

QD MINE INC.

Confidential Private Placement Memorandum • Security Token Offering (STO) • Regulation D
Rule 506(c)

Confidential Private Placement Offering Memorandum Dated November 9, 2022

THIS DOCUMENT INCLUDES IMPORTANT INFORMATION THAT REPLACES, AND IS IN ADDITION TO, ANY INFORMATION PREVIOUSLY MADE AVAILABLE TO PROSPECTIVE INVESTORS. **PROSPECTIVE INVESTORS SHOULD READ THIS DOCUMENT CAREFULLY.**

THE OFFERING PERIOD OF THIS PRIVATE PLACEMENT WILL EXPIRE ON THE EARLIER TO OCCUR OF: (I) THE DATE UPON WHICH THE MAXIMUM OFFERING AMOUNT HAS BEEN SUBSCRIBED FOR AND ACCEPTED BY THE COMPANY AND A FINAL CLOSING OF THE OFFERING HAS BEEN COMPLETED; AND, (II) NOVEMBER 9, 2023, UNLESS EXTENDED OR TERMINATED EARLIER, IN EACH CASE IN THE SOLE DISCRETION OF THE COMPANY.

QDMINE TOKENS

Profit Participation Security Tokens

Maximum Tokens Offered: 2,420,551

Minimum Tokens Offered: 1,301,632

Price Per Token: \$1.00¹

Minimum Investment: \$25,000 (25,000 Tokens)

ACCREDITED INVESTORS ONLY

QD MINE INC. (the “Company”), a Wyoming C-Corporation, is offering a minimum of **1,301,632** and a maximum of **2,420,551** profit participation security tokens identified as “QDMINE” tokens (the “Tokens”) at a subscription price of \$1.00 per Token. The subscription price per Token has been established by the Company arbitrarily and does not necessarily bear any specific relation to the assets, book value, or potential earnings of the Company or any other recognized criteria of value. This confidential private placement offering memorandum (this “Memorandum”) has been prepared by the Company for use by certain qualified prospective investors to whom the Company is offering the opportunity to purchase the right to acquire “QDMINE” Tokens (the “Offering”). The Company may issue up to \$2,345,551.29 worth of Tokens (not including the 800,000 compensatory tokens), subject to increase as described in this Memorandum.

¹ The first 500,000 Tokens sold in the Offering will be sold at a per Token purchase price of \$0.85 (and the minimum per-Subscriber investment will be 29,412 Tokens). Subject to any increase in the maximum size of the Offering in the Company’s sole discretion, if the maximum Offering is subscribed for, there will be 3,220,551 Tokens outstanding (including 800,000 compensatory Tokens issued to the Company’s executive management) and the Company will receive aggregate gross proceeds of \$2,345,551.29

The Company reserves the right to waive the 25,000 Token minimum subscription for any investor. The Offering is not underwritten; the Tokens are offered on a non-brokered “best efforts” basis by the Company and there can be no assurance that any of the Tokens will be sold. The Company has set a minimum Offering amount of 1,301,632 Tokens with minimum gross proceeds to the Company of \$ 1,226,632.49

. All proceeds from the sale of Tokens will be deposited directly into the Company’s corporate account upon Closing and will be available for use by the Company following Closing in accordance with the “*Use of Proceeds*” described in this Memorandum.

The Offering will terminate on the earlier of: (i) the date upon which the Company, in its sole discretion, elects to terminate the Offering; (ii) the date upon which all of the Tokens have been sold; and, (iii) November 9, 2023 (or such later date as may be determined from time to time by the Company (but no later than 180 days thereafter)) (the “Offering Period”).

IMPORTANT INFORMATION FOR PROSPECTIVE INVESTORS

The Tokens are securities that have not been, and will not be, registered under the United States *Securities Act of 1933*, as amended (the “Securities Act”) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Tokens are being offered and sold only (i) to “accredited investors” (as defined in Rule 501(a) of Regulation D promulgated under the Securities Act) in compliance with Rule 506(c) of Regulation D promulgated under the Securities Act, and (ii) in offshore transactions to persons other than “U.S. persons” (as defined in Regulation S promulgated under the Securities Act) in reliance upon Regulation S promulgated under the Securities Act (“Subscribers”). No securities regulatory authority has approved or disapproved of the Tokens or determined that this Memorandum is accurate or complete and it is an offence to claim otherwise. No action has been, or will be, taken in any jurisdiction to permit a public offering of the Tokens. See “*Plan of Distribution*”.

An investment in Tokens is speculative and involves substantial risks. Prospective investors should purchase Tokens only if they can afford a complete loss of their investment. See “*Risk Factors*” in this Memorandum for information about the risks that ought to be considered prior to the purchase of Tokens.

Each Token will contain a legend substantially to the following effect:

EACH HOLDER OF THIS TOKEN, BY ITS ACCEPTANCE HEREOF, REPRESENTS AND WARRANTS TO THE COMPANY THAT IT IS AN “ACCREDITED INVESTOR” (AS DEFINED IN REGULATION D UNDER THE SECURITIES ACT).

THIS TOKEN HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION.

NEITHER THIS TOKEN, NOR ANY INTEREST OR PARTICIPATION HEREIN, MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED, OR OTHERWISE DISPOSED OF PRIOR TO THE EXPIRATION OF THE APPLICABLE ONE-YEAR HOLDING PERIOD WITH RESPECT TO RESTRICTED SECURITIES SET FORTH IN RULE 144 UNDER THE SECURITIES ACT EXCEPT (A) TO THE COMPANY OR ANY OF THE COMPANY’S SUBSIDIARIES, (B) TO A PERSON WHO IS NOT A “U.S. PERSON” IN AN OFFERSHORE TRANSACTION IN ACCORDANCE WITH REGULATIONS UNDER THE SECURITIES ACT, (C) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT OR ANY APPLICABLE STATE LAWS AND REGULATIONS GOVERNING THE OFFER AND SALE OF SECURITIES SUBJECT, IN EACH OF THE FOREGOING CASES, TO ANY REQUIREMENTS OF LAW.

Other than such secondary trading as may be enabled, in the Company’s sole discretion, by automated peer-to-peer transfer technology provided by a third-party software services provider to the Company, there is no trading market for the Tokens and there can be no assurance that any market will develop in the future or that the Tokens will be accepted for inclusion on any trading exchange at any time in the future; as such, it may be difficult for Subscribers to resell Tokens. Prospective investors should proceed on the assumption that they must bear the economic risks of an investment in the Tokens for an indefinite period. For further information, see “*Subsequent Token Transfers*” and “*Risk Factors*” in this Memorandum.

No person is authorized to give any information or make any representation not contained in this Memorandum and any information or representation not contained herein may not be relied upon. **Nothing in this Memorandum should be construed as legal, tax, accounting, or investment advice.** Management of the Company has provided all of the information contained herein. The Company makes no express or implied representation or warranty as to the completeness of this information or, in the case of projections, estimates, future plans, or forward-looking assumptions or statements, as to their attainability or the accuracy and completeness of the assumptions from which they are derived, and it is expected that each prospective investor will pursue his, her, or its own independent due diligence investigation. It must be recognized that estimates of the Company’s performance are necessarily subject to a high degree of uncertainty and may vary materially from actual results. See “*Risk Factors*”.

Other than the Company’s management, no one has been authorized to give any information or to make any representation with respect to the Company, the Offering, or the Tokens that is not contained in this Memorandum. Prospective investors should not rely on any information not contained in this Memorandum. Prospective investors should rely only on the information contained in this Memorandum. Readers should assume that the information contained in this Memorandum is accurate only as of its date without regard to its time of delivery. This Memorandum does not constitute an offer to sell or a solicitation of an offer to buy to anyone in

any jurisdiction in which such offer or solicitation would be unlawful or is not authorized or in which the person making such offer or solicitation is not qualified to do so. This Memorandum does not constitute an offer if the prospective investor is not a qualified buyer under applicable securities laws.

