



**TOKENS.COM CORP.**

**Annual Information Form  
For the Year Ended September 30, 2022**

**Dated December 29, 2022**

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## ANNUAL INFORMATION FORM

In this annual information form (this “AIF”), unless otherwise noted or the context indicates otherwise, references to the “Company”, “Tokens”, “we”, “us” and “our” refer to Tokens.com Corp. together with its wholly-owned subsidiary, Tokens.com Capital Corp., and its majority-owned subsidiaries, Metaverse Group Ltd. and Hulk Labs Corp. References to “COIN” refer to the Company prior to the completion of the Transaction (as defined below).

The information in this AIF applies to the business activities and operations of the Company for the nine-month fiscal year ended September 30, 2022 but is updated to December 29, 2022, unless otherwise stated.

All financial information in this AIF is presented in Canadian dollars, unless otherwise stated.

This AIF includes market and industry data that has been obtained from third party sources, including industry publications. The Company believes that the industry data is accurate and that its estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness of this data. Third party sources generally state that their information has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, the Company has not independently verified any of the data from third-party sources referred to in this AIF or ascertained the underlying economic assumptions relied upon by such sources.

### NOTE REGARDING FORWARD-LOOKING STATEMENTS

This AIF contains certain information that may constitute forward-looking information and forward-looking statements as such terms are defined under applicable Canadian securities laws (collectively, the “**Forward-Looking Statements**”), which are based on management’s current internal expectations, estimates, projections, assumptions and beliefs. Forward-Looking Statements can be identified by the use of forward-looking terminology such as “expect”, “likely”, “may”, “will”, “should”, “intend”, “anticipate”, “potential”, “proposed”, “estimate”, and other similar words, including negative and grammatical variations of such words. The Forward-Looking Statements may include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance and other statements that are not statements of fact and represent management’s assumptions only as of the date of this AIF. Forward-Looking Statements in this AIF include statements with respect to: the Company’s future objectives and business operations, including the Company’s expected ability to execute its business plan in the future; expectations about the future price and value of its digital assets; the potential for the Company to earn returns on its digital assets; the expected growth of Ethereum 2.0 and its platform; the expected market for digital assets; expectations regarding future competitive conditions; the Company’s expected operating costs, general and administrative expenses, costs of services and other costs and expenses; the Company’s ability to meet current and future obligations; the Company’s ability to obtain necessary third party services in a timely manner or at all; the impact of the COVID-19 pandemic on the Company’s business; and the Company’s ability to obtain financing on acceptable terms or at all.

The Forward-Looking Statements are based on certain assumptions of management as of the date of this AIF, which include that: the Company will continue to earn returns on its digital assets that are comparable to its historical returns; the Company will be able to maintain its competitive positions in the staking and metaverse fields; the Company will continue to be able to obtain the digital assets necessary to perform its staking services, and to acquire and monetize its digital real estate assets; the COVID-19 pandemic will not have a materially different impact on the Company’s business than currently anticipated; and that the Company will continue to be able to obtain any financing needed to continue to operate its business as currently conducted.

The Company's business is subject to various risks and uncertainties which could cause actual results to differ materially from those anticipated in the Forward-Looking Statements as a result of the risk factors set forth below and under the heading "Risk Factors", including that: the Company is exposed to the risk of loss, theft or destruction of its digital assets; the controls relied on by the Company may not be sufficient to guard against the risk of loss, theft or destruction of its digital assets, or may fail; if the Company's digital assets are lost, stolen or destroyed the responsible party may not be identified or, if identified, may not have the financial resources to satisfy the Company's claim for recovery; the Company's compensation percentage from staking is volatile and its rewards for staking a particular digital asset could materially decline; digital assets held by the Company may be subject to hold periods, which would result in the Company not being able to liquidate the digital assets it stakes; the Company cannot guarantee the liquidity of its digital assets, and its inability to liquidate a digital asset in a timely manner may result in a whole or partial loss of investment; the value of the Company's digital assets may be materially reduced as a result of general market conditions, flaws in the asset code or malicious actors; situations may arise that prevent the Company from accessing its digital assets held by any third party custodian; there may not be general market acceptance of blockchain technology, including NFTs (as defined below) representing parcels in virtual landscapes; a decline in the adoption and use of digital assets could materially and adversely affect the performance of the Company; the Company's proprietary and non-proprietary software, data and intellectual property may be subject to substantial risk; parts of the Company's business are reliant on Service Providers (as defined below) and failure to find suitable replacement Service Providers, to the extent they are needed, could cause the Company to reduce its operations; regulatory changes, including uncertainty regarding the regulation (legislative or otherwise) of digital assets, may alter or prohibit investment in digital assets and may result in a restriction in the use of digital assets in a manner that adversely affects the Company's digital assets and business generally; the Company's digital assets may be overvalued and volatile as a result of momentum pricing; the Company has a limited history of operations and is in the early stage of development; investments in development technology are subject to significant inherent risks, including technological challenges and risks with blockchain technology that could adversely affect the value of digital assets; and the Company is exposed to risks related to general business, economic and social uncertainties, and other factors beyond the Company's control.

Readers are cautioned that these risks and uncertainties are difficult to predict and that the assumptions used in developing the Forward-Looking Statements may prove to be incorrect. Readers are also cautioned that the list of risk factors contained in this AIF is not exhaustive. Accordingly, readers are cautioned that the Company's actual results may vary from the Forward-Looking Statements, and the variations may be material.

Although the Company believes that the expectations reflected in the Forward-Looking Statements are reasonable, it can give no assurance that such expectations will prove to be correct, and the Forward-Looking Statements are expressly qualified in their entirety by this cautionary statement. The purpose of the Forward-Looking Statements is to provide you with a description of management's expectations, and the Forward-Looking Statements may not be appropriate for any other purpose. You should not place undue reliance on the Forward-Looking Statements. The Forward-Looking Statements are made as at the date of this AIF and the Company undertakes no obligation to update or revise any of the Forward-Looking Statements, whether as a result of new information, future events or otherwise, except as required by applicable Canadian securities laws.

## GLOSSARY OF TERMS

In addition to terms defined elsewhere in this AIF, the following terms, when used in this AIF, will have the following meanings (unless otherwise indicated):

“**Amalgamation**” means the amalgamation of Tokens Inc. and Newco pursuant to the terms of the Amalgamation Agreement;

“**Amalgamation Agreement**” means the amalgamation agreement among the Company, Tokens Inc. and Newco;

“**Audit Committee**” means the audit committee of the Board;

“**Bison Trails**” means Coinbase Crypto Services, LLC, DBA Bison Trails, a partnership organized under the laws of the State of Delaware;

“**Board**” means the board of directors of the Company;

“**Closing**” means the closing of the Transaction;

“**COIN**” means the Company as it existed prior to the Closing;

“**Coinbase**” means Coinbase Inc., the certified digital asset custodian with which Tokens holds many of its digital assets;

“**Compensation Committee**” means the compensation committee of the Board;

“**Concurrent Financing**” means, together, the brokered and non-brokered private placements of an aggregate of 10,638,360 Subscription Receipts at a price of \$2.35 per Subscription Receipt (\$0.75 on a post-Tokens Split basis) for aggregate gross proceeds of \$25 million, that was undertaken in connection with the Transaction;

“**Consolidation**” means the consolidation of the Shares, completed effective April 27, 2021, on the approximate basis of one post-Consolidation Share for each 11.9868 pre-Consolidation Shares;

“**DeFi**” means decentralized finance;

“**DSU**” means a deferred share unit of the Company granted pursuant to the Omnibus Plan;

“**Escrow Agreement**” means the Form 46-201F1 escrow agreement dated April 28, 2021 among the Company, TSX Trust Company, as escrow agent, and certain Shareholders;

“**Ethereum 2.0**” was an upgrade to the Ethereum blockchain, launching in several phases, that aims to enhance the speed, efficiency and scalability of the Ethereum network through use of the “proof-of-stake” consensus mechanism as opposed to the “proof-of-work” consensus mechanism;

“**Fireblocks**” means an enterprise-grade platform delivering a secure infrastructure for moving, storing, tracking and reporting digital assets;

“**Governance Committee**” means the governance committee of the Board;

“**Hulk Labs**” means Hulk Labs Corp., a wholly-owned subsidiary of the Company incorporated under the OBCA;

“**MD&A**” means management’s discussion and analysis;

“**NEO Exchange**” means the NEO Exchange Inc.;

“**Newco**” means 2821956 Ontario Inc., a wholly-owned subsidiary of COIN, incorporated solely for the purpose of carrying out the Amalgamation;

“**NFT**” means a unique digital identifier that cannot be copied, substituted or subdivided, that is recorded in a blockchain and used to certify authenticity and ownership of a digital asset and specific rights relating to it;

“**November 2021 Financing**” means, together, the brokered and non-brokered private placements of an aggregate of 17,777,990 units of the Company at a price of \$0.90 per unit for aggregate gross proceeds of \$16 million, that closed on November 16, 2021;

“**OBCA**” means the *Business Corporations Act* (Ontario);

“**Omnibus Plan**” means the Company’s omnibus equity incentive plan;

“**Options**” means stock options of the Company;

“**Polychain Labs**” means Polychain Crypto Laboratory LLC, a limited liability company organized under the laws of the State of Delaware;

“**PoS**” means proof-of-stake;

“**PoW**” means proof-of-work;

“**RCGT**” means Raymond Chabot Grant Thornton LLP.

“**RSU**” means a restricted share unit of the Company granted pursuant to the Omnibus Plan;

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval;

“**Service Providers**” means, collectively, Polychain Labs, Staked and Bison Trails, and such other third party service providers as the Company may utilize from time to time in connection with, among other things, the staking or holding of tokens and the maintaining and servicing of NFTs;

“**Share**” means a common share in the capital of the Company as currently constituted following the Closing;

“**Staked**” means Staked Securely, Inc., a corporation organized under the laws of the State of Delaware;

“**Subscription Receipts**” means the subscription receipts issued by Tokens Inc. pursuant to the Concurrent Financing;

“**The Metaverse Group**” means Metaverse Group Ltd., a majority-owned subsidiary of the Company incorporated under the OBCA;

“**Transaction**” means, collectively, the Amalgamation, the Concurrent Financing, the Consolidation, the Tokens Split, and all transactions contemplated by the Transaction Agreement;

**“Transaction Agreement”** means the definitive transaction agreement dated March 9, 2021 among the Company and Tokens Inc.;

**“Tokens Inc.”** means Tokens.com Capital Corp. (formerly Tokens.com Inc.), a wholly-owned subsidiary of the Company incorporated under the OBCA;

**“Tokens Seed Financing”** means the non-brokered private placement offering of Tokens Shares that closed in various tranches in December 2020, pursuant to which Tokens Inc. raised aggregate gross proceeds of US\$1.7 million;

**“Tokens Shareholders”** means holders of Tokens Shares prior to the Closing;

**“Tokens Shares”** means Class A common shares in the capital of Tokens Inc. as they existed prior to the Amalgamation;

**“Tokens Split”** means the subdivision of the Tokens Shares on the basis of 3.133 post-split Tokens Shares for each pre-split Tokens Shares;

**“TSXV”** means the TSX Venture Exchange Inc.;

**“Warrant”** means a common share purchase warrant of the Company issued under the November 2021 Financing; and

**“Warrant Indenture”** means the warrant indenture dated November 16, 2021 between the Company and Computershare Trust Company of Canada, as warrant agent, which governs the Warrants, a copy of which is available under the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

## CORPORATE STRUCTURE

### ○ Name, Address and Incorporation

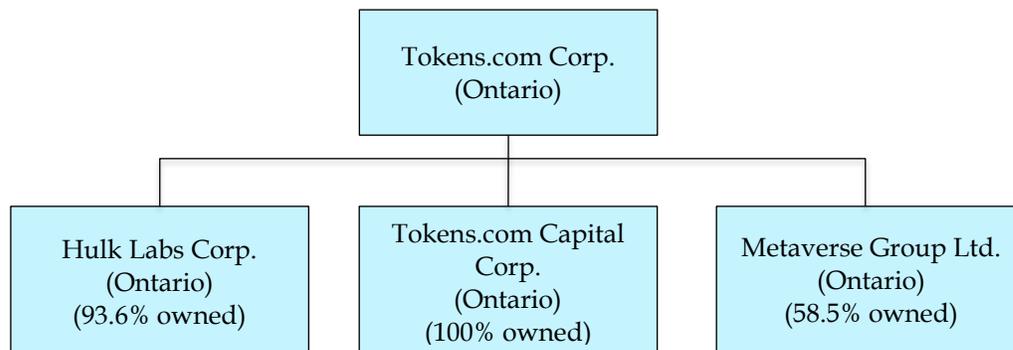
Tokens.com Corp. (formerly COIN Hodl Inc.) is incorporated under the OBCA. On April 28, 2021, Tokens Inc. completed a reverse takeover of the Company by way of a three-cornered amalgamation among the Company, Tokens Inc. and Newco. As a result of the completion of the Transaction, the Company's principal business activity became that of Tokens Inc.

