and may issue new shares to facilitate the management of its capital requirements.

The Company's capital management objectives, policies and processes have remained unchanged during the year ended December 31, 2017. The Company is not subject to any externally imposed capital requirements.

FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk, including interest rate and foreign currency rate.

Financial risk management is carried out by the Company's management team with guidance from the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and receivables. Cash and cash equivalents are held with Canadian chartered banks which are closely monitored by management.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2017, the Company had cash and cash equivalents of \$4,982,804 to settle current liabilities of \$72,314. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity prices.

i) Interest Rate Risk

The Company has cash balances and no interest bearing debt. The Company's current policy is to invest excess cash in interest-bearing accounts of major Canadian chartered banks. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its financial institutions.

ii) Foreign Currency Risk

The Company is not subject to significant foreign currency risk.

Financial Instruments

The Company has designated its cash and cash equivalents as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

As at December 31, 2017 and December 31, 2016, the carrying value and fair value amounts of the Company's financial instruments were approximately equivalent.

DISCLOSURE OF INTERNAL CONTROLS

Management has established processes to provide them sufficient knowledge to support representations that they have exercised reasonable diligence that (i) the Statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the Statements; and (ii) the Statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

RISK FACTORS

An investment in securities of the Company is highly speculative and involves significant risks. There are various risk factors that could have a material adverse effect on, among other things, the operating results, properties, business and condition (financial or otherwise) of the Company. Any prospective investor should carefully consider those risk factors and all of the other information contained in the Company's Annual Information Form dated December 30, 2013 and elsewhere, or incorporated by reference (including information contained in the section entitled "Forward-Looking Statements") before purchasing any of the securities of the Company. The risks described herein, or in documents incorporated herein by reference, are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently considers immaterial, may also materially and adversely affect its operating results, properties, business and condition (financial or otherwise).

As a result of the disposition of the Company's sole property in March of 2015 (which closed in April 2015), it does not currently have any active exploration or development projects. While the Company is currently in the process of examining business opportunities as it formulates a new strategic direction, the Company may currently be considered to be operating with more than one deficiency under the TSX-V Tier 2 continued listing requirements. A failure to remedy these deficiencies in a prescribed period could result in the Company's common shares being transferred to the NEX, which is a unique and separate board of the TSX-V for listed companies that have fallen below the TSX-V's ongoing listing requirements.

FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking information" within the meaning of applicable Canadian securities laws which is prospective in nature. Forward-looking information by its nature requires the Company to make assumptions and is subject to inherent risks and uncertainties. Forward-looking information includes, but is not limited to, statements about strategic plans, future operations, cost estimates, sustaining capital, anticipated financial results, future work

programs, capital expenditures and objectives, evolution and economic performance of projects, budgets and targets, continuity of a favourable markets, contractual commitments, continuous availability of required manpower and continuous access to capital markets, future ability to finance projects and other statements that express management's expectations or estimates regarding the timing of completion of various aspects of business or of the Company's future performance. Forward-looking information is generally, but not always, identifiable by use of the words "may", "will", "should", "continue", "expect", "anticipate", "estimate", "believe", "intend", "plan" or "project" or the negative or other variations of these words or comparable terminology. The Company has made certain assumptions about the Company's business, the economy and the mineral exploration industry in general and has also assumed that there will be no significant events occurring outside of the Company's normal course of business.

Readers are cautioned not to place undue reliance on the forward-looking information herein because a number of factors, known and unknown, could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking information. There can be no assurance that forward-looking information will prove to be accurate. The following are material factors that could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking information in this MD&A: the inability of the Company to identify new business opportunities and consummate transactions, risks normally incidental to exploration and development of mineral properties, changes in governmental regulation adverse to the Company, risks normally associated with operating in foreign jurisdictions, environmental risks, lack of adequate infrastructure at the Company's projects, economic uncertainties, the inability of the Company to obtain additional financing when and as needed, dependence on a small number of key personnel, competition from other businesses, the future price of gold and other metals and commodities, fluctuation in currency exchange rates, title defects, and other related matters. Although the Company has attempted to identify material factors that could cause actual results to differ materially from a conclusion, forecast or projection contained in the forward-looking information, there may be other factors that could cause results to differ from what is anticipated, estimated or intended.

All forward-looking information contained in this MD&A is given as of the date hereof. Except as required under applicable laws, the Company undertakes no obligation to update or revise forward-looking information, whether as a result of new information, future events or otherwise.

ACKNOWLEDGEMENT OF PERSONAL INFORMATION

"Personal Information" means any information about an identifiable individual, and includes information contained in any Items in the attached filing statement that are analogous to Items 4.2, 11, 13.1, 16, 18.2, 19.2, 24, 25, 27, 32.3, 33, 34, 35, 36, 37, 38, 39, 41 and 42 of the Exchange Form 3D2, as applicable.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the TSX-V (as defined in Appendix 6B) pursuant to the Form 3D2; and
- (b) the collection, use and disclosure of Personal Information by the TSX-V for the purposes described in Appendix 6B or as otherwise identified by the TSX-V, from time to time.

ON BEHALF OF THE BOARD OF DIRECTORS OF MALBEX RESOURCES INC.

"Joseph Hamilton"

Chief Executive Officer