This Offering is subject to withdrawal, cancellation, or modification by the Company without notice and solely at the Company's discretion. The Company reserves the right to reject any subscription or to allot to any prospective investor less than the number of Tokens subscribed for by such prospective investor. This Memorandum has been prepared solely for the information of the person to whom it has been delivered by or on behalf of the Company. Distribution of this Memorandum to any person other than the prospective investor to whom this Memorandum is delivered by the Company and those persons retained to advise them with respect thereto is unauthorized. Any reproduction of this Memorandum, in whole or in part, or the divulgence of any of the contents hereof without the prior written consent of the Company is strictly prohibited. Each prospective investor, by accepting delivery of this Memorandum, agrees to return it and all other documents received by it to the Company if the prospective investor's subscription is not accepted or if the Offering is terminated.

By acceptance of this Memorandum, prospective investors recognize and accept the need to conduct their own thorough due diligence investigation before considering a purchase of the Tokens. The contents of this Memorandum should not be considered to be investment, tax, legal, or accounting advice and each prospective investor should consult with their own counsel and advisors as to all matters concerning participation in the Offering.

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Tax Treatment of Token Sales	55	Deleted:
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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements and other information contained in this Memorandum constitute “forward-looking statements” under U.S. securities laws and “forward-looking information” under Canadian securities laws (collectively “forward-looking statements”). Such forward-looking statements include, but are not limited to, statements relating to:

- the future price of cryptocurrencies, such as Bitcoin, and the other types of digital assets which the Company may mine, hold, and trade;
- the Company’s intended use of net proceeds from the sale of its Tokens;
- the number of Tokens the Company intends to issue;
- the liquidity and market price of the Tokens;
- the Company’s expectations regarding the sufficiency of its capital resources and requirements for additional capital;
- litigation risks;
- currency fluctuations;
- the absence of a market through which the Tokens may be sold;
- changes to governmental laws and regulations; and
- and effects of the novel coronavirus (COVID-19) outbreak as a global pandemic.

These forward-looking statements relate to future events or future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe”, “future”, “continue”, or similar expressions or the negatives thereof.

By their very nature, forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements and such forward-looking statements included in this Memorandum should not be unduly relied upon. These statements speak only as of the date of this Memorandum.

The forward-looking statements in this Memorandum are based on what the Company currently believes are reasonable assumptions. Other material factors or assumptions that were applied in formulating the forward-looking statements contained herein include or relate to the following:

- the business and economic conditions affecting the Company’s operations, including, general levels of economic activity, regulations, taxes and interest rates;
- the Company’s ability to profitably generate cryptocurrencies;
- the Company’s ability to successfully acquire and maintain required regulatory licenses and qualifications;
- the Company’s ability to successfully acquire Company Mining Rigs;

- historical prices of cryptocurrencies;
- the emerging cryptocurrency and Blockchain markets and sectors;
- the ability of the Company and QDI Opco to maintain good business relationships;
- the ability of the Company and QDI Opco to manage and integrate acquisitions of Company Mining Rigs;
- the ability of the Company and QDI Opco to identify, hire, and retain key personnel;
- the technology, proprietary, and non-proprietary software, data, and intellectual property of the Company and third parties in the cryptocurrencies and digital asset sector is able to be relied upon to conduct the Company's business;
- the Company and QDI Opco do not suffer a material impact or disruption from a cybersecurity incident, cyber-attack, or theft of digital assets;
- the continued maintenance and development of cryptocurrency mining facilities by the Company and QDI Opco;
- continued growth in usage and in the Blockchain for various applications;
- continued development of a stable public infrastructure, with the necessary speed, data capacity, and security required to operate Blockchain networks;
- the absence of adverse laws, regulations, rules, and policies; and
- the absence of material changes in the legislative, regulatory, or operating framework for the Company's existing and anticipated business.

Inherent in forward-looking statements are risks, uncertainties, and other factors beyond the Company's ability to predict or control. Some of the risks that could cause outcomes and results to differ materially from those expressed in the forward-looking statements include:

- the Company's cryptocurrency inventory may be exposed to cybersecurity threats and hacks;
- regulatory changes or actions may alter the nature of an investment in the Company and its Tokens or restrict the use of cryptocurrencies in a manner that adversely affects the Company's operations;
- the value of cryptocurrencies may be subject to volatility and momentum pricing risk;
- cryptocurrency exchanges and other trading venues are relatively new and, in most cases, largely unregulated and may therefore be more exposed to fraud and failure;
- limited history of de-centralized financial systems;
- cryptocurrency network difficulty and impact of increased global computing power;
- banks may not provide banking services, or may cut off banking services, to businesses that provide cryptocurrency-related services or that accept cryptocurrencies as payment;
- the impact of geopolitical events on the supply and demand for cryptocurrencies is uncertain;
- economic dependence on regulated terms of service and electricity rates risks;
- political and regulatory risks;
- permits and licenses;
- server failures;
- global financial conditions;
- tax consequences;

- environmental regulations and liabilities;
- the further development and acceptance of the cryptographic and algorithmic protocols governing the issuance of and transactions in cryptocurrencies is subject to a variety of factors that are difficult to evaluate;
- acceptance and/or widespread use of cryptocurrency is uncertain;
- possibility of the Ether algorithm transitioning to proof of stake validation;
- Facility developments;
- the Company's operations, investment strategies, and profitability may be adversely affected by competition from other methods of investing in cryptocurrencies;
- the Company's Bitcoin may be subject to loss, theft, or restriction on access;
- incorrect or fraudulent Bitcoin transactions may be irreversible;
- if the award of Bitcoins for solving blocks and transaction fees are not sufficiently high, miners may not have an adequate incentive to continue mining and may cease their mining operations;
- the price of Bitcoins may be affected by the sale of Bitcoins by other vehicles investing in Bitcoins or tracking cryptocurrency markets;
- risk related to technological obsolescence and difficulty in obtaining hardware;
- risks related to insurance;
- limited operating history;
- management of growth;
- loss of key employees and contractors;
- pandemics and COVID-19;
- conflicts of interest;
- liquid market for Tokens;
- currency exchange risk;
- discretion over use of proceeds;
- absence of a public market for Tokens;
- unsecured debt securities. and
- trading price of Tokens and volatility.

Additional information on these and other factors is discussed under the heading “*Risk Factors*” in this Memorandum. The forward-looking statements contained in this Memorandum are expressly qualified by this cautionary statement. Except as required by applicable law, the Company does not undertake any obligation to publicly update or revise any forward- looking statements, whether as a result of new information, future events, or otherwise.

GLOSSARY

In this Memorandum, the following capitalized terms have the following meanings, in addition to other terms defined elsewhere in this Memorandum.

“Accredited Investor” has the meaning ascribed thereto in Rule 501(a) of Regulation D promulgated under the Securities Act as described in the Accredited Investor Certificate appended to the STPA as Appendix “A”.

“Bitcoin” refers to the type of digital currency in which a record of transactions is maintained, and new units of currency are generated by the computational solution of mathematical problems. Bitcoin operates independently of a central bank. Bitcoin can also refer to a single unit of bitcoin.

“Bitcoin Valuation” means the Company’s good faith estimate of the USD value of Bitcoin distributed to Token holders on a Distribution Date based on credible and qualified independent third-party valuation sources consulted by the Company in its sole discretion.

“Blockchain” refers to the technology behind Bitcoin and most other prominent cryptocurrencies, being a system in which a record of transactions made in cryptocurrency are maintained across several computers that are linked in a peer-to-peer network.

“Burn Date” means the expiration date of the Tokens.

“Closing” means the completion, from time to time in one or more tranches as determined by the Company in its sole discretion, of the sale and issuance of Tokens to Subscribers pursuant to the Offering during the Offering Period.