The Company's registered office and head office are located at 100 King Street West, Suite 3400, One First Canadian Place, Toronto, ON M5X 1A4.

The Shares are traded on the NEO Exchange under the symbol "COIN".

### ○ Intercorporate Relationships

The following diagram sets out the intercorporate relationships of the Company as of the date of this AIF:



## GENERAL DEVELOPMENT OF THE BUSINESS

### ○ History of the Company

The Company was incorporated under the name "No. 440 Taurus Ventures Ltd." under the *Companies 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). 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.".

Until early 2015, the Company's principal business was the exploration and development of mineral properties. In connection with a change of business transaction on June 20, 2018, the Company became a merchant banking and financial advisory company focused on the small-cap market, with investments in cryptocurrency and blockchain entities. Effective September 10, 2018, the Company changed its name to "COIN Hodl Inc.".

On March 25, 2019, COIN announced that it had liquidated all of its cryptocurrency assets for net proceeds of approximately \$1.03 million, and shifted its business focus to actively pursuing new investment opportunities.

Effective January 21, 2021, COIN and Tokens Inc. entered into a letter of intent which provided for the acquisition by COIN of all of the issued and outstanding securities of Tokens Inc. in exchange for securities of COIN.

On February 17, 2021, COIN entered into a royalty sale agreement dated February 17, 2021 with Metalla S.A., a wholly-owned subsidiary of Metalla Royalty & Streaming Ltd., pursuant to which, on March 24, 2021, the Company sold Metalla S.A. a 0.5% net smelter royalty related to certain mining concessions located in the Province of San Juan, Argentina, for cash consideration of \$1,600,000.

Effective March 9, 2021, COIN and Tokens Inc. entered into the Transaction Agreement and COIN, Tokens Inc. and Newco entered into the Amalgamation Agreement, the terms of which were the result of arms' length negotiation between COIN and Tokens Inc.

In preparation for the Closing, on April 27, 2021, the pre-Consolidation Shares were de-listed from the TSXV, and the Company amended its articles to provide for, among other things, the change of name of COIN to "Tokens.com Corp.", the Consolidation, and a return of capital, pursuant to which COIN distributed an aggregate of \$3,553,114 in cash and 1,011,250 common shares in the capital of Abbax Technologies Inc. to the Shareholders as of such date.

In connection with the Closing on April 28, 2021, an aggregate of 73,645,835 Shares were issued to the Tokens Shareholders, on an undiluted basis, at a deemed issue price, on a post-Consolidation and post-Tokens Split basis, of \$0.75 per Share, all outstanding stock options of Tokens Inc. were cancelled and replaced with Options, and all of the directors and officers of the Company resigned and were replaced with nominees of Tokens Inc. The Transaction constituted a "reverse takeover" (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) of the Company by Tokens Inc. because, following the Closing, the Tokens Shareholders owned approximately 98% of the outstanding Shares.

Additional details regarding the Transaction and the business of the Company can be found in the Company's filing statement dated April 22, 2021, which is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

On April 30, 2021, trading in the Shares commenced on the NEO Exchange under the symbol "COIN".

On October 13, 2021, the Company completed the acquisition of 25,000,000 common shares in the capital of The Metaverse Group from the holders of such shares, in exchange for the issuance of an aggregate of 2,000,000 Shares.

On November 16, 2021, the Company completed the November 2021 Financing, pursuant to which it issued an aggregate of 17,777,990 units of the Company at a price of \$0.90 per unit for aggregate gross proceeds of \$16 million. Each unit was comprised of one Share and one-half of one Warrant, with each Warrant exercisable into one Share at a price of \$1.15 per Share, subject to adjustment in certain events, until November 16, 2024.

On January 12, 2022, the Company acquired 20,000,000 common shares of Hulk Labs Corps by issuing a combined consideration of cash and digital assets.

On March 17, 2022, the Warrants commenced trading on the NEO Exchange under the symbol "COIN.WT".

On June 30, 2022, the Company integrated its digital asset holdings to the Fireblocks platform for the custody, tracking, and reporting. Fireblocks replaced the use of Coinbase as Tokens.com's custodian.

On July 17, 2022, the Company acquired 2839950 Ontario Inc. (“Playte Group”, or “Playte”) issuing one million shares. Playte is focused on building in-house software tools to power the Play-to-Earn gaming economy.

On July 17, 2022, The Company acquired 1,470,588 common shares of Hulk Labs, in exchange for all assets acquired from the Playte acquisition.

On October 18, 2022, the Company announced a change of year end, from previously December 31 to September 30 fiscal year, effective immediately.

### *History of Tokens Inc.*

Tokens Inc. was founded in November 2020 to operate the technology that secures next generation blockchain networks through proof-of-stake (“PoS”) technology that supports the growth of decentralized finance (“DeFi”) applications (which are built on top of blockchains).

On January 25, 2021, Tokens Inc. entered into an engagement letter with Stifel Nicolaus Canada Inc. and Canaccord Genuity Corp. with respect to the brokered portion of the Concurrent Financing.

On March 9, 2021, Tokens Inc. and the Company entered into the Transaction Agreement and the Company, Tokens Inc. and Newco entered into the Amalgamation Agreement.

On March 10, 2021, Tokens Inc. completed the brokered portion of the Concurrent Financing, pursuant to which it issued an aggregate of 27,637,543 Subscription Receipts (on a post-Tokens Split basis) at a price of \$0.75 per Subscription Receipt (on a post-Tokens Split basis) for aggregate gross proceeds of \$20,730,363.

On March 16, 2021, Tokens Inc. completed the non-brokered portion of the Concurrent Financing, pursuant to which it issued an aggregate of 5,692,438 Subscription Receipts (on a post-Tokens Split basis) at a price of \$0.75 per Subscription Receipt (on a post-Tokens Split basis) for aggregate gross proceeds of \$4,269,783.

On April 27, 2021, Tokens Inc. completed the Tokens Split by the filing of articles of amendment, pursuant to which the 12,868,131 then outstanding Tokens Shares were subdivided into an aggregate of 40,315,854 Tokens Shares, on the basis of 3.133 post-split Tokens Shares for each pre-split Tokens Share.

On April 28, 2021, the Subscription Receipts were converted into an aggregate of 33,329,981 Tokens Shares at a deemed price of \$0.75 per Tokens Share (on a post-Tokens Split basis), each of which was immediately exchanged for one Share in connection with the Closing, and Tokens Inc. and Newco completed the Amalgamation, with the amalgamated company being named “Tokens.com Capital Corp.”, which is now a wholly-owned subsidiary of the Company.

### *Significant Acquisitions and Dispositions*

Other than pursuant to the Transaction and has otherwise described in this AIF, the Company has not made any significant acquisitions or dispositions in the three most recent financial years and Tokens has not made any significant acquisitions or dispositions since incorporation.

## DESCRIPTION OF THE BUSINESS

### Overview

Tokens.com Corp is a publicly traded technology company that invests in web3 assets and builds web3 businesses. The Company focuses on three operating segments: i) crypto staking, ii) the metaverse and, iii) play-to-earn crypto gaming. Tokens.com owns digital assets and operating businesses within each of these three segments.

Staking operations occur within Tokens.com. Metaverse real estate and ecomm3 solutions operations occur within a subsidiary called Metaverse Group. Crypto gaming operations occur within a subsidiary called Hulk Labs. All three businesses are tied together by the utilization of blockchain technology and are linked to high-growth macro trends within web3. Through sharing resources and infrastructure across these business segments, Tokens.com is able to efficiently incubate these businesses from inception to revenue generation.

Our strategy is to identify the key trends happening in the crypto and web3 sector and purchase assets and build businesses linked to the macro growth of these areas. In addition, Tokens.com and its subsidiaries do not engage in the lending of tokens, digital assets, or in using derivative products to enhance returns. We do not engage in the active trading or hedging of crypto assets. Tokens.com also does not provide third party custodial services and only custodies its own assets.

As a result of each of the three business segments owning digital assets, Tokens.com is required to revalue these assets at every reporting quarter. The Company's financial statements will have non-cash related gains or losses based on the market performance of the digital assets owned from quarter to quarter. These non-cash revaluations of owned digital assets do not impact the operations or growth within our business segments. The digital assets are owned for the purpose of generating revenue within each business segment. In some instances, the Company may choose to dispose of certain assets if they no longer meet our ownership criteria.

### Staking Operations

#### *Introduction to Cryptocurrencies and Staking*

A cryptocurrency is an encrypted and decentralized digital asset, transferred directly between peers across the Internet, with transactions being settled, confirmed, recorded and secured in a distributed public ledger called the blockchain, either through a process known as "mining" or a process known as "staking". Miners and stakers are incentivized to provide their services, which secure and verify transactions, through compensation in newly minted units or tokens for the cryptocurrency being mined or staked.

The units of a cryptocurrency, or "tokens", 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 fiat money currently exists in the form of paper and metal managed by central authorities such as banks, crypto tokens exist as electronic records in the blockchain, which is decentralized and intended to be tamper-proof. The blockchain ledger is publicly available to anyone and secured with public key encryption.

#### *Operations*

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Cryptocurrency staking is the process of validating blocks for a blockchain and is similar to the process performed by crypto miners. Stakers are compensated similarly (in native cryptocurrency tokens) and provide the same end result as a crypto miner. However, the staking process relies on ownership of digital assets instead of the use of hardware and electricity. In addition to the revenue generated from staking, Tokens.com may also benefit from the potential appreciation in the underlying digital asset inventory used for staking.

Staking has become one of the most common technologies used by cryptocurrencies, such as Ethereum 2.0, to secure their networks. Unlike traditional cryptocurrency mining, which is used to mine older blockchains like Bitcoin and Ethereum 1.0, staking is not reliant on specialized hardware that can rapidly become outdated and does not consume vast amounts of electricity. Instead, staking technology uses validation rights attached to digital asset ownership to make digital asset transactions secure, reliable and sustainable.