“Code” means the United States *Internal Revenue Code of 1986*, as amended.

“Company” means QDI MINE INC., a C-Corporation incorporated under the laws of the State of Wyoming and a wholly-owned subsidiary of QDI Opco.

“Company Mining Rigs” means up to 500 of application-specific integrated circuit (ASIC) computers (i.e., up to 50,000 terra hashes per second (TH/s)) designed specifically to mine Bitcoin that will be acquired by the Company with the proceeds of the Offering.

“Dashboard” the Company’s online digital Subscriber/Token Holder interface located at <https://dashboard.quarrydynamics.com>.

“Distribution Date” means any date upon which the Company distributes Bitcoin to Token holders.

“Ethereum” is a decentralized, open-source Blockchain with Smart Contract functionality.

“Digital Wallet” refers to a cryptocurrency wallet, which is a device, program, or a service to store the public and/or private keys to facilitate the transactions (send and receipt) in cryptocurrency.

“Facility” means the Bitcoin mining facility located in Sumter County, Georgia, USA leased by QDI Opco where the Company Mining Rigs will be installed and operated.

“Hashrate” means the computational power that is being used to mine and process transactions on a proof-of-work (PoW) Blockchain, such as Bitcoin and Ethereum.

“IRS” means the United States Internal Revenue Service.

“Management Services Agreement” means the agreement between the Company and QDI Opco for the provision of services by QDI Opco to the Company in respect of the acquisition, installation, operation, maintenance, and management of the Company Mining Rigs.

“Management Services Fee” means the fee payable by the Company to QDI Opco in respect of the services provided to the Company by QDI Opco pursuant to the Management Services Agreement.

“Memorandum” means this confidential private placement offering memorandum in respect of the Offering.

“Net Profit” means the aggregate amount of Bitcoin mined by the Company Mining Rigs together with any attendant transaction fee awards less only accrued Management Services Fees, attendant mining pool fees, and an annual Dashboard subscription and support fee of \$8,000 payable to Stobox.

“Offering” means the offer for sale by the Company of the Tokens in accordance with the terms of this Memorandum.

“Offering Period” means the period commencing on November 9, 2022 and concluding on the earlier of (i) the date upon which the Company elects to terminate the Offering in its sole discretion, (ii) the date upon which all of the Tokens have been sold, and (iii) November 9, 2023; provided that the Company, in its sole discretion, shall be entitled to extend the date referred to in subparagraph (iii) above for one or more periods of time not to exceed an aggregate of 180

days.

“QDI Opco” means QDI (USA) INC., a C-corporation incorporated under the laws of the State of Delaware and a wholly-owned subsidiary of QDI Parent.

“QDI Parent” means Quarry Dynamics Inc., a corporation incorporated under the *Canada Business Corporations Act*.

“Securities Act” means the United States *Securities Act of 1933*, as amended.

“Smart Contract” refers to a self-executing Blockchain contract with the legally relevant events and actions in respect of the Tokens (including the rights, privileges, restrictions, and conditions attached to the Tokens), directly written into lines of code.

“STPA” means the security token purchase agreement, in the form annexed to this Memorandum as Schedule “A”, including the Accredited Investor Certificate annexed thereto as Appendix “A”, pursuant to which Subscribers subscribe for and purchase Tokens.

“Subscribers” means Accredited Investors who have subscribed for Tokens by executing and delivering a Security Token Purchase Agreement to the Company and whose subscription has been accepted by the Company.

“Stobox” means Stobox Technologies Inc.

“Token Holder” or “Token Holders” means, individually and collectively, as the case may be and as of any given time, each person who then holds a Token.

“Tokens” means the digital profit participation security tokens issuable by the Company to Subscribers pursuant to the Offering.

“USD” means United States dollars (\$), the official currency of the United States of America.

“Whitelist” means a separate Smart Contract that resides on the Blockchain that provides a set of rules for the transfer of Tokens based on its interactions with the Smart Contract in each Token.

SUMMARY OF THE OFFERING

The following is a summary of the principal features of the Offering and is qualified in its entirety by, and should be read together with, the more detailed information contained elsewhere in this Memorandum. This summary does not contain all of the information a prospective investor should consider before investing in the Tokens.

Issuer:	QD MINE INC. (the “ <u>Company</u> ”)
Securities:	Digital Company profit participation certificates in the form of “QDMINE” tokens (the “ <u>Tokens</u> ”)
Offering Size:	Minimum \$ 1,226,632.49 (1,301,632 Tokens) Maximum \$2,345,551.29 ¹ (2,420,551 Tokens) ^{2, 3}
Subscribers:	Accredited Investors (as that term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act) resident in the United States, vetted in accordance with the Company’s KYC/AML protocols, and whose subscriptions are accepted by the Company. ⁴
Offering Price:	Tokens will be sold pursuant to a Security Token Purchase Agreement (“ <u>STPA</u> ”) in the form annexed hereto as Schedule “A” at a price of \$1.00 per Token ² payable in United States Dollars.
Use of Proceeds:	Proceeds of the Offering will be applied as follows: <ul style="list-style-type: none"> • acquisition of Company Mining Rigs; • facilities/power infrastructure build-out in the Facility; • deposits/bonds for electric power; and • labour and management provided in respect of the Offering. See “ <i>Use of Proceeds</i> ”.
Offering Period:	The Offering Period will commence on the date of this Memorandum and continue until the earlier of the date upon which the Offering is fully subscribed and November 9, 2023. ⁵
Transfer Agent, Registrar, Escrow Agent:	The Company will act as the transfer agent and registrar in respect of the Tokens via the Dashboard. The Company will act as escrow agent in connection with the Offering. The Company may, in its sole discretion and upon notice to the Token Holders, appoint (or remove) third-party service providers for the transfer agent and registrar roles.

Documentation:	<p>To invest in Tokens, each subscriber must complete such documentation as may be requested by, or on behalf of, the Company including, without limitation:</p> <ul style="list-style-type: none"> • an STPA; • an Accredited Investor Certificate in the form annexed to the STPA as Appendix “A”; and • such other investor qualification requirements as may be established by the Company in its sole discretion including, without limitation, KYC/AML protocols and documentation verifying income and net worth (Accredited Investor status).
Risk Factors:	<p>An investment in Tokens will be subject to certain risk factors, as well as certain risks associated with an investment in Bitcoin. Given the speculative nature of Bitcoin and the volatility of the Bitcoin markets, there is considerable risk that the Company will not be able to achieve its objectives. An investment in Tokens is appropriate only for Accredited Investors who have a sophisticated knowledge and understanding of Bitcoin and the capacity to absorb a loss of some or all of their investment.</p> <p>An investment in Tokens is considered high risk.</p> <p>See “<i>Risk Factors</i>”.</p>
Governing Law:	<p>The offering, sale, and issuance of the Tokens, and the STPA, will be governed by the laws of the State of Wyoming.</p>

¹ The Company may, in its sole discretion, elect to increase the maximum size of the Offering.

² The first 500,000 Tokens in the Offering will be sold by the Company at a discounted per Token price of \$0.85.

³ At each Closing of the Offering, the Company will issue compensatory Tokens to members of the Company’s executive management team. If the maximum Offering is achieved, an aggregate of 800,000 compensatory Tokens will be issued. An aggregate of 350,000 compensatory Tokens will be issued in respect of the minimum Offering.

⁴ The Company also anticipates selling a portion of the Offering to Accredited Investors resident in Canada on a prospectus-exempt basis in reliance upon section 2.3 of National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators and Regulation S promulgated under the Securities Act.

⁵ The Company will be entitled, in its sole discretion and upon prior notice of the Token Holders, to extend of the Offering Period for a period or periods not to exceed an aggregate of 180 days.

SUMMARY OF RIGHTS, PRIVILEGES, RESTRICTIONS, AND CONDITIONS ATTACHED TO THE TOKENS

The rights, privileges, restrictions, and conditions attached to the Tokens are set forth in the Security Token Purchase Agreement. See “Security Token Purchase Agreement” for a more detailed summary and refer to the form of Security Token Purchase Agreement annexed to this Memorandum as Schedule “A”.

Distributions:	Token Holders, as a group, will be entitled to receive 75% of the Company’s Net Profit from the operation of the Company Mining Rigs, with each Token Holder receiving a <i>pro rata</i> distribution of Net Profit in the form of Bitcoin deposited into the Token Holder’s Digital Wallet based on the number of issued and outstanding Tokens. “ <u>Net Profit</u> ” will be calculated as the aggregate of all Bitcoin awarded in the operation of the Company Mining Rigs together with all attendant transaction fees awarded less only accrued Management Services Fees (see “ <i>Business of the Company – Management Services Agreement</i> ”, attendant mining pool fees (typically between 1% and 3%), and a fixed annual fee of \$8,000 payable to Stobox for the Dashboard subscription and related support services. All Net Profit not distributed to Token Holders will be the sole and exclusive property of the Company. The Token Holders’ Net Profit distribution entitlement will expire on the Burn Date.
Distribution Dates:	Distributions of Net Profit will be made annually to Token holders of record as at 5.00 pm Eastern time on January 15 (and midnight Eastern Time on the Burn Date), such distributions to be completed within 10 calendar days of such record date.
Valuation:	Concurrent with the distribution of mined cryptocurrency to Token holders, the Company will provide the Token holders with written notification of the Company’s good faith USD value of the distributed cryptocurrency, such determination to be made by the Company with reference to FOREX.com ² or another suitable independent third-party valuation mechanism selected by the Company in its sole discretion.
Burn Date:	36 months from the end of the Offering Period (the “ <u>Burn Date</u> ”); provided, however, that (i) if the USD value of the cryptocurrency (as determined on the relevant distribution date) distributed to Token holders by such Burn Date is less than \$1.30 per Token, the Burn Date

² FOREX.com is the trading name of GAIN Global Markets Inc. which is authorized and regulated by the Cayman Islands Monetary Authority under the Securities Investment Business Law of the Cayman Islands, license number 25033.

	will be automatically extended by a period of 12 months, and (ii) if the Burn Date is so extended and the USD value of the cryptocurrency (as determined on the relevant distribution date) distributed to Token holders by such Burn Date, as so extended, is less than \$1.30 per Token, the Burn date will be automatically further extended by a period of 12 months.
Ranking:	Each issued and outstanding Token will rank <i>pari passu</i> with every other issued and outstanding Token; provided that a Token Holder will have no entitlement to a distribution of Net Profit derived from the operation of the Company Mining Rigs prior to the date of the Closing in which such Token Holder’s Tokens were issued.
Non-Equity:	The Tokens are not equity tokens; as such, Token holders will have no voting rights, liquidation entitlements, information rights, or any other rights or entitlements traditionally associated with an equity interest.
Resale Restrictions:	Subscribers will acquire Tokens from the Company in a transaction not involving a public offering pursuant to an exemption from the registration requirements of the Securities Act. Pursuant to Rule 144 of Regulation D promulgated under the Securities Act, a resale (secondary distribution) of the Tokens will be restricted for a period of not less than 12 months from the applicable Closing.
Secondary Trading:	Subject to adherence to applicable resale restrictions, the Company will facilitate secondary trading in Tokens using peer-to-peer transfer technology provided by Stobox. Conditions precedent and protocols for peer-to-peer Token trading will be made available on the Dashboard.
Withdrawal Rights:	If the Company makes any material amendments to the terms of the Offering subsequent to the date of this Memorandum, Subscribers who have paid the Subscription Price will have three business days to withdraw from participation in the Offering in which event the STPA will be terminated, and the full amount of the subscription price will be refunded without interest or deduction.

THE COMPANY

The Company was incorporated under the *Wyoming Business Corporations Act* on June 19, 2022 under the name “QD MINE INC.” The name and physical address of the Company’s registered agent is Registered Agents of Wyoming, LLC, 400 E 20th Street, Cheyenne, WY 82001. The Company’s mailing and United States principal office address is 17940 N. Tamiami Trail Ste 110 #184, N. Fort Meyers, FL 33903. The principal executive offices of the Company are located at 251 Consumers Road, Suite 1200, Toronto, Ontario, Canada.

Wyoming has been selected as the jurisdiction for the Offering given the legislated advancement and legitimization of cryptocurrencies and blockchain business in that State.

The Company is a wholly-owned subsidiary of QDI (USA) Inc. (“QDI Opco”), a corporation incorporated under the Delaware General Corporation Law on October 29, 2021. QDI (USA) Inc. is a wholly-owned subsidiary of Quarry Dynamics Inc. (“QDI Parent”), a corporation incorporated under the *Canada Business Corporations Act* on March 26, 2021.

As at the date of this Memorandum, the issued and outstanding share capital of QDI Parent consists of an aggregate of 123,405,713 common shares held by an aggregate of 18 registered shareholders. The following shareholders each hold 10% or more of the issued and outstanding common shares in the capital of QDI Parent:

Name of Shareholder	Number of Shares	% of Outstanding
David Lee	30,750,000	24.9%
Captin Sabapathy	30,750,000	24.9%
Michelle Demarest	30,750,000	24.9%
David Raymond	30,750,000	24.9%

BUSINESS OF THE COMPANY

Overview

The Quarry Dynamics group of companies is engaged in the business of mining cryptocurrencies utilizing industrial scale mining facilities.

The acceptance of digital currencies, like Bitcoin, has been growing rapidly; however, there remains limited mainstream adoption of the still-nascent industry and a dearth of government regulation and insufficient understanding of blockchain technology have made many traditional investors reluctant to invest; however, the marketplace is evolving quickly, and the introduction of security token offerings in compliance with, and subject to, governmental securities regulation has increased investor comfort and confidence.

In June of 2021, QDI Parent made a bulk acquisition of Bitmain Antminer S19j Pro application-specific integrated circuit (ASIC) mining rigs designed specifically to mine Bitcoin.

QDI Opco was formed to lease a 40,500 square foot mining facility with a capacity of 19 megawatts located in Sumter County, Georgia, USA (see “*The Facility*”) and to undertake Bitcoin mining operations using the aforementioned ASIC mining rigs, which operations commenced in February of 2022.

QDMINE is being developed as a digital profit participation security token to play an active role in cryptocurrency mining, supporting the maintenance of a decentralized Bitcoin network. Bitcoin uses Blockchain technology, a decentralized ledger, to track and record all transactions and contracts maintained in decentralized form across diverse geographical locations, eliminating the need for a central authority to keep records. QDMINE will be a digital profit participation security token to perform mining operations for the Bitcoin Blockchain, supporting the verification of transactions in a non-biased, more secure manner, avoiding banking fees.

Acquisition of ASIC Mining Rigs

More than three-quarters of the proceeds of the Offering (see “*Use of Proceeds*”) will be devoted to the acquisition of up to 500 Application-Specific Integrated Circuit (ASIC) rigs (providing up to 50,000 terra hashes per second (TH/s)) incorporating microprocessors specifically made and suited for mining Bitcoin using the Secure Hash Algorithm (SHA) 256 proof-of-work (PoW) algorithm (the “Company Mining Rigs”).

The Company Mining Rigs will be pooled, and managed together to maximize the number of Hashrates available for mining.

Pursuant to the Management Services Agreement, QDI Opco will source and evaluate mining rigs and arrange the Company’s acquisition of the Company Mining Rigs. Mining rigs will be assessed based on Hashrate, energy efficiency, power consumption, profitability, durability, maintenance, and price, with a preference for established, reliable manufacturers and models with proven track records providing:

- Hashrates above 95 tera hashes per second (TH/s);
- power consumption below 3,400 watts of electricity per kilowatt hour (kWh);
- competitive pricing with bulk purchase incentives;
- not less than industry standard warranties;
- not less than industry standard maintenance terms; and

- proven functionality and efficiency in high-humid and high-heat environments.