#### *Token Staking Mechanics*

Tokens works with several third party validators to perform its staking process. The process to stake in conjunction with these providers is as follows:

1. A staker deposits native crypto tokens into their wallet using an external custodian or by self-custodying the token
2. The staker ties their token deposit to a specific validator (or server)
3. The validator runs specialized software which receives, processes and validates transactions that are being received on the network’s blockchain
4. The network’s algorithm randomly chooses the next validator that will validate a block of transactions
5. The validator approves or denies the block of transactions based on an algorithm
6. Other validators that were not selected as the main validator verify the transactions and that the validator acted appropriately
7. The newly validated block is added to the existing blockchain
8. The selected validator earns a transaction fee, paid in native token, directly into the wallet that was designated to receive the rewards for this validator

## *Advantages of PoS*

PoS networks have many advantages over legacy PoW networks. These advantages include:

- *Transaction speeds* – PoS networks, by design, can process more transactions than PoW networks
- *Energy efficiency* – PoW networks require immense amounts of electricity
- *Decentralization* – there is significant risk that the PoW networks can be centralized in the hands of a small set of private enterprises
- *Minimal hardware requirements* – PoS is not reliant on specialized and expensive hardware

Disadvantages of PoS networks include the risk that validators with a large number of tokens may have an outsized influence over the network staking rewards, and there are limited barriers to entry to the sector.

## *Staking Rewards*

Each PoS blockchain network may use a different way of calculating staking rewards. Some are adjusted on a block-by-block basis, taking into account many different factors. These can include:

- how many crypto tokens the validator is staking;
- how long the validator has been actively staking;
- how many tokens are staked on the network in total; and
- the inflation rate.

For other networks, staking rewards are determined as a fixed percentage. These rewards are distributed to validators as a sort of compensation for inflation. Inflation encourages users to spend their crypto tokens instead of holding them, which may increase their usage as cryptocurrency. With this model, validators can calculate what staking reward they can expect.<sup>1</sup>

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<sup>1</sup> **Source:** *What is Staking?*, (accessed April 13, 2021), <https://academy.binance.com/en/articles/what-is-staking>.

## Metaverse Group

Metaverse Group Ltd. ("MGL") is an integrated metaverse advertising and media platform that owns its own digital real estate. The Company generates revenue from four key business activities which include:

- Metaverse strategy services;
- Architecture services;
- Digital land rental services; and
- Partnership services.

MGL made significant progress during 2022 in its plan to not only own digital land, but to leverage that ownership into a media agency and web3 marketing business. In 2022, MGL became revenue positive.

In Metaverse strategy services, MGL assists clients with developing their Metaverse strategies, and typically charge a fee for these types of services. This includes providing information around demographics using the metaverse, the differences between metaverses, differences in digital land values between metaverses and how to program within the metaverses.

MGL also generates revenue through the architecture services it provides to its clients for Metaverse or NFT activations. MGL outsources these services at this stage to its strategic partner, Metaverse Architects. This includes helping clients create renderings of what a building or advertisement would look like in the metaverse. MGL then assists in doing the programming aspect, similar to building a website, but in a way that is far more interactive. This part of the business aims to curate immersive internet experiences that happen in the metaverse.

MGL also generates revenue from the rental of its digital land assets. This is a fee to occupy the digital space owned by MGL. Land within Metaverses is finite and divided into neighborhoods. MGL, for example, owns virtual land in the fashion district. Thus, fashion brands would have an interest in working with us to access the demographic of users in the metaverse that is visiting the fashion district. Typically, clients who rent from MGL are also buying other services from MGL.

MGL also generates revenue through partnerships it creates with leading corporations. MGL began its partnership business also in March of 2022. At this stage MGL has 2 clients who are working on this model with MGL. MGL is in the early stages of building out this business model and therefore revenues are currently very small.

MGL advisory services remain the largest potential revenue component of the business. MGL began to deploy these services in June of 2022. MGL uses its large land position in the various metaverse to help win new clients. These clients will typically rent from MGL when they move forward with an activation. The land ownership position also provides credibility when trying to win new clients business. Currently the pipeline for advisory services continues to grow and gain traction.

MGL's next largest revenue component is rental services. These services began in March of 2022 and the number of renters has grown through the most recent quarter. The leases range anywhere from 1 month to 5 years. The price for a rented parcel is typically based on some percentage of our estimated value of the property being rented. However, these metrics can change based on events that may be held in the different metaverses or the number of active users in a particular metaverse. Most rental activity remains in Decentraland where the largest portion of MGL's portfolio resides. On many occasions, these rental services are tied to the advisory agreements that MGL is signing and therefore traditional performance metrics do

not apply. MGL has been successful in helping clients navigate this new frontier and create immersive experiences for their online visitors.

## **Hulk Labs**

Hulk Labs is a majority-owned subsidiary of the Company that makes strategic investments in utility driven NFTs, and upcoming play-2-earn (P2E) games. The Hulk Labs team is highly experienced across the gaming, NFT and crypto ecosystems.

Hulk Labs (“Hulk”) was created in January 2022. Hulk’s goal is to uberize the crypto gaming ecosystem by creating a platform that connects gaming assets to players. To this end we made three significant progresses. First, we hired the top crypto gaming calculator builders in the world and offered free access to these calculators on the Hulk Labs website. Next, we signed an exclusive deal with the Democratic Republic of Congo (“DRC”) to access potentially thousands of players to connect to our platform. Finally, we acquired Playte Group, a key player in building the software to connect these players to those with gaming assets. We have all the tools to make Hulk a major player in the crypto gaming sector and we've done it in a unique way that has caught the attention of several venture capitalists.

During 2022, Hulk became revenue positive in July 2022.

In Q3 2022, Hulk raised \$500,000 from a venture capital firm at a pre-money valuation of \$8 million. It is significant in that Hulk’s operations were able to attract outside capital, despite only being created in January 2022.

Hulk generates revenue by acquiring both fungible and non-fungible tokens in the play to earn sector and uses those tokens to generate a return from activities including playing the games.

Hulk is working towards building a software platform that connects owners of in-game assets.

Returns are generated via the utilization of crypto assets. That includes, but is not limited to, the following operational use-cases:

- Staking NFTs and/or associated tokens to earn more tokens.

Staking in this context relates to depositing tokens in a smart contract to generate revenue through a combination of rewards paid out by the blockchain itself (paid out in native tokens) or a share of fees generated when other participants interact with a set of smart contracts.

- Delegating the use of Hulk game assets to players directly or through game marketplaces.

Delegating in this context means providing access to assets owned by Hulk to a set of players that wish to pay a fee to use these assets for use in gameplay. These fees can be either a fixed fee per day or a revenue-share of funds generated by the player from gameplay. There is no transfer of ownership or custody of our assets and no employment relationship entered into with these players.

- Providing liquidity for P2E tokens and in-game currencies.

Providing liquidity means providing collateral (in the form of cryptocurrency tokens) to a smart contract in order to receive a share of the revenues generated as other users interact with that smart contract to buy or sell various cryptocurrencies.

- Breeding new NFT assets and selling them through marketplaces.

Breeding in this context means locking up NFTs characters for a period of time plus depositing tokens into a smart contract to generate new NFT characters that have resale value on a marketplace.

The key facets of Hulk's business model include:

- Game Analysis.

Hulk has a team that focuses on reviewing the metrics and data associated with hundreds of play-to-earn games to determine which games, tokens, and strategies are likely to generate the highest revenues over a sustainable period of time.

- Content Creation.

Hulk publishes many of its findings on its website at [hulklabs.com](http://hulklabs.com) as well as on a proprietary newsletter. Hulk is focused on content creation in order to generate awareness amongst potential team members, game players, and gaming projects.

- Asset Acquisition.

Hulk strategically acquires assets (both fungible and non-fungible tokens) in the play-to-earn economy through a variety of marketplaces such as Opensea and MagicEden.

- Player Identification and Training.

Hulk is focused on building a global network of users that are interested in using Hulk's NFTs to play various play-to-earn games. Hulk provides training and access to technology/tooling to these players to optimize their earnings potential. These players are not employees or contractors of Hulk, but rather leverage Hulk's infrastructure to play these games. Hulk plans to scale its operations and player network to allow other investors to rent Hulk's player network (for a fee) to generate returns. This will enable Hulk to scale its operations without scaling its balance sheet proportionately.

- Building software to manage assets and players.

Hulk is building customized software tools to streamline the company's operations. The software includes tools to quickly create new player wallets and track player performance metrics.

- Monetizing our asset base.

Hulk leverages several strategies including breeding, staking, and outsourced gameplay to generate revenue from its holdings.

**Risk Factors**

Primary risk factors are associated more broadly with cryptocurrency markets and accompanying macro conditions. As well there is some degree of regulatory risk with regards to shifting regulatory frameworks in operating jurisdictions. See “Risk Factors”.

**Intellectual Property**

Tokens believes its brand name (i.e., Tokens.com) has intangible value, however it does not have any registered intellectual property.

**Seasonality**

Tokens does not expect the digital assets industry to be cyclical or have any seasonality.

**Dependence on Suppliers and Foreign Operations**

Tokens is not currently dependent on any specific third party contract and has several alternatives for each key function provided by third parties. Tokens has no risks associated with foreign operations.

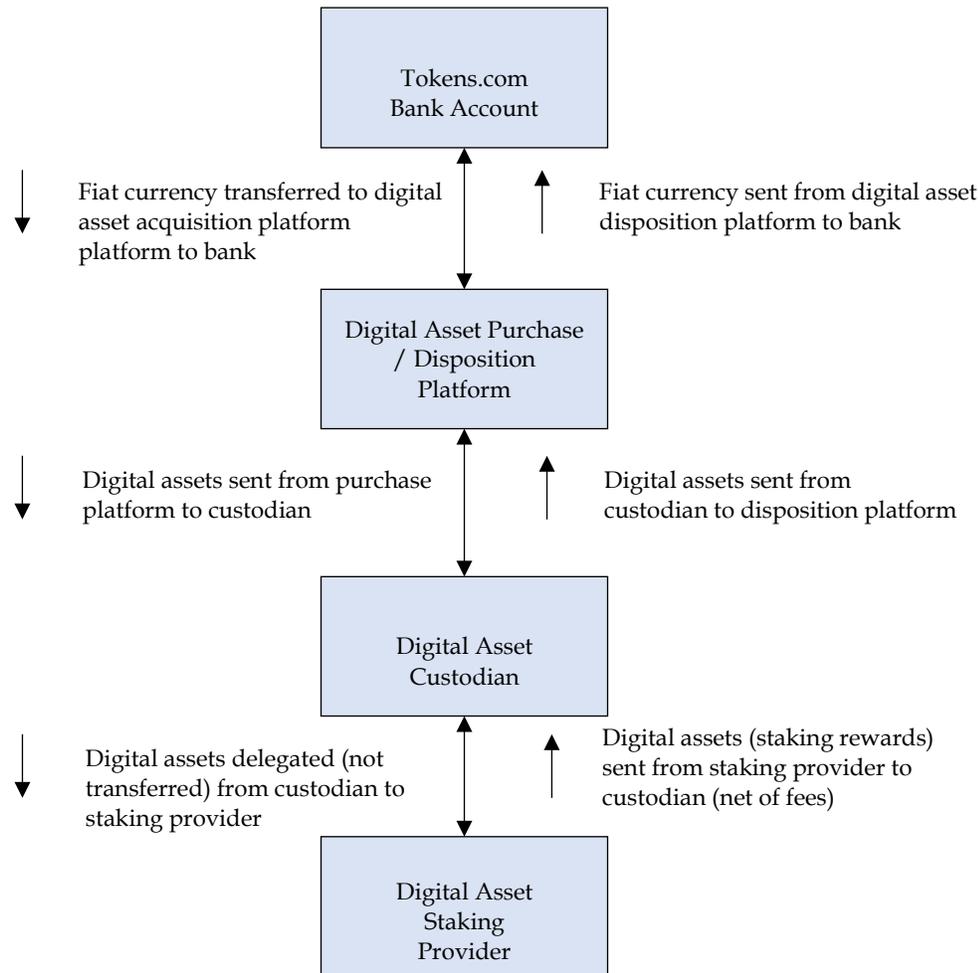
**Employees**

As at the date of this AIF, Tokens has four employees, excluding those employed at its subsidiaries, some of which are full-time and some of which are part-time.