As at the date of this Memorandum, available mining rigs meeting the Company’s stringent requirements, ranked based on efficiency, are as follows:

Model	Hashrate	Power	Algorithm	Efficiency
Bitmain Antminer S19 XP (140Th)	140Th/s	3010W	SHA-256	0.022j/Gh
Bitmain Antminer S19j Pro (96Th)	96Th/s	2832W	SHA-256	0.03j/Gh
Bitmain Antminer S19j Pro (104Th)	104Th/s	3068W	SHA-256	0.03j/Gh
Bitmain Antminer S19 Pro (110Th)	110Th/s	3250W	SHA-256	0.03j/Gh
Bitmain Antminer S19j Pro (100Th)	100Th/s	3050W	SHA-256	0.031j/Gh
MicroBT Whatsminer M30S++	112Th/s	3472W	SHA-256	0.031j/Gh
MicroBT Whatsminer M30S+	100Th/s	3400W	SHA-256	0.034j/Gh
Bitmain Antminer S19 (95Th)	95Th/s	3250W	SHA-256	0.034j/Gh
Bitmain Antminer S19j (90Th)	90Th/s	3250W	SHA-256	0.036j/Gh
Bitmain Antminer T19 (84Th)	84Th/s	3150W	SHA-256	0.038j/Gh

The Facility

The Facility is a 40,500 square foot building leased by QDI Opco from AKR Commercial Properties LLC (the “Landlord”) pursuant to an industrial lease agreement dated the 2nd day of November, 2021 (the “Lease”); QDI has occupied the Facility since that date. The term of the Lease expires on November 1, 2026, subject to QDI Opco’s option to extend for a term of five years.

The Facility is serviced by a 19-megawatt transformer loop owned and maintained by The Georgia Power Company, a subsidiary of Southern Company. Georgia Power owns and operates a total of 46 generating plants which include hydroelectric dams, fossil fueled generating plants, and nuclear power plants, including the Alvin W. Vogtle Electric Generating Plant, a nuclear facility designed to operate without releasing climate-changing carbon emissions.

The Company Mining Rigs will be housed in the Facility. The Facility has been fully-operational, and QDI Opco has been undertaking successful Bitcoin mining operations there, since February, 2022. As such, a state of scalable operational readiness exists in the Facility; very soon after the initial Closing and the acquisition and installation of the first Company Mining Rigs, the Company’s mining operations will commence in earnest.

Proper temperature control of the Company Mining Rigs will be crucial for the efficient mining of Bitcoin; as temperatures increase, the Hashrate decreases. The Facility includes a proprietary

airflow system design which will maintain ambient temperatures without expensive HVAC or immersion solutions thereby extending the working life of the Company Mining Rigs.

Pursuant to the Management Services Agreement, QDI Opco will secure the Landlord's written acknowledgement and covenant, addressed to the Company and QDI Opco, that the Company Mining Rigs installed at the Facility are the sole and exclusive property of the Company and are personal property (and not fixtures), including a waiver of the Landlord's right of distress and distraint in respect of the Company Mining Rigs in the event of a QDI Opco default under the Lease. The Company Mining Rigs will be specifically identified by serial numbers in such document and the Company Mining Rigs will be conspicuously labelled as the property of the Company.

Management Services Agreement

The Company has entered into a management services agreement dated November 9, 2022 (the "Management Services Agreement") with QDI Opco. Pursuant to the Management Services Agreement, QDI Opco will provide the following services (the "Services") to the Company:

- source and evaluate mining rigs;
- negotiate and consummate the acquisition of the Company Mining Rigs and the delivery thereof at the QDI Opco facility located at 100B Brady Road in the City of Americus, the county seat of Sumter County, Georgia, USA (the "Facility");
- install, or management the installation of, the Company Mining Rigs for operational readiness in the Facility, including the pooling thereof;
- ensure that the Company Mining Rigs are conspicuously labelled as the sole and exclusive property of the Company;
- assume 100% of the liability in respect of that portion of the Facility occupied by the Company Mining Rigs, and the operation thereof, including, without limitation, utilities, taxes, and common area maintenance;
- procure from the Landlord an acknowledgement that the Company Mining Rigs are the sole and exclusive property of the Company, are personal property (and not fixtures), and including the Landlord's waiver of its distress and distraint rights in respect of the Company Mining Rigs (see "*The Facility*");
- ensure that the Facility and the Company Mining Rigs are, and will remain, secure by way of secured entry by authorized personnel and a state-of-the-art surveillance and security system;

- procure and maintain commercial property insurance in respect of the Company Mining Rigs, with industry-standard coverages and amounts, with the Company identified as loss payee;
- undertake routine inspections of the Company Mining Rigs and attend to any requisite maintenance and repair;
- operate, and manage the operation of, the Company Mining Rigs 24 hours a day, seven days a week (save and except for any downtime for requisite maintenance and repairs), for the sole and exclusive benefit of the Company;
- provide written reports to the Company not less than quarterly as to the status of the Coming Mining Rigs and the results of the mining operations;
- deposit cryptocurrencies mined by the Company Mining Rigs into the Company's digital wallet;
- covenant and agree to maintain the Lease in full force and effect and in good standing;
- liaise with any third parties as required to ensure that each and every of the foregoing responsibilities is carried out efficiently and effectively including, without limitation, the Landlord, insurance carriers, Georgia Power, and any and all third-party service providers;
- make the executive management of QDI Opco, and any other requisite personnel, available as necessary to carry out each and every of the foregoing responsibilities.

In consideration of the provision of the Services, the Company will pay QDI Opco a management services fee (the "Management Services Fee") calculated and payable as follows:

- During the period commencing on the conclusion of the first Closing and ending on the Burn date, the Company will pay to QDI Opco a fixed monthly Management Services Fee of \$240.89 per operational Company Mining Rig on the first day of each calendar month, such monthly fee to be pro-rated in respect of any month during such period that is less than 30 calendar days. For greater certainty, the Management Services Fee will not be payable in respect of any Company Mining Rig in respect of any calendar day during which a Company Mining Rig is not operational for 24 hours (not including any calendar day during which a Company Mining Rig is not operational due only to routine maintenance protocols).
- If, in any period of 30 consecutive days during any period in respect of which the Management Services Fee is calculable, the kilowatt-hour charge for electrical energy supplied to the Facility increases by more than 15% above the kilowatt-hour charge for electrical energy supplied to the Facility during the preceding period of 30 consecutive

days, the full amount of any such increase attributable to the operation of the Company Mining Rigs will be added to the Management Services Fee payable in respect of the relevant periods.

- Notwithstanding the foregoing, the Management Services Fee will only be payable out of Net Profit, i.e., QDI Opco will bear the risks and liabilities associated with the provision of the Services until such time as the Company Mining Rigs generate a profit. Company liability for the Management Services Fee will be apportioned *pro rata* among the issued and outstanding Tokens, including Tokens held by the Company and Tokens held by Company executive management. Unpaid Management Services Fees will be (a) accrued, (b) represent a first charge on any distribution of Net Profit to Token Holders, and (c) deducted from any distribution of Net Profit to Token Holders on a Distribution Date based on the applicable Bitcoin Valuation.

The Company is a wholly-owned subsidiary of QDI Opco. During the term of the Tokens, QDI Opco will have no right, title, or interest in or to the Company Mining Rigs or any Net Profit generated by the operation thereof save and except as may be used by the Company to make payment of the Management Services Fee.

Stobox Technologies Inc.

Pursuant to a Software as a Service (SaaS) Agreement dated April 15, 2022, together with a concomitant Service Level Agreement, QDI Parent engaged Stobox Technologies Inc. ("Stobox"), a turn-key tokenization service provider, to provide certain services to the Company in connection with the Offering including the Dashboard, a customized digital securities dashboard with built-in Smart Contracts and decentralized technology for the distribution, management, and transfer of the Tokens on the Blockchain together with attendant service and support.

PROFIT PARTICIPATION TOKENIZATION AND ASSETS ON THE ETHEREUM BLOCKCHAIN

The security Tokens in the Offering are tokenized profit participation entitlements. A token is a digital asset that is tracked in a Blockchain. The Company's security Tokens will be deployed on the Ethereum Blockchain using Polygon (formerly known as MATIC), a decentralized Ethereum scaling platform, and will utilize a Smart Contract that follows the ERC20 standard but adds certain features of traditional securities such as restricting Token transfers based on the exemption from registration pursuant to which the Tokens are sold. Each ERC20 security Token sold by the Company in this Offering will have certain rules defined and enforced in a Smart Contract that is immutable once it is deployed to the Ethereum blockchain.

The QDMINE Tokens will be created prior to the first Closing of the Offering and will be issued to Subscribers whose subscriptions have been accepted by the Company.

Smart Contracts, Wallets, and Whitelists

The Tokens will be issued to an Ethereum Digital Wallet capable of supporting the ERC20 standard. Token Holders will be required to establish an Ethereum ERC20 compatible Digital Wallet that provides each Token Holder with ownership of the requisite private key so that it can interact with Smart Contract functions and have the ability to receive and transfer the Tokens. This Ethereum ERC20 compatible Digital Wallet will be Subscriber-held and not a crypto exchange wallet.

A “Digital Wallet” is a software program that stores private and public keys and interacts with various blockchains to enable users to send and receive digital assets or currencies and to monitor their balances. Digital Wallets store the private keys that authorize the transfer of a token from one wallet to another. There are two groups of Digital Wallets that will be involved in the Company’s Token lifecycle: Issuer Wallets; and, Subscriber Wallets.

When the Tokens are created, ownership thereof will be transferred to the Company via the Issuer Wallet. The Issuer’s Wallet will be managed by the Company. For all Subscribers whose purchase of Tokens is accepted by the Company, ownership of the Tokens will be transferred by the Company to the Subscriber’s Subscriber Wallet. Transfers of the Tokens to Subscribers will occur, as described above, at each Closing of the Offering.

The Token ownership in each Digital Wallet will be tracked in the Ethereum Blockchain based on their Smart Contracts which will have a token address on the Blockchain. Using that address, anyone can navigate to that Smart Contract on a website such as Etherscan.io and see all of the transactions, source code, and other contract details related to that Token.

Token Holders will have a private key that is necessary to access and transfer their Tokens to another individual, an exchange, or any other digital wallet. These transfers are managed on the Blockchain through the use of “Whitelists.” A Whitelist is a separate Smart Contract that resides on the Blockchain that provides a set of rules for the transfer of Tokens based on its interactions with the Smart Contract in each Token. For example, a Whitelist may list additional wallet addresses that have been cleared by through legally required compliance to which the Tokens may be transferred. This list of additional wallet addresses will be created, maintained (including meeting periodic updated AML/KYC requirements), and updated by the Company as “Authorized Validator” who has permission to do so under existing securities regulations and pursuant to the restrictions attached to the Tokens.

The Company will be the sole Authorized Validator for the Tokens and will be the only entity with access to add or update the Ethereum addresses on the Whitelist that are allowed to be a destination for the Tokens. The Company’s Smart Contracts will consult the Whitelist prior to executing any transfer to any wallet, and only those transactions allowed by the Token Smart Contract and the Whitelist Smart Contract will be validated and allowed to take place, moving ownership of a Token from one wallet to another. AML/KYC status of the transferee of the Tokens will be performed by the Whitelist Smart Contract.

The Creation of the Security Tokens

The Company's ERC20 security Tokens will be created by Stobox Technologies Inc. ("Stobox") (www.stobox.io). The Company's security Tokens will include information such as the Company's name, the number of Tokens, issue date, and any regulatory requirements to restrict the Tokens' trading which are managed by the Whitelist. Stobox will perform the following functions during the Token creation and issuance process: (i) code and deploy the Smart Contracts; and, (ii) establish the Tokens on the Company's platform to implement the required investor interactions and notifications, reporting, and view and data sharing requirements.

The parameters of the Company's security Token Smart Contracts will be coded in the Solidity programming language and then published to the Ethereum Blockchain. Solidity is a contract-oriented, high-level programming language for implementing smart contracts. It was influenced by C++, Python, and JavaScript and is designed to target the Ethereum Virtual Machine (EVM). Each node on the Ethereum Blockchain is a computer or cluster of computers that have downloaded the EVM and have agreed to perform the functions of a node on the Blockchain. Currently there are approximately more than 300,000 nodes on the EVM. Once a Smart Contract is deployed (when the Token is created), the Ethereum Blockchain undertakes the process whereby it clones the Smart Contract on each node of the Ethereum network. The process for encoding and deploying the Whitelist Smart Contract is identical.

The Tokens will have the net profit participation rights as described in this Memorandum and set forth in the STPAs embedded in each Token's Smart Contract. These rights will be transferred along with the Token in any secondary trading.

Typically, when an ERC20 security token's smart contract is defined and deployed, the issuer may decide whether fractional tokens can be issued and traded. In this Offering, **the Company's security Tokens will not allow for fractional Tokens to be issued or traded.**

The Company will troubleshoot the functionality of the Tokens on the Ethereum distributed ledger prior to issuance. There are several Solidity smart contract code libraries that are used as the basis for most security tokens by a very active developer community. While the developers will use well-tested smart contracts as the base of code of the Tokens, once the Company's Smart Contract is complete, it will be deployed on one of the Ethereum test networks where it will be audited by a third-party professional services team to ensure that the smart contract does not have any vulnerabilities.

Token Issuance

When a Subscriber applies to invest in this Offering and makes payment as set out in the Offering documents, the application and the Subscriber will be reviewed and vetted by the Company as

would take place with any securities transaction, with all requirements of state, federal, and/or other securities laws being applied to the transaction.

Once the Subscriber, as well as the funds and the trade, are cleared, the Company will be free to close on each trade in a Closing under the parameters set out in this Memorandum. When such a Closing occurs, funds will be released to the Company, the Tokens will be issued, and the Subscriber will receive the Tokens by way of deposit into the Subscriber's Digital Wallet. The Company will maintain all required records of the Tokens. At that time, the process of issuing the Tokens to Subscribers will be as follows:

The Company will issue the Tokens and keep records of who owns each Token, how those Tokens are held, and how many Tokens each Subscriber owns.

The Company will, for each Token sold, cause the Smart Contract to be deployed on the Ethereum Blockchain and create a record including but not limited to the name, address, social security number, and Ethereum Digital Wallet address of each Subscriber. Once this information is captured, the Company will (i) add each Subscriber's Ethereum Digital Wallet address to the appropriate Whitelist, and (ii) execute an action that calls the function in the Smart Contract to issue the Tokens to each and every Subscriber from the particular Closing. As the Tokens are issued, both the Ethereum Blockchain and the Company's applications will record the number of Tokens in each Ethereum Digital Wallet.

The Smart Contract of each Token will have parameters encoded that define the total number of Tokens that may be issued in this Offering. Once deployed, the value in this parameter cannot be changed. Once the total number of Tokens is issued, the Smart Contract is "flagged", and it is no longer possible to issue additional Tokens.

Token Pre-Clearance

When a Subscriber applies to invest in this Offering and makes payment, the application and Subscriber are reviewed in the same manner as would take place with any traditional securities transaction, by applying the requirements of applicable securities laws. This process includes, but is not limited to, the Company reviewing all documents, written or electronic, related to the transaction for completeness and validity, complying with KYC/AML requirements, clearing any AML exceptions that occur, completion of the Accredited Investor verification processes, and otherwise performing the requisite compliance duties. Once the compliance processes are complete, the sale or trade of the Tokens is cleared.