## Flow of Funds

Tokens maintains control of its fiat and digital assets during the crypto token acquisition, staking and disposition process.

Please see the diagram on the following page that describes Tokens' typical flow-of-funds.



## Competitive Conditions

There are believed to be over US\$20 billion of crypto tokens being staked across the networks Tokens participates in. Any market participant with sufficient capital and know-how has the ability to acquire tokens on the open market and start staking. However, given the variety of crypto tokens vendors, there are limited supply constraints and competition from other market participants is not believed by Tokens' management to be a material risk to Tokens' business.

## Lending

Tokens does not undertake any lending activities.

## **Bankruptcies, Receiverships and Similar Proceedings**

There has never been any bankruptcy, receivership or similar proceedings against Tokens and Tokens has not been party to any voluntary bankruptcy, receivership or similar proceedings.

## **Reorganizations**

Other than the Transaction and as otherwise described under “*General Development of the Business*”, the Company has not completed any material reorganization within the three most recently completed financial years.

## **RISK FACTORS**

Due to the nature of the Company’s business, the legal and economic climate in which it operates, and its present stage of development and proposed operations, the Company is subject to significant risks. The following is a summary of certain risk factors relating to the business of the Company and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this AIF. The Company’s future development and actual operating results may be very different from those expected as at the date of this AIF. The risks discussed below also include Forward-Looking Statements and the Company’s actual results may differ substantially from those discussed in the Forward-Looking Statements. See “Note Regarding Forward-Looking Statements” in this AIF. Readers should carefully consider all such risks, which include the following:

### **General Digital Asset Risks**

*Digital asset transactions are irrevocable, and losses may occur.*

Digital asset transactions are irrevocable and stolen or incorrectly transferred digital assets may be irretrievable. Digital asset transactions are not reversible without the consent and active participation of the recipient of the transaction. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer of digital assets will not be reversible. To the extent that the Company is unable to affect a corrective transaction with a third party, or is incapable of identifying the recipient of its digital assets through error or theft, the Company will not be able to revert or otherwise recover any incorrectly transferred digital assets, or to convert or recover digital assets transferred to uncontrolled accounts.

*The Company’s business and investment performance will rely in part on developing technologies and companies.*

Certain investments which the Company intends to pursue will require software, hardware and/or other technologies for recordation, transfer, and usability of digital assets, which may become unavailable. In addition, Service Providers may have limited experience and operating history in supporting relatively novel investments such as digital assets. Adverse developments in respect of the foregoing may substantially reduce or eliminate the value of the Company’s digital assets.

*The Company’s compensation percentage from staking is volatile and could materially decline.*

The Company, through its technology partnerships with the Service Providers, operates nodes to stake atop a select few digital asset protocols, and in turn, earns crypto token rewards for processing transactions and securing crypto networks. The Company expects to, in equal proportion, re-stake its crypto token rewards and convert them to fiat equivalent currencies (CAD or USD), to be used for corporate overhead or eventual distribution to shareholders in the form of a dividend in fiat currency. The Company’s decision

to stake an individual crypto token depends on a combination of network quality, network liquidity and expected staking compensation, the percentage of which varies from token to token. The compensation percentage is determined by a combination of a network's natural inflation rate, the transaction fees generated on the network, a token's price, and the percent of total tokens being staked. As such, the Company's compensation percentage may fall temporarily due to a short-term decline in transaction volume or an increase in the percent of crypto tokens being staked. The Company has no control over the compensation percentages of the various crypto tokens it chooses to stake, and the compensation percentage may fall below expected levels for temporarily or permanently. The compensation percentage is expected to decrease as sector activity increases and more crypto tokens are invested in specific tokens. Staking revenues could decrease to a level that materially and adversely affects the Company's staking assets and staking strategies, the value of its staking assets and the value of any investment in the Company.

The Company relies on internal policies in maintaining its portfolio and to guide its decisions to re-stake, hold and cash out crypto tokens, and rebalances its portfolio monthly. The Company's policy is to rebalance its token holdings within 48 hours of an instance of a single crypto token representing more than 66% of its total holdings. In this situation, the Company will reduce its position from 66%+ of total holdings to 45% of total holdings and rebalance its other tokens commensurately.

***Regulatory changes or actions may alter the nature of an investment in the Company or restrict the use of digital assets in a manner that adversely affects the Company's operations.***

As digital assets have grown in both popularity and market size, governments around the world have reacted differently, with certain governments deeming cryptocurrencies illegal and others allowing their use and trade. Ongoing and future regulatory actions may alter, perhaps to a materially adverse extent, the ability of the Company to continue to operate. The effect of any future regulatory change on the Company or any digital assets that the Company may stake is impossible to predict, but any such change could be substantial and adverse to the Company. Governments may in the future take regulatory actions that prohibit or severely restrict the right to acquire, own, hold, sell, use or trade digital assets, or to exchange digital assets for fiat currency. By extension, similar actions by governments may result in the restriction of the acquisition, ownership, holding, selling, use or trading in the Shares. Any such restriction could result in the Company liquidating its inventory of digital assets at unfavorable prices and may adversely affect the price of the Shares.

***The Company's use of proprietary and non-proprietary software, data and intellectual property may be subject to substantial risk.***

The Company's crypto token selection strategy may rely heavily on the use of proprietary and non-proprietary software, data and intellectual property of third parties in the digital asset sector. The operation of any element of a digital asset network, or any other electronic platform, may be severely and adversely affected by the malfunction of technology. For example, an unforeseen software or hardware malfunction could occur as a result of a virus or other outside force, or as result of a design flaw in the design and operation of the network or platform. In addition, the technology of the Service Providers, or the crypto tokens themselves, may be inactive for periods of time, known as "downtime". Under the existing service agreements, the Service Providers are obligated to pay a penalty to the Company whenever there is downtime. While the Company has no obligation to pay any penalties to any third party in connection with any such downtime, the Company's business could be temporarily interrupted. Further, if the Company's software, hardware, data or other intellectual property is found to infringe on the rights of any third party, the underlying value of the assets of the Company could be materially and adversely affected. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in a digital asset network's long-term viability or the ability of end-users to hold and transfer digital assets may adversely affect the value of these assets. Additionally, a meritorious intellectual property claim could

prevent the Company and other end-users from accessing various networks or holding or transferring their digital assets.

*The technology underlying blockchain technology is subject to a number of known and unknown technological challenges and risks that could result in the decline in value of digital parcels.*

The blockchain technology used in connection with digital parcels and the cryptocurrencies the Company may hold from time to time is relatively new, untested and evolving. It represents a novel combination of several concepts, including a publicly available database or ledger that represents the total ownership of digital assets at any one time, novel methods of authenticating transactions using cryptography across distributed network nodes that permit decentralization by eliminating the need for a central clearinghouse while guaranteeing that transactions are irreversible and consistent, differing methods of incentivizing this authentication by the use of blocks of new tokens issued as rewards for the validator of each new block (or transaction fees paid by participants in a transaction to validators) and hard limits on the aggregate number of issued digital assets. As a result of the new and untested nature of blockchain technology, digital parcels are vulnerable to risks and challenges, both foreseen and unforeseen, and the effectiveness of proposed solutions to the challenges facing various digital assets has in many cases not been proven. For example, advances in cryptography and/or technical advances, such as the development of quantum computing, could present risks to digital assets by undermining or vitiating the cryptographic consensus mechanism that underpins the applicable blockchain protocol. Similarly, legislative or regulatory prohibition of the use of current and/or future cryptographic protocols could result in a significant loss of value in, or the termination of, digital assets. Accordingly, the further development and future viability of digital assets in general is uncertain, and unknown challenges may prevent their wider adoption.

*The Company's business is exposed to the potential misuse of digital assets and malicious actors.*

Since the existence of digital assets, there have been attempts to use them for speculation or malicious purposes. Although lawmakers increasingly regulate the use and applications of digital assets, and software is being developed to curtail speculative and malicious activities, there can be no assurance that those measures will sufficiently deter those and other illicit activities in the future. Advances in technology, such as quantum computing, could lead to a malicious actor or botnet (a voluntary or hacked collection of computers controlled by networked software coordinating the actions of the computers) being able to alter the blockchain on which digital asset transactions rely. In such circumstances, the malicious actor or botnet could control, exclude or modify the ordering of transactions, or generate new digital assets or transactions, using such control. The malicious actor or botnet could double spend its own digital assets and prevent the confirmation of other users' transactions for so long as it maintains control. Such changes could adversely affect an investment in the Shares.

The security procedures and operational infrastructure of the Company and Coinbase may be breached due to the actions of outside parties, error or malfeasance of an employee of the Company or Coinbase, or otherwise, and, as a result, an unauthorized party may obtain access to the Company's digital asset accounts, private keys, data or crypto tokens. Additionally, outside parties may attempt to fraudulently induce employees of the Company or Coinbase to disclose sensitive information in order to gain access to the infrastructure of the Company or Coinbase. As the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, or may be designed to remain dormant until a predetermined event, and often are not recognized until launched against a target, the Company may be unable to anticipate these techniques or implement adequate preventative measures. If an actual or perceived breach of the Company's digital assets account occurs, the market perception of the effectiveness of its security protocols could be harmed and the value of the Shares could be materially adversely affected.

***The Company's business is reliant on Service Providers.***

As a “proof-of-stake” technology company, the Company relies on blockchain technology service providers, including the Service Providers, that provide services to the Company pursuant to services agreements, to carry out its operations. The Service Providers provide the Company access to platforms that power the critical infrastructure required to operate nodes across blockchains and validators. In the event that agreements with the Service Providers are terminated for any reason, the Company would need to find replacement Service providers. While the Company believes there are a number of other service providers capable of providing replacement services on terms and conditions that would be commercially reasonable, there is no guarantee the Company would be able to find such service providers and enter into similar agreements on similar terms, or at all. Failure to find suitable replacement service providers could cause the Company to reduce or terminate its operations.

***Service Providers may cease operations.***

It is possible that, due to any number of reasons, including, but not limited to, an unfavorable fluctuation in the value of digital assets and fiat currencies, the inability of Service Providers to establish the utility of their digital assets or to launch or maintain their technology, the failure of commercial relationships, private litigation or government enforcement action, and new regulations or intellectual property ownership challenges, Service Providers may not be viable to operate and may dissolve. In such events, any digital assets related to a Service Provider may lose all or substantially all of their value.

***Many of the Company's holdings are dependent upon “smart contracts,” which have both technological and governance risks.***

Many, if not most, of the Company's metaverse holdings rely upon a “smart contract” written to the Ethereum blockchain. Because the Ethereum blockchain is an open-source, public, distributed ledger that is secured using cryptography, malicious users may freely view, access and interact with key components of the networks on this blockchain. Thus, malicious users will be able to freely access this code in ways that could allow them to alter the smart contract and steal or otherwise affect metaverse parcel transactions. Due to the decentralized nature and governance structure of the Ethereum network, no central authority or system administrator exists with the power to preclude all potentially adverse changes to the network's current protocols.

***A decline in the adoption and use of digital assets could materially and adversely affect the performance of the Company.***

Because digital assets are a relatively new asset class and a technological innovation, they are subject to a high degree of uncertainty. The adoption, growth and longevity of any digital asset will require growth in its usage and in the blockchain for various applications. A lack of expansion in use of digital assets and blockchain technologies could adversely affect the financial performance of the Company. In addition, there is no assurance that any digital assets will maintain their value over the long term. Even if growth in the use of any digital assets occurs in the near or medium term, there is no assurance that such use will continue to grow over the long term. A lack of expansion of digital assets into the retail and commercial markets may result in increased volatility or a reduction in the market price of these assets. Further, if fees increase for recording transactions on these blockchains, demand for digital assets may be reduced and prevent the expansion of the networks to retail merchants and commercial businesses, resulting in a reduction in the price of these assets. A contraction in use of any digital asset may result in increased volatility or a reduction in prices, which could materially and adversely affect the value of the Company's assets and the value of any investment in the Shares.

***The extreme volatility of the market price of digital tokens representing parcels in virtual landscapes may adversely affect the value of and the number of distributions made to the Company's investors.***

The volatility and unpredictability of the market price of such digital parcels may result in significant loss over a short period of time. The market prices of these digital parcels have historically been subject to dramatic fluctuations, which in turn may result in a decline in the value, and the amount, of distributions made to investors. Several factors may influence the market price of digital parcels, including, but not limited to: the availability of a marketplace for digital tokens representing parcels in a virtual landscape; general adoption of digital wallets that hold digital assets, the perception of the use and holding of digital assets such as these digital parcels as safe and secure, and the regulatory restrictions on their use; changes in the software, software requirements or hardware requirements underlying such digital parcels; investment and trading activities of large purchasers, including private and registered funds, that may directly or indirectly invest in such digital parcels; coordinated algorithmic behavior, including trading, by a large pool of small digital parcel holders; regulatory measures, if any, that affect the use or holding of digital assets; global or regional political, economic or financial events and situations; and expectations among participants that the value of such digital parcels will soon change.

In addition, decreases in the price of even a single digital asset may cause volatility in the entire digital asset industry and may affect the value of other digital assets. For example, a security breach or any other incident or set of circumstances that affects purchaser or user confidence in Ether or another well-known cryptocurrency such as Bitcoin may affect the industry as a whole and may also cause the price of other digital assets, including, without limitation, NFTs, to fluctuate. Any such event could adversely affect the value and market prices of the Company's digital assets and the Shares.

***Failure to sustain the market for NFTs may materially adversely affect the value and market prices of the Company's digital assets and, consequently, the value of and number of distributions made to investors.***

The market for NFTs, whether in the form of digital parcels in virtual landscapes or otherwise, is still nascent, with most growth having occurred in 2020 and 2021, and may not be sustained. If the market for NFTs is not sustained, it may be difficult or impossible for the Company to sell its digital assets or to sell them at prices that are desirable. The volatility and unpredictability of the price of NFTs relative to fiat and other currency may result in significant losses on the value of the Company's digital assets over a short period of time. The prices of NFTs have already been subject to dramatic fluctuations, and are highly volatile, which in turn may result in a decline in value of and number of distributions made to investors, thereby adversely affecting the value and market prices of the Shares.

***The value of digital assets may be subject to momentum pricing risk.***

Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the investing public, accounts for anticipated future appreciation in value. Market prices of digital assets 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 digital assets, inflating and making their market prices more volatile. As a result, they 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 Company's digital asset inventory and the value of the Shares.

*The Company cannot guarantee that the digital assets it purchases will hold their value or increase in value, and investors may lose the amount of their investment in whole or in part.*

The Company intends to purchase digital tokens representing parcels in virtual landscapes, and to hire development and marketing staff to attempt to arbitrage such digital parcels for additional value and possibly resell them. Therefore, the Company's performance will be correlated with each asset's ability to hold or gain value as well as to generate revenue. Because digital tokens representing parcels in virtual landscapes are highly speculative, any return on an investment in such digital parcels is contingent upon numerous circumstances, many of which (including legal and regulatory conditions) are beyond the Company's control. The Company cannot assure investors that they will realize any return on their investment in the Company or that their entire investment will not be lost. Digital assets are a new and relatively untested asset class, one that is subject to considerable uncertainty about its long-term viability, which could be affected by a variety of factors, including many market-based factors such as economic growth. In addition, the success of digital assets will depend on whether blockchain and other new technologies related to such assets turn out to be useful and economically viable.

*The value of NFTs representing parcels in virtual landscapes relies in part on the development, general acceptance and adoption and usage of blockchain assets, not solely on such digital parcels themselves.*

NFTs are a means to establish proof of ownership of digital parcels in virtual landscapes through cryptographic key pairs, the public key of the creator(s) or artist(s) who created the digital parcel and the private key of the holder representing a verified instance (whether unique or part of a series) of that digital parcel. The purchase of a digital parcel NFT gives the holder the right to hold, transfer and/or sell the NFT. The NFT does not, itself, include any physical manifestation of the digital art. The value of digital parcel NFTs is derived from the cryptographic record of ownership maintained in the smart contract associated with the virtual landscape, rather than solely the digital parcels themselves. Such NFTs do not entitle the holder to any direct or indirect interest in physical world real estate or land. A digital parcel originated as an NFT (i.e., the actual file or files constituting the artwork whose ownership is represented by an NFT) may have no value absent the NFT, depending on what other rights were conveyed with the NFT (for example, a copyright interest that could be transferred separately from the NFT). Thus, the value of a digital parcel NFT relies in part on the continued development, general acceptance and adoption and usage of the applicable blockchain.

*Banks may not provide banking services, or may cut off banking services, to businesses that provide digital asset-related services.*

Several companies that provide digital asset-related services have been unable to find banks that are willing to provide them with bank accounts and banking services. Similarly, a number of such companies have had their existing bank accounts closed by their banks. Banks may refuse to provide bank accounts and other banking services to digital asset-related companies, or companies that accept digital assets, for several reasons, such as perceived compliance risks or costs. The difficulty that many businesses that provide digital asset-related services have and may continue to have in finding banks willing to provide them with bank accounts and other banking services may decrease the usefulness of digital assets as a payment system and harm public perception of digital assets. Similarly, the usefulness of digital assets as a payment system and the public perception of digital assets could be damaged if banks were to close the accounts of many or of a few key businesses providing digital asset-related services. This could decrease the market prices of digital assets, and adversely affect the value of the Company's digital asset inventory and the Shares.

*Digital assets may be subject to hold periods.*

Crypto tokens used for staking are intended to be able to be withdrawn from their respective wallet at the request of the Company, however this process may take up to 30 days depending on the time of withdrawal

and staking provider. In addition, several digital assets require validators to commit to securing the network, and locking up their crypto tokens, for an extended period of time. In particular, Ethereum 2.0 requires that validators commit to securing the network for a period of 12 to 18 months.<sup>2</sup> The validator still controls the crypto tokens during this period but is not able to liquidate the tokens being staked. An inability to withdraw digital assets in the time desired or at all may adversely affect the Company's business and liquidity, and the value of the Shares.

***The Company will have to adapt to respond to evolving security risks.***

As technological change occurs, the security threats to the Company's digital assets will likely adapt, and previously unknown threats may emerge. The ability of the Company and Coinbase to adopt technology in response to changing security needs or trends may pose a challenge to the safekeeping of their assets. To the extent that Tokens or Coinbase is unable to identify and mitigate or stop new security threats, the Company's assets may be subject to theft, loss, destruction, or other attack.

***The Company may be unable to obtain adequate insurance to insure its operations.***

The Company is not insured against every risk to which it is exposed, including those related to custody of assets as the Company has not identified a provider from which to source such insurance on commercially reasonable terms. The Company believes that its digital assets are protected against the risk of loss and/or theft under its current custodial arrangements, but the occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the Company.

***The business of the Company is exposed to cybersecurity risks.***

Cyber incidents can result from deliberate attacks or unintentional events, and may arise from internal sources (e.g., employees, contractors, Service Providers, suppliers and operational risks) or external sources (e.g., nation states, terrorists, hacktivists, competitors and acts of nature). Cyber incidents include unauthorized access to information systems and data (e.g., through hacking or malicious software) for purposes of misappropriating or corrupting data or causing operational disruption. Cyber incidents also may be caused in a manner that does not require unauthorized access, such as causing denial-of-service attacks on websites (e.g., efforts to make network services unavailable to intended users). A cyber incident that affects Tokens or its Service Providers might cause disruptions and adversely affect their respective business operations and might also result in violations of applicable law (e.g., personal information protection laws), each of which might result in potentially significant financial losses and liabilities, regulatory fines and penalties, reputational harm, and reimbursement and other compensation costs. In addition, substantial costs might be incurred to investigate, remediate, and prevent cyber incidents.

***The Company may be subject to litigation.***

The Company may be subject to litigation arising out of, or related to, its operations. Damages claimed under such litigation may be material, and the outcome of such litigation may materially impact the Company's operations and the value of the Shares. While the Company expects to assess the merits of any lawsuits and defend such lawsuits accordingly, it may be required to incur significant expense or devote significant financial resources to such defenses. In addition, the adverse publicity surrounding such claims may have a material adverse effect on the Company's operations and the Shares.

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<sup>2</sup> **Source:** *Money Reimagined: How Ethereum 2.0's 'Lockup' Will Drive DeFi Innovation*, Michael J. Casey, (accessed February 16, 2021), <https://www.coindesk.com/ethereum-2-lockup-defi-innovation>.

***The unregulated nature and lack of transparency surrounding the operations of digital asset exchanges may cause the marketplace to lose confidence in digital assets generally.***

Cryptocurrency and digital asset exchanges on which cryptocurrencies and other digital assets trade are relatively new and, in some cases, unregulated. While some exchanges provide information regarding their ownership structure, management teams, corporate practices and regulatory compliance, many other exchanges do not. As a result, the marketplace may lose confidence in these exchanges, including prominent exchanges that handle a significant volume of trading in these assets. In recent years, there have been a number of cryptocurrency and digital asset exchanges that have closed because of fraud, business failure or security breaches. Additionally, larger cryptocurrency and digital asset exchanges have been targets for hackers and malware and may be targets of regulatory enforcement actions. A lack of stability in these exchanges, and their temporary or permanent closure, may reduce confidence in the digital asset marketplace in general and result in greater volatility in the price of digital assets. These potential consequences could, indirectly, materially and adversely affect the value of the Shares.

***The status of a digital asset as a "security" is highly uncertain, and the Company's inability to properly characterize a digital asset may materially adversely affect the Company.***

Securities regulatory authorities have taken the position that certain digital assets fall within the definition of a "security" under the applicable securities laws. The legal test for determining whether any given digital asset is a security is a highly complex, fact-driven analysis that evolves over time, and the outcome is difficult to predict. Securities regulatory authorities generally do not provide advance guidance or confirmation on the status of any particular digital asset as a security. Furthermore, securities regulatory authorities' views in this area have evolved over time and it is difficult to predict the direction or timing of any continuing evolution. It is also possible that a change in the governing administration or the appointment of new securities authorities could substantially impact the views of the securities regulatory authorities. There is currently no certainty under the applicable legal test that digital assets are not securities, notwithstanding the conclusions the Company may draw based on its judgement regarding the likelihood that a particular digital asset could be deemed a "security" under applicable laws. The Company expects its views to continuously evolve to take into account case law, facts, and developments in technology. A determination by any applicable regulatory authority or court that an asset that the Company currently holds constitutes a security may also result in the Company determining that it is advisable to dispose of assets that have similar characteristics to the asset that was determined to be a security. Further, if any digital asset the Company holds is deemed to be a security under any applicable laws, in a proceeding in a court of law or otherwise, it may have adverse consequences for such digital asset or the Company's business and financial position generally.

***Slashing penalties could result in the loss of all tokens.***

A network's slashing penalties can be as high as 100% of crypto tokens held for a gross act of misconduct, being an act that intentionally threatens the entire network.<sup>3</sup> The Company relies on the services of Service Providers for certain staking activities and there is no assurance that the Company or such Service Providers will not be subject to slashing penalties or that the Company will be able to recover any percentages of crypto tokens that have been subject to slashing penalties.

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<sup>3</sup> **Source:** Slashing Mechanisms (accessed February 16, 2021)  
<https://w3fereadthedocs.io/en/latest/polkadot/slashing/amounts.html>

## **Other Risks**

### ***The Company has a limited operating history.***

The Company has a very limited history of operations and is in the early stage of development. As such, the Company will be subject to many risks common to such enterprises, including undercapitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of revenue. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations. There can be no assurance that the Company will be able to earn material revenue or that any of its activities will generate positive cash flow.