The Distributed Ledger

A distributed ledger (also known as a "blockchain") is a distributed database that is not owned by a central authority. Instead, there are nodes all over the world that, using cryptographic

proofs, validate transactions and keep the ledger current on each independent node. No individual or entity can arbitrarily change a distributed ledger.

All transactions involving the Tokens will occur on the Ethereum Blockchain/distributed ledger. Once the Tokens are issued, any movement of the Tokens on the distributed ledger from one wallet to another is restricted by (a) the Company, and (b) the Smart Contracts based on the rules relating to the type of securities sold and the exemption from registration in effect. Any such transfer of Tokens will be limited to those approved by the rules in the Smart Contract and will occur only through the Company. Each such transfer is published to the Ethereum Blockchain and validated by every Ethereum network node. Each node executes and records the same transactions, which are grouped into blocks. Only one block can be added at a time, and every block contains a mathematical proof that verifies that it follows in sequence from the previous block. In this way, the distributed ledger is kept in consensus across the whole network.

The Smart Contract, which exists on every node in the network, keeps track of the balance of Tokens in each Ethereum Digital Wallet. This information is stored in the Blockchain and is accessible via the Company systems.

Smart Contracts emit “events” when a transaction is performed. These events contain all the information associated with a transaction and are logged in the Blockchain. They are public and can be queried at any time to check what transactions have been made. All events related to the Tokens will also be automatically captured in the Company application to simplify the management of transactions, reporting, and investor communications.

The Smart Contracts

Each Token will have a Smart Contract that has the following features encoded and deployed on the Ethereum Blockchain:

- Records the issue date of each Token;
- Enforces restrictions on trade, total number of investors (such as in this Offering, to prevent the sale of more Tokens than are being offered), and Accredited Investor status, and other restrictions related to the exemption under which the Token is issued;
- Tracks the balance of Tokens in each Digital Wallet address;
- Supports Token issuance during the Offering;
- Executes the transfer of tokens from a source Ethereum address to a destination Ethereum address, with all requirements for transfers validated by the Smart Contract;
- Legal requirements for KYC/AML are governed by the Smart Contract, which communicates with a separate Whitelist Smart Contract to ensure that jurisdiction-specific securities regulations are followed in these processes;
- Manages lock-up periods;
- Manages the other rights, privileges, restrictions, and conditions attached to the Tokens pursuant to the STPA;

- Manages forced transfers (such as upon the death of a Token holder);
- Records events when transfers are executed; and
- Any other legal or compliance-related requirements of the securities.

Each feature is defined in a module which is added to the Token while it is in draft status. These modules add each of the features necessary to ensure regulatory and operational compliance under existing regulations. Once the Token is released, no modules can be added or removed. As such, the Smart Contract is not subject to change at that point by anyone.

Validation of Tokens and Transaction on the Ethereum Blockchain

A Blockchain is a distributed computing architecture where every network node executes and records the same transactions, which are grouped into blocks. Only one block can be added at a time, and every block contains a mathematical proof that verifies that it follows in sequence from the previous block. In this way, the Blockchain's "distributed database" is kept in consensus across the whole network. Individual user interactions with the ledger (transactions) are secured by strong cryptography. Nodes that maintain and verify the network are incentivized by mathematically enforced economic incentives coded into the protocol.

Transactions in the Ethereum Blockchain are validated by every node in the network. At the time this Memorandum was drafted, there were approximately 300,000 nodes in the Ethereum network. Users of the Ethereum Blockchain must pay small transaction fees to the network. This protects the Ethereum Blockchain from frivolous or malicious computational tasks, like distributed denial-of-service (DdoS) attacks or infinite loops. The sender of a transaction must pay for each step of the "program" they activated, including computation and memory storage. These fees are paid in amounts of Ethereum's native value-token, Ether.

Subsequent Token Transfers

After they are initially issued on Closing, neither the Tokens, nor any interest or participation therein, may be offered, sold, assigned, transferred, pledged, encumbered, or otherwise disposed of for a period of 12 months by application of Rule 144 promulgated under the Securities Act. These compliance restrictions are built into each Token's Smart Contract to prevent unauthorized transfer.

It is the Company's present intention that, following expiration of the Rule 144 hold period, it will enable secondary trading of Tokens using DS Swap, an automated peer-to-peer token transfer technology provided by Stobox. DS Swap is a unique decentralized finance (DeFi) liquidity solution that enables secondary trading of security tokens in accordance with international regulations and compliance procedures.

When a Token Holder or other entity submits a transfer to the Blockchain, the Token's Smart Contract will run the logic embedded in the Smart Contract to mark the transaction as valid. The logic to perform this validation will include:

- Checking the Whitelist to see that the destination address is on the Whitelist of allowable Ethereum addresses;
- Check that the jurisdictions involved in the transfer allow the transaction by checking a Whitelist to ensure that the jurisdiction associated with the purchaser's Ethereum address is authorized to receive the Token;
- Verify securities-related rights and restrictions and restrictions based on the exemption under which the Token was issued such as lock-up periods; and
- Check any other restrictions built into the Smart Contract.

Additional compliance functions may be accomplished by deploying additional Smart Contracts or Whitelists that are published to the Blockchain and referenced by the Token Smart Contracts when transactions are initiated. Changes to the Whitelists are secured by the provisions in the Smart Contract and may include security steps that involve multiple parties such as the Company.

In all circumstances with the Tokens, the Company will control the process. For example, the Company will evaluate, select, and manage any third parties who wish to publish additions to the Whitelists. These third parties may include exchanges or KYC/AML providers who are engaged to ensure that Whitelists are updated and accurate.

In order to transfer the Tokens, the Token Holder will initiate a transaction in its Digital Wallet to designate the recipient Digital Wallet for the transfer. When the Token Holder initiates a transfer, the Smart Contract will determine (a) whether the transfer is restricted through the rules programmed in the Smart Contract, and (b) whether the destination Digital Wallet address is an approved address on the Whitelist. If both conditions are met, and the Company finds the transaction meets its legal criteria, the Token will be transferred from the transferor's Digital Wallet address to the transferee's Digital Wallet address, and the transaction will be recognized and recorded in the Company's system and on the Blockchain. If the destination wallet is not on the Whitelist, the transferee will be required to contact the Company to deliver the required documentation to execute a KYC/AML process or any other required process on the designation wallet before the transfer will be authorized. In all cases, if the destination wallet is not on the Whitelist or added to the Whitelist by the Company or another authorized party, the transfer will fail.

If the Tokens are added to an exchange or an alternative trading system (ATS), the Company will add the exchange or ATS wallet to the Whitelist. Once the Token is at the exchange or ATS, the exchange or ATS will be responsible to conduct the appropriate KYC/AML, adding wallet addresses to the Whitelist, and managing any trading restrictions that might exist. When a Subscriber chooses to move its Tokens from the exchange or ATS to its individual Digital Wallet, the exchange or ATS will deliver appropriate KYC/AML approvals so that the Company may

update its system and any Whitelist with any new and approved Digital Wallet address, as needed.

In addition, the Company will implement securities law compliant systems that allow a Token Holder who has lost its private key, or otherwise no longer has access to its Tokens, to have those missing or lost Tokens burned and replaced, with all Smart Contracts, ledgers, and other records updated to reflect the new Tokens as replacements for the lost or missing Tokens. The process will be similar to that presently used by issuers to replace lost stock certificates in certificated securities offerings. However, rather than replace a lost stock certificate, the Company will replace a lost Token after appropriate proof of identification and other regulatory and legal requirements are met by the Token Holder.