### ***The Company may require additional funds to finance its operations.***

Additional funds raised through debt or equity offerings may be needed to finance the Company's future activities. 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 favorable. Failure to obtain additional financing could cause the Company to reduce or terminate its operations.

If additional funds are raised through further issuances of equity or securities convertible into equity, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities.

### ***The business of the Company is subject to competition from other staking companies.***

The Company will compete with other cryptocurrency and distributed ledger technology businesses, including other businesses focused on developing substantial digital asset staking operations. Any market participant with sufficient capital and know-how has the ability to acquire crypto tokens on the open market and start staking, which would inherently increase competition. Although, because there are a wide range of crypto tokens being staked across the networks the Company participates in, and accordingly, the Company's management believes that any negative impact on the Company's operations as a result of competition in the sector would not be materially adverse, it is possible that such competition and the lack of barriers to entry to the market could have a material adverse effect on the Company or the value of the Shares.

### ***The Company's compliance and risk management programs may not be effective.***

The Company's ability to comply with applicable laws and rules will be largely dependent on the establishment and maintenance of compliance, review and reporting systems, as well as the ability to attract and retain qualified compliance and other risk management personnel, as needed. The Company cannot provide any assurance that its compliance policies and procedures will be effective or that the Company will be successful in monitoring or evaluating its risks. If there is any alleged non-compliance with applicable laws or regulations, the Company could be subject to investigations and judicial or administrative proceedings that may result in substantial penalties or civil lawsuits for damages, restitution or other remedies, which could be significant. Any of these outcomes, individually or together, may materially and adversely affect the Company's reputation, financial condition and valuation, and the value of the Shares.

*Unexpected market disruptions may cause major losses for the Company.*

The Company may incur major losses in the event of disrupted markets and other extraordinary events in which market behavior diverges significantly from historically recognized patterns. The risk of loss in such events may be compounded by the fact that, in disrupted markets, many positions become illiquid, making it difficult or impossible to close out positions against which markets are moving. Market disruptions caused by unexpected political, military and terrorist events, or other factors, may from time to time cause dramatic losses for the Company. Because, among other things, the Company does not plan to engage in hedging practices with respect to its cryptocurrency holdings, any such disruptions and events may have a material and adverse effect on the Company's business and the value of the Shares.

*The ongoing COVID-19 pandemic may have an adverse effect on the business of the Company.*

The ongoing COVID-19 pandemic has caused companies and various governments to take measures and impose restrictions to combat the pandemic, such as quarantines, closures, cancellations and travel restrictions. The effects of COVID-19 and such measures and restrictions have negatively affected asset values and increased volatility in the financial markets, including the market price and volatility of digital assets which have varied significantly. Although the market price of some digital assets has risen since the pandemic began, the extent to which any worsening or continuation of the pandemic may negatively impact the market price of digital assets and, in turn, the market price of the Shares, is uncertain and cannot be predicted. The realizable values of assets, liquidity and financial condition may be materially affected as a result, and the Company will continue to monitor the impact of the pandemic on its business. The extent of the impact, if any, will depend on future developments, including actions taken to contain COVID-19, the speed at which the economy re-opens, and any successive waves of COVID-19 outbreaks.

*The Company will be reliant, in part, on attracting and retaining skilled management and directors.*

The success of the Company will, in part, be dependent upon the skill, judgement, industry relationships and expertise of the Board and management. The loss of a director or key management personnel may materially and adversely affect the business of the Company. There can be no assurance that these individuals will continue to be employed by, or remain involved with, the Company for a particular period of time.

## **DIVIDENDS AND DISTRIBUTIONS**

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

## DESCRIPTION OF CAPITAL STRUCTURE

As at the date of this AIF, the Company is authorized to issue an unlimited number of common shares (being the Shares), of which 96,461,879 Shares were issued and outstanding at December 31, 2021 and 97,926,757 Shares were issued and outstanding as at September 30, 2022. The Company is also authorized to issue an unlimited number of preference shares, none of which are issued and outstanding.

Holders of Shares are entitled to one vote for each Share held at all meetings of shareholders, to receive dividends if, as and when declared by the Board, and, upon liquidation, to share equally in such assets of the Company as are distributable to the holders of the Shares. The Shares carry no 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.

The Company is also authorized to award Options, DSUs, RSUs, performance share units and stock appreciation rights under the Omnibus Plan. Awards may be granted alone, in addition to, or in tandem with any other Award. Awards granted in addition to, or in tandem with, other awards may be granted either at the same time or at different times. The date of grant, the number of Shares, the vesting period and any other terms and conditions of awards granted pursuant to the Omnibus Plan are to be determined by the Compensation Committee, subject to the express provisions of the Omnibus Plan and any applicable award agreement. A complete description of the terms of the Omnibus Plan is included in the Company's filing statement dated April 22, 2021. As of the date of this AIF, there are 1,559,050 Options, 10,230,196 warrants and 1,902,540 DSUs outstanding.

## MARKET FOR SECURITIES

### ○ Trading Price and Volume

The Shares were listed on the TSXV under the symbol "COIN" until January 22, 2021. The Shares commenced trading on the NEO Exchange on April 30, 2021 under the symbol "COIN".

The following table sets out the high and low prices and aggregate volume of the Shares traded through the NEO Exchange on a monthly basis during the Company's most recently completed financial year ended September 30, 2022, as reported by NEO Exchange for the periods indicated:

Month	High	Low	Volume Traded
September 2022	\$0.375	\$0.20	1,812,061
August 2022	\$0.415	\$0.32	2,881,025
July 2022	\$0.435	\$0.36	1,937,855
June 2022	\$0.52	\$0.355	2,548,297
May 2022	\$0.66	\$0.39	4,204,040
April 2022	\$1.02	\$0.50	5,049,005
March 2022	\$1.36	\$0.84	10,082,110
February 2022	\$2.24	\$1.06	9,737,412
January 2022	\$2.87	\$1.45	10,713,385

○ **Prior Sales**

The following table sets forth details regarding all issuances of unlisted securities of the Company, including securities convertible or exchangeable into Shares, during the year ended September 30, 2022:

<b>Date of Issue</b>	<b>Type of Security Issued</b>	<b>Number of Securities Issued</b>	<b>Issue / Exercise Price per Security Issued</b>
January 1, 2022 <sup>(1)</sup>	Options	225,000	\$2.61
May 1, 2022	DSUs	190,000	n/a
July 18, 2022	Options	462,500	\$0.45
August 1, 2022	DSUs	146,000	n/a
August 8, 2022	Common Shares	1,000,000	\$0.40

<sup>(1)</sup> All of these Options were cancelled on July 1, 2022.

**ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER**

○ **Escrow Shares**

The table below sets out the Shares subject to the Escrow Agreement as at the date of this AIF:

<b>Designation of Security</b>	<b>Number of Securities to be subject to the Escrow Agreement</b>	<b>Percentage of Class (%)<sup>(1)</sup></b>
Shares	11,791,780	12.0%
Options	1,071,486	68.7%

<sup>(1)</sup> Share percentages calculated based on 97,926,757 Shares issued and outstanding on an undiluted basis as of September 30, 2022 and Option percentages calculated based on 1,559,050 Options outstanding as of December 31, 2021.

The Shares subject to the Escrow Agreement are subject to the following release schedule, as further detailed in the Escrow Agreement. As of the date of this AIF, all escrow releases have occurred.

The listing date	1/4 of the Escrow Shares
6 months after the listing date	1/3 of the remaining Escrow Shares
12 months after the listing date	1/2 of the remaining Escrow Shares
18 months after the listing date	The balance of the remaining Escrow Shares

## DIRECTORS AND EXECUTIVE OFFICERS

### Name, Occupation and Security Holding

The following table sets out certain information regarding the directors and executive officers of the Company as at the date of this AIF. Each of the directors is elected to hold office until the next annual meeting of the shareholders of the Company or until a successor is duly elected or appointed:

Name Province/State Country of Residence and Position(s) with the Company	Principal Occupation, Business or Employment for Last Five Years	Periods during which Director or Officer has Served	Number and Percentage of Shares Owned <sup>(1)</sup>
Andrew Kiguel <i>Toronto, ON</i> CEO and Director	Co-founder, CEO and director of Tokens Inc. since November 2020; CEO of Hut 8 Mining Corp. from 2018 to 2020; and Managing Director at GMP Securities from January 2000 to March 2018.	April 28, 2021 to present	20,254,935 <sup>(5)</sup> 20.6%
Martin Bui <i>Toronto, ON</i> CFO and Secretary	CFO of Tokens since August 1, 2022; and accounting principal of Hut 8 Mining Corp. from July 2019 to July 2022; and accounting principal of Canopy Growth Corporation from July 2018 to July 2019.	August 1, 2022 to present	221,284 <sup>(6)</sup> *
Frederick T. Pye <sup>(2)(3)(4)</sup> <i>Pointe-Claire, QC</i> Director	President and CEO of 3iQ Corp since July 2012.	April 28, 2021 to present	613,349 <sup>(7)</sup> *
Jimmy Vaiopoulos <sup>(2)(3)(4)</sup> <i>Toronto, ON</i> Director	CFO of Stack Capital Group Inc. since April 2021; CFO and Interim CEO of Hut 8 Mining Corp. from July 2018 to April 2021; and CFO of UGE International Ltd. from October 2015 to July 2018.	April 28, 2021 to present	475,635 <sup>(8)</sup> *
Andrew D'Souza <sup>(2)(3)(4)</sup> <i>St. James Parish, Barbados</i> Director	Executive Chairman of Clear Finance Technology Corp. (doing business as Clearco and formerly Clearbanc), which he co-founded in August 2015.	April 28, 2021 to present	561,707 <sup>(9)</sup> *
Deven Soni <i>Las Vegas, Nevada</i> Chief Operating Officer	Chief Operating Officer of Tokens Inc. since March 2021, and co-founder of Sprayable Inc. since January 2013.	March 9, 2021 to present	5,145,858 <sup>(10)</sup> 5.2%
Emma Todd <sup>(2)(3)(4)</sup> <i>Toronto, ON</i> Director	Founder and CEO of MMH Blockchain Group since 2016 and Managing Director of MMH Data Systems since August 2020.	May 10, 2021 to present	475,635 <sup>(11)</sup> *
<b>Directors and Officers as a Group</b>			<b>27,748,403<sup>(12)</sup></b> <b>27.4%</b>

\* Less than 1%

(1) Calculated based on 97,926,757 Shares (undiluted) issued and outstanding as of September 30, 2020, on a partially diluted basis, meaning convertible securities held by a director or officer are counted as outstanding for computing

the percentage ownership of the director or officer holding such convertible securities, but are not counted as outstanding for computing the percentage ownership of any other director or officer.

- (2) Member of the Audit Committee.
- (3) Member of the Compensation Committee.
- (4) Member of the Governance Committee.
- (5) Comprised of 19,784,985 Shares, of which 7,832,500 are held directly by Mr. Kiguel, 7,832,500 are held by Avondale Road Capital Corp. and 4,119,985 are held by 2833282 Ontario Inc., companies controlled by Mr. Kiguel, and 469,950 Shares that may be issued on exercise of outstanding Options.
- (6) Comprised of 200,000 Shares that may be issued on exercise of outstanding Options.
- (7) Comprised of 137,714 Shares which are held directly by Mr. Pye and 475,635 Shares that may be issued on exercise of outstanding DSUs.
- (8) Comprised of 475,635 Shares that may be issued on exercise of DSUs.
- (9) Comprised of 86,072 Shares which are held directly by Mr. D'Souza and 475,635 Shares that may be issued on exercise of outstanding DSUs.
- (10) Comprised of 4,519,198 Shares, of which 399,363 are held directly by Mr. Soni and 4,119,895 are held by AASD Investments LLC, a company controlled by Mr. Soni, and 626,660 Shares that may be issued on exercise of outstanding Options.
- (11) Comprised of 475,635 Shares that may be issued on exercise of outstanding DSUs.
- (12) Comprised of an aggregate of 24,549,253 Shares and 3,199,150 Shares that may be issued on exercise of outstanding Options.

The independent directors, being Ms. Todd and Messrs. Pye, Vaiopoulos and D'Souza, collectively hold an aggregate of 1,902,540 DSUs granted under the Omnibus Plan.

## **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

### *Corporate Cease Trade Orders*

To the best of management's knowledge, no director or executive officer of the Company is, or within the ten years before the date of this AIF has been, a director, CEO or CFO of any company that:

- (a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued while the director or executive officer was acting in the capacity of director, CEO or CFO; or
- (b) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued after the director or executive officer ceased to be a director, CEO or CFO, and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO

### *Bankruptcies*

Except as disclosed below, to the best of management's knowledge, no director or executive officer of the Company has: (i) within ten years before the date of this AIF, been a director or officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, 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; or (ii) within ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become

subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver manager or trustee appointed to hold the assets of the director or executive officer.

Between 2010 and 2013, Deven Soni was an investment partner at New Europe Venture Equity. During this period, Mr. Soni held director positions at various startup companies based in Europe. Mr. Soni was made a director of Talk24 on March 8, 2011 and resigned from New Europe Venture Equity and Talk24 in August 2012. Talk24 was liquidated and put into receivership in 2013 due to an inability to gain business traction. Talk24 was subsequently dissolved in 2016. Mr. Soni had no involvement in the business after August 2012 and had no involvement in the liquidation.

### ***Penalties and Sanctions***

To the best of management's knowledge, no director or executive officer of the Company has been subject to: (a) 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 any securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a director or executive officer.

### **Conflicts of Interest**

Certain of the directors and officers of the Company are officers and directors of, or associated with, other public and private companies. Such associations may give rise to conflicts of interest with the Company from time to time. The OBCA requires, among other things, that the directors and officers of the Company act honestly and in good faith with a view to the best interest of the Company, and that they disclose any personal interest they may have in any material contract or transaction which is proposed to be entered into with the Company. Conflicts, if any arise, will be subject to the procedures and remedies under the OBCA and any other applicable laws.

## AUDIT COMMITTEE INFORMATION

The following information regarding the audit committee of the Board (the “**Audit Committee**”) is required to be disclosed pursuant to National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”). Pursuant to applicable laws, the policies of the NEO Exchange and NI 52-110, the Company is required to have an audit committee of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or any affiliate of the Company. NI 52-110 requires the Company to disclose annually in its information circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor.

### ○ **Audit Committee Charter**

The Board has adopted a written charter for the Audit Committee. The full text of the current Audit Committee charter is attached as Schedule A to this AIF.

### ○ **Composition of the Audit Committee**

The Audit Committee currently consists of Jimmy Vaiopoulos (Chair), Fred Pye, Andrew D’Souza and Emma Todd, each of whom is “independent” and “financially literate” within the meaning of NI 52-110. Each of the Audit Committee members has an understanding of the accounting principles used to prepare the Company’s financial statements; experience preparing, auditing, analyzing or evaluating comparable financial statements; experience as to the general application of relevant accounting principles; and an understanding of the internal controls and procedures necessary for financial reporting.

### ○ **Relevant Education and Experience**

The Audit Committee has the primary function of fulfilling its responsibilities in relation to reviewing the integrity of the Company’s financial statements, financial disclosures and internal controls over financial reporting; monitoring the systems of internal controls; monitoring the Company’s compliance with legal and regulatory requirements, selecting the external auditor for shareholder approval; and reviewing the qualifications, independence and performance of the external auditor. The Audit Committee has specific responsibilities relating to the Company’s financial reports; the external auditor; internal controls; regulatory reports and returns; and legal or compliance matters that have a material impact on the Company. In fulfilling its responsibilities, the Audit Committee meets regularly with the external auditor and key management members. The following sets out additional relevant education and experience of the Audit Committee members:

#### *Jimmy Vaiopoulos (Chair)*

Mr. Vaiopoulos has been the CFO of Stack Capital Group Inc. since April 2021. He previously served as CFO of Hut 8 Mining Corp. from July 2018 to April 2021. Prior to Hut 8, he was the CFO of UGE International Ltd., a commercial solar solutions provider. He also worked with KPMG, in both its audit and advisory practices, with a focus on tech, energy and infrastructure. Mr. Vaiopoulos holds a Bachelor of Engineering Science from Western University and an Honours - Business Administration from the Richard Ivey School of Business. He is a member of the Chartered Professional Accountants of British Columbia.

#### *Andrew D’Souza*

Andrew D’Souza is currently the Executive Chair of Clear Finance Technology Corp. (Clearban), a company focused on providing capital to growing e-commerce companies, which he co-founded with Michele Romanow in 2015. He has raised hundreds of millions of dollars in venture capital and is an adviser

and investor to companies such as WealthSimple, Properly, and Tulip Retail. Prior to co-founding Clearbanc, Andrew was the president of Nymi, a wearable platform company focused on identity and security, and the Chief Operating Officer of education startup, TopHat. Mr. D'Souza holds a degree in Systems Design Engineering from the University of Waterloo.

*Frederick T. Pye*

Mr. Pye has been the President and CEO of 3iQ Corp., a leading Canadian digital asset fund manager, since July 2012. Previously, he was a founder, and the President and CEO, of Argentum Management and Research Corporation, a company dedicated to managing and distributing quantitative investment portfolios, including the first long-short mutual fund in Canada, as well as Senior Vice-President and National Sales Manager at Fidelity Investments Canada. Mr. Pye also held various positions with Guardian Trust Company, which listed the first gold, silver and platinum certificates on the Montreal Exchange. He holds a Masters in Business Administration from Concordia University.

*Emma Todd*

Ms. Todd is the CEO of MMH Blockchain Group, Chairwoman of the Canadian Blockchain Consortium's FinTech Committee, a board member of the Canadian Blockchain Consortium, and Chairwoman of Girls In Tech. She is also past Chairwoman and Executive Board Member of Blockchain for Impact, which works alongside the United Nations. As a seasoned speaker, Emma has spoken on a panel at Parliament in Ottawa, the United Nations Headquarters and shared the stage with various heads of state, U.N. Ambassadors, Al Gore, Edward Snowden, members of the U.S. Congress, and Senate, and more. Emma has helped some of the world's largest banks succeed including J.P. Morgan Chase, Bank of America, and HSBC. She has also amassed a string of accomplishments including being awarded one of the Top 100 Black Women to watch in Canada, the Top 50 Caribbean Women in Tech, being nominated for the Trailblazer Diversity in Tech Awards, and being named one of 2019's Top 100 Influencers for Sustainable Development Goals.

- **Reliance on Certain Exemptions**

Since the commencement of the Company's most recently completed financial year, the Company has not relied, in whole or in part, on any exemptions contained in Sections 2.4 (*De Minimis Non-audit Services*), 3.2 (*Initial Public Offerings*), 3.3(2) (*Controlled Companies*), 3.4 (*Events Outside Control of Member*), 3.5 (*Death, Disability or Resignation of Audit Committee Member*), 3.6 (*Temporary Exemption for Limited and Exceptional Circumstances*), 3.8 (*Acquisition of Financial Literacy*) or Part 8 (*Exemptions*) of NI 52-110.

- **Audit Committee Oversight**

Since the commencement of the Company's most recently completed financial year, the Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

- **Pre-Approval Policies and Procedures**

The Audit Committee pre-approves all non-audit services to be provided to the Company by its external auditors. The Audit Committee may delegate to one or more of its members the authority to pre-approve non-audit services but preapproval by such member or members so delegated shall be presented to the full Audit Committee at its first scheduled meeting following such pre-approval.

- **External Auditor Fees**

The following table sets out the fees for all services rendered by RCGT, the Company’s external auditor for the financial year ended September 30, 2022, and the financial year ended December 31, 2021:

Year Ending	Audit Fees	Audit Related Fees <sup>(1)</sup>	Tax Fees <sup>(2)</sup>	Other Fees <sup>(3)</sup>
September 30, 2022	\$498,750	-	-	-
December 31, 2021	\$918,750	-	-	-

(1) Aggregate audit related fees billed for assurance and related services that are reasonably related to the performance of the auditor review of the Company’s financial statements and are not reported as “Audit fees”, including: assistance with aspects of tax accounting and consultation regarding financial accounting and reporting standards.

(2) Aggregate tax fees billed for tax compliance, advice, and assistance with preparation of tax returns.

(3) Aggregate other fees billed driven by support for the base shelf prospectus and potential equity raises.

### PROMOTERS

Andrew Kiguel, the Company’s Chief Executive Officer, is considered the promoter of the Company in that he took the initiative in founding and organizing Tokens Inc. Except for the compensation paid to Mr. Kiguel for his services as the Company’s CEO, and Shares and Options received from the Company in exchange for his Tokens Shares and stock options of Tokens Inc. in connection with the closing of the Transaction, he has not received, and is not expected to receive from or provide to the Company anything of value, including money, property, contracts, options or rights of any kind, directly or indirectly.

Details with respect to the securities held by Mr. Kiguel and his background are disclosed above under the heading “*Directors and Officers – Name, Occupation and Security Holding*”.

### LEGAL PROCEEDINGS AND REGULATORY ACTIONS

To the Company’s knowledge, there are no legal proceedings or regulatory actions material to the Company which it is a party, or has been a party to, or of which any of its property is or was the subject matter, and no such proceedings or actions are known by the Company to be contemplated.

The Company is not aware of any settlement agreements, penalties or sanctions the Company has entered into before a court relating to securities legislation or with a securities regulatory authority or that would be material to a reasonable investor in making an investment decision.

### INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed elsewhere in this AIF, no: (a) director or executive officer of the Company since the Closing; (b) person or company who beneficially owns, or controls or directs, directly or indirectly, Shares, more than 10% of the outstanding Shares; or (c) any associate or affiliate of any of the foregoing, has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company, other than an interest arising solely from the ownership of Shares where such person received no extra or special benefit or advantage not shared on a pro rata basis by all shareholders of the Company.

## **TRANSFER AGENT AND REGISTRAR**

Odyssey Transfer Inc., at its Toronto, Ontario office, acts as the Company's transfer agent and registrar.

## **MATERIAL CONTRACTS**

The Company's only material contracts as of the date of this AIF are the Escrow Agreement and the Warrant Indenture.

## **INTERESTS OF EXPERTS**

RCGT audited the financial statements of the Company for the financial year ended September 30, 2022. RCGT is independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

## **ADDITIONAL INFORMATION**

Additional information about the Company, including additional financial information and information regarding directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans, is provided in the Company's audited financial statements and MD&A for the Company's financial year ended September 30, 2022, management information circular dated June 8, 2022 for the most recent annual meeting of shareholders, and filing statement dated April 22, 2021 which was prepared in connection with the Transaction, all of which are available under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

## SCHEDULE A

### CHARTER OF THE AUDIT COMMITTEE

This charter (the “**Charter**”) sets forth the purpose, composition, responsibilities, duties, powers and authority of the Audit Committee (the “**Committee**”) of the directors (the “**Board**”) of Tokens.com Corp. (“**Tokens**”).

#### 1. PURPOSE

The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:

- (a) financial reporting and disclosure requirements;
- (b) ensuring that an effective risk management and financial control framework has been implemented by management of Tokens; and
- (c) external and internal audit processes.

#### 2. COMPOSITION AND MEMBERSHIP

- (a) The members (collectively “**Members**” and individually a “**Member**”) of the Committee shall be appointed by the Board to serve one-year terms and shall be permitted to serve an unlimited number of consecutive terms. The Board may remove a Member at any time and may fill any vacancy occurring on the Committee. A Member may resign at any time and a Member will cease to be a Member upon ceasing to be a director of Tokens.
- (b) The Committee will consist of at least three Members. Every Member must be a director of Tokens who is independent and financially literate to the extent required by (and subject to the exemptions and other provisions set out in) applicable laws, rules, regulations and stock exchange requirements (collectively “**Applicable Laws**”). In this Charter, the terms “**independent**” and “**financially literate**” have the meanings ascribed to such terms in Applicable Laws and include the meanings given to similar terms in Applicable Laws to the extent such similar terms are used in this Charter and are applicable under Applicable Laws.
- (c) The chair of the Committee (the “**Chair**”) will be appointed by the Board and confirmed by the Committee or appointed by the Committee from time to time and must have such accounting or related financial management expertise as the Board or Committee may determine in their business judgment is necessary. The secretary of Tokens (the “**Secretary**”) will be the secretary of all meetings and will maintain minutes of all meetings, deliberations and proceedings of the Committee. In the absence of the Secretary at any meeting, the Committee will appoint another person who may, but need not, be a Member to be the secretary of that meeting.

#### 3. MEETINGS

- (a) Meetings of the Committee will be held at such times and places as the Chair may determine, but in any event not less than four (4) times per year. Any Member or the auditor of Tokens may call a meeting of the Committee at any time upon not less than forty-eight (48) hours advance notice being given to each Member orally, by telephone, by facsimile or by email, unless all Members are present and waive notice, or if those absent

waive notice before or after a meeting. Members may attend all meetings either in person or by conference call.

- (b) At the request of the external auditors of Tokens, the Chief Executive Officer or the Chief Financial Officer of Tokens or any Member will convene a meeting of the Committee. Any such request will set out in reasonable detail the business proposed to be conducted at the meeting so requested.
- (c) The Chairman, if present, will act as the Chair of meetings of the Committee. If the Chair is not present at a meeting of the Committee, then the Members present may select one of their number to act as chair of the meeting.
- (d) A majority of Members will constitute a quorum for a meeting of the Committee. Each Member will have one vote and decisions of the Committee will be made by an affirmative vote of the majority of Members present at the meeting at which the vote is taken. The Chair will not have a deciding or casting vote in the case of an equality of votes. Powers of the Committee may also be exercised by written resolution signed by all Members.
- (e) The Committee may invite from time to time such persons as the Committee considers appropriate to attend its meetings and to take part in the discussion and consideration of the affairs of the Committee, except to the extent the exclusion of certain persons is required pursuant to this Charter or by Applicable Laws. The Committee will meet in camera without management at each meeting of the Committee.
- (f) In advance of every regular meeting of the Committee, the Chair, with the assistance of the Secretary, will prepare and distribute to the Members and others as deemed appropriate by the Chair, an agenda of matters to be addressed at the meeting together with appropriate briefing materials. The Committee may require officers and employees of Tokens to produce such information and reports as the Committee may deem appropriate in order to fulfill its duties.

#### **4. DUTIES AND RESPONSIBILITIES**

The duties and responsibilities of the Committee as they relate to the following matters, to the extent considered appropriate or desirable or required by Applicable Laws, are to:

##### **4.1 Financial Reporting and Disclosure**

- (a) review and recommend to the Board for approval, the audited annual financial statements of Tokens, including the auditors' report thereon, the management's discussion and analysis of Tokens prepared in connection with the annual financial statements, financial reports of Tokens, guidance with respect to earnings per share, and any initial public release of financial information of Tokens through press release or otherwise, with such documents to indicate whether such information has been reviewed by the Board or the Committee;
- (b) review and approval of the quarterly financial statements of Tokens including the management's discussion and analysis prepared in connection with the quarterly financial statements, with such documents to indicate whether such information has been reviewed by the Board or the Committee;

- (c) review and recommend to the Board for approval, where appropriate, financial information contained in any prospectuses, annual information forms, annual reports to shareholders, management proxy circulars, material change disclosures of a financial nature and similar disclosure documents;
- (d) review with management of Tokens and with the external auditors of Tokens significant accounting principles and disclosure issues and alternative treatments under Canadian generally accepted accounting principles (“GAAP”) all with a view to gaining reasonable assurance that financial statements are accurate, complete and present fairly Tokens’s financial position and the results of its operations in accordance with Canadian GAAP;
- (e) annually review Tokens’s corporate disclosure policy and recommend any proposed changes to the Board for consideration; and
- (f) review the minutes from each meeting of the disclosure committee of Tokens’s established pursuant to Tokens’s corporate disclosure policy, since the last meeting of the Committee.

#### **4.2 Internal Controls and Audit**

- (a) review and assess the adequacy and effectiveness of Tokens’s system of internal control and management information systems through discussions with management and the external auditor of Tokens to ensure that Tokens maintains: (a) the necessary books, records and accounts in sufficient detail to accurately and fairly reflect Tokens’s transactions; (b) effective internal control systems; and (c) adequate processes for assessing the risk of material misstatement of the financial statements of Tokens and for detecting control weaknesses or fraud. From time to time the Committee will assess whether a formal internal audit department is necessary or desirable having regard to the size and stage of development of Tokens at any particular time;
- (b) satisfy itself that management has established adequate procedures for the review of Tokens’s disclosure of financial information extracted or derived directly from Tokens’s financial statements;
- (c) periodically assess the adequacy of such systems and procedures to ensure compliance with regulatory requirements and recommendations;
- (d) review and discuss the major financial risk exposures of Tokens and the steps taken to monitor and control such exposures, including the use of any financial derivatives and hedging activities;
- (e) review and assess, and in the Committee’s discretion make recommendations to the Board regarding, the adequacy of Tokens’s risk management policies and procedures with regard to identification of Tokens’s principal risks and implementation of appropriate systems to manage such risks including an assessment of the adequacy of insurance coverage maintained by Tokens; and
- (f) review and assess annually, and in the Committee’s discretion make recommendations to the Board regarding, the investment policy of Tokens.

#### **4.3 External Audit**

- (a) recommend to the Board a firm of external auditors to be engaged by Tokens;

- (b) ensure the external auditors report directly to the Committee on a regular basis;
- (c) review the independence of the external auditors, including a written report from the external auditors respecting their independence and consideration of applicable auditor independence standards;
- (d) review and approve the compensation of the external auditors, and the scope and timing of the audit and other related services rendered by the external auditors;
- (e) review the audit plan of the external auditors prior to the commencement of the audit;
- (f) establish and maintain a direct line of communication with Tokens's external and, if applicable, internal auditors;
- (g) meet in camera with only the auditors (if present), with only management (if present), and with only the Members at every Committee meeting;
- (h) review the performance of the external auditors who are accountable to the Committee and the Board as representatives of the shareholders, including the lead partner of the independent auditors team;
- (i) oversee the work of the external auditors appointed by the shareholders of Tokens with respect to preparing and issuing an audit report or performing other audit, review or attest services for Tokens, including the resolution of issues between management of Tokens and the external auditors regarding financial disclosure;
- (j) review the results of the external audit and the report thereon including, without limitation, a discussion with the external auditors as to the quality of accounting principles used and any alternative treatments of financial information that have been discussed with management of Tokens and the ramifications of their use, as well as any other material changes. Review a report describing all material written communication between management and the auditors such as management letters and schedule of unadjusted differences;
- (k) discuss with the external auditors their perception of Tokens's financial and accounting personnel, records and systems, the cooperation which the external auditors received during their course of their review and availability of records, data and other requested information and any recommendations with respect thereto;
- (l) review the reasons for any proposed change in the external auditors which is not initiated by the Committee or Board and any other significant issues related to the change, including the response of the incumbent auditors, and enquire as to the qualifications of the proposed auditors before making its recommendations to the Board; and
- (m) review annually a report from the external auditors in respect of their internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issues.

#### **4.4 Associated Responsibilities**

- (a) monitor and periodically review the whistleblower policy of Tokens and associated procedures for:
  - (i) the receipt, retention and treatment of complaints received by Tokens regarding accounting, internal accounting controls or auditing matters;
  - (ii) the confidential, anonymous submission by directors, officers and employees of Tokens of concerns regarding questionable accounting or auditing matters; and
  - (iii) any violations of any Applicable Laws that relate to corporate reporting and disclosure, or violations of the Code of Business Conduct & Ethics of Tokens; and
- (b) review and approve the hiring policies of Tokens regarding employees and partners, and former employees and partners, of the present and former external auditors of Tokens.

#### **4.5 Non-Audit Services**

Pre-approve all non-audit services to be provided to Tokens or any subsidiary entities by its external auditors or by the external auditors of such subsidiary entities. The Committee may delegate to one or more of its members the authority to pre-approve non-audit services but pre-approval by such Member or Members so delegated shall be presented to the Committee at its first scheduled meeting following such pre-approval.

#### **4.6 Oversight Function**

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that Tokens's financial statements are complete and accurate or are in accordance with Canadian GAAP and applicable rules and regulations. These are the responsibilities of the management and the external auditors of Tokens. The Committee, the Chair and any Members identified as having accounting or related financial expertise are directors of Tokens, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of Tokens, and are specifically not accountable or responsible for the day to day operation or performance of such activities. Although the designation of a Member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation. Rather, the role of a Member who is identified as having accounting or related financial expertise, like the role of all Members, is to oversee the process, not to certify or guarantee the internal or external audit of Tokens's financial information or public disclosure.

### **5. REPORTING**

The Committee shall provide the Board with a summary of all actions taken at each Committee meeting or by written resolution. The Committee will annually review and approve the Committee's report for inclusion in the management proxy circular. The Secretary will circulate the minutes of each meeting of the Committee and each written resolution passed by the Committee to the Board. The Committee shall produce and provide the Board with all reports or other information required to be prepared under Applicable Laws.

## **6. ACCESS TO INFORMATION AND AUTHORITY**

The Committee will be granted unrestricted access to all information regarding Tokens and all directors, officers and employees will be directed to cooperate as requested by Members. The Committee has the authority to retain, at Tokens's expense, independent legal, financial and other advisors, consultants and experts, to assist the Committee in fulfilling its duties and responsibilities. The Committee also has the authority to communicate directly with external and, if applicable, internal auditors of Tokens.

## **7. REVIEW OF CHARTER**

The Committee will annually review and assess the adequacy of this Charter and recommend any proposed changes to the Board for consideration.

## **8. CHAIR**

The Chair of the Committee should:

- (a) provide leadership to the Committee with respect to its functions as described in this mandate and as otherwise may be appropriate, including overseeing the operation of the Committee;
- (b) chair meetings of the Committee, unless not present, including in camera sessions, and report to the Board following each meeting of the Committee on the activities and any recommendations of the Committee;
- (c) ensure that the Committee meets at least once per quarter and otherwise as considered appropriate;
- (d) in consultation with the Chair of the Board and the Committee members, establish dates for holding meetings of the Committee;
- (e) set the agenda for each meeting of the Committee, with input from other Committee members, the Chair of the Board, the Lead Director, if one, and any other appropriate persons;
- (f) ensure that Committee materials are available to any director upon request;
- (g) act as liaison and maintain communication with the Chair of the Board and the Board to optimize and co-ordinate input from directors, and to optimize the effectiveness of the Committee. This includes reporting to the Board on all decisions of the Committee at the first meeting of the Board after each Committee meeting and at such other times and in such manner as the Committee considers advisable; and
- (h) report annually to the Board on the role of the Committee and the effectiveness of the Committee in contributing to the effectiveness of the Board.