SECURITY TOKEN PURCHASE AGREEMENT

A Subscriber's purchase of Tokens will be effected by the Subscriber's execution and delivery of a Security Token Purchase Agreement ("STPA") in the form annexed to this Memorandum as Schedule "A" together with the Subscriber's execution and delivery of an Accredited Investor Certificate in the form annexed to the STPA as Appendix "A". A Subscriber's STPA will be subject to acceptance by the Company in its sole discretion upon satisfactory completion of the Company's KYC/AML and Accredited Investor verification protocols.

The following is a summary of some of the material terms of the STPA. The STPA annexed to this Memorandum as Schedule "A" is incorporated herein by reference and this summary is qualified in its entirety by the STPA.

The Distribution Entitlement

Token Holders, as a group, will be entitled to receive eighty percent (75%) of the Net Profit derived from the operation of the Company Mining Rigs during the period (the "Distribution Period") commencing on the date of the first Closing and concluding on the Burn Date (the "Distribution Entitlement"). "Net Profit" means $(A + B) - (C + D + E)$ where:

- A = all Bitcoin awarded to the Company as a result of the operation of the Company Mining Rigs;
- B = all transaction fees awarded to the Company as result of the operation of the Company Mining Rigs;
- C = any and all accrued Management Services Fees outstanding on the Distribution Date;

- D = any mining pool fees incurred in connection with the participation of any Company Mining Rigs in any mining pools (such participation to be determined by QDI Opco in its sole discretion); and
- E = a Dashboard subscription and attendant support services fee payable to Stobox in the amount of \$8,000 *per annum*.

The STPA provides that (i) the remaining twenty percent (25%) of the Bthe Net Profit during the Distribution Period, (ii) one hundred percent (100%) of the Net Profit derived from the operation of the Company Mining Rigs following the expiration of the Distribution Period, and (iii) the Company Mining Rigs are, and will remain, the sole and exclusive property of the Company.

With respect to any Distribution Entitlement arising prior to the expiration of the Offering Period, the Distribution Entitlement accruing to each Token then outstanding will be a *pro rata* entitlement, based on the aggregate number of Tokens outstanding on the commencement of the relevant Tranche Period, to the aggregate Distribution Entitlement arising during (i) the Tranche Period following the Closing in which the Token was issued, and (ii) any succeeding Tranche Period. A “Tranche Period” is the period of time between a Closing and any subsequent Closing. For greater certainty, a Token Holder will have no Distribution Entitlement in respect of any Net Profit derived from the operation of the Company Mining Rigs prior to the date of the Closing in which such Token Holder’s Tokens were issued.

With respect to any Distribution Entitlement arising following the expiration of the Offering Period, the Distribution Entitlement accruing to each outstanding Token shall be a *pro rata* entitlement, based on the aggregate number of outstanding Tokens.

Each Token Holder shall be entitled to a *pro rata* portion of the Distribution Entitlement calculated based upon the number of Tokens outstanding at any time Bitcoin and transaction fees are awarded to the Company pursuant to the operation of the Company Mining Rigs such that Subscribers acquiring Tokens in earlier Closings will have a greater Distribution Entitlement than Subscribers acquiring Tokens in later Closings if a Distribution Entitlement arises between such earlier and later Closings.

Any distributions of Net Profit to Token Holders will be distributed on each Distribution Date to the Token Holders of record on the relevant Distribution Record Date. The Company will effect the Distribution Entitlement by way of a deposit of Bitcoin into the Digital Wallets of the Token Holders entitled to the Distribution Entitlement. The “Distribution Date” in respect of any Distribution Entitlement will be a date not less than 10 business days following the relevant Distribution Record Date. The “Distribution Record Date” in respect of any Distribution Entitlement will be January 15 and the Burn Date will also be a Distribution Record Date.

The Tokens and the Distribution Entitlement will automatically (and without further notice to, or action by, any party) expire on the date (the “Burn Date”) that is thirty-six (36) months following

the date of the expiration of the Offering Period; provided that the Burn Date will be subject to automatic extension to a later date as follows:

- If, on the Burn Date the aggregate Bitcoin Valuation of any and all Bitcoin distributed to Token Holders pursuant to the Distribution Entitlement is less than \$1.30 per Token, the Burn Date will be extended to the date that is forty-eight (48) months following the date of the expiration of the Offering Period; and
- If, on the Burn Date as so extended, the aggregate Bitcoin Valuation of any and all Bitcoin distributed to Token Holders pursuant to the Distribution Entitlement is less than \$1.30 per Token, the Burn Date will be extended to the date this is sixty (60) months following the date of the expiration of the Offering Period.

Periodic Reports

During the period commencing on the first Closing and ending on the final Distribution Date, the Company will be obligated to periodically, and not less than quarterly, make available to Token Holders by way of posting on the Dashboard (and without delivery to directly to any Token Holder), reports, describing in reasonable detail, the operational status of the Company Mining Rigs. Each such report shall include, at a minimum:

- identification of the number of Tokens issued during each Tranche Period and the then number of Tokens issued and outstanding;
- identification of the application of the proceeds of the Offering;
- the amount of Bitcoin mined and transaction fees earned during each calendar month, and during each Tranche Period, preceding the date of the report;
- the calculation of Net Profit during the quarter;
- the amount of Bitcoin, and the Bitcoin Valuation thereof, distributed to Token Holders on each Distribution Date preceding the date of the report, including the *pro rata* allocation thereof;
- particulars of the manner in which each Distribution Date Bitcoin Valuation was calculated; and
- the calculation and payment of the Management Services Fee.

Limited Rights of Token Holders

The rights, privileges, and entitlements of the Token Holders will be circumscribed as follows:

- Except for the periodic reports described above and save and except as may be specifically mandated by applicable law, the Token Holders will not be entitled, or otherwise have, any vote (or any other say) on any matter regarding, or otherwise have any information rights with respect to, the Company or its business and assets.
- The Token Holders will not, solely by virtue of being the owner of a Token, have (or otherwise be entitled to) any “preemptive rights,” “drag-along rights,” “tag-along rights,” or similar rights which the holders of the Company’s equity interest may now or hereafter have.
- Save and except for the Distribution Entitlement, the Token Holders will not be entitled, or have any claim whatsoever, to any equity, liquidation, or other interest in the Company or any of its assets.
- Save and except for the Distribution Entitlement, the Token Holders will not be entitled, or otherwise have any right, to receive any distribution from, or to otherwise participate in any proceeds received by, the Company.

USE OF PROCEEDS

Proceeds

Assuming the minimum Offering is completed, the Company anticipates receiving gross proceeds of approximately \$1,226,632.49 and, assuming the maximum Offering is fully subscribed, the Company anticipates receiving gross proceeds of approximately \$ 2,345,551.29.

As at the date hereof, the Company has no working capital and will have no working capital prior to the completion of the Offering.

The Company will use the proceeds of the Offering as follows:

Use of Proceeds	Minimum Offering		Maximum Offering	
Acquisition of Company Mining Rigs ¹	\$725,000	59%	\$1,475,000	63%
Facilities & Power Build-Out ²	\$200,000	16%	\$400,000	17%
Operating Deposits ³	\$251,632	21%	\$370,551	16%
Labour & Management ⁴	\$50,000	4%	\$100,000	4%

¹Assuming a maximum per Company Mining Rig acquisition cost of \$3,000.

²Installation of Company Mining Rigs and related infrastructure at the Facility including pad mounted transformers, feeder lines, high voltage feeder lines, switches, industrial fans, and equipment racks.

³The Company expects to pay a cash deposit, or post a security bond, to Georgia Power Company to establish credit equal to approximately 21% of the estimated annual costs of electric service to the Facility for the operation of the Company Mining Rigs. Upon termination of the Management Services Agreement, the full amount of any such deposit or bond remaining on account, if any, will accrue to QDI Opco.

⁴Labour & Management fees incurred by the Company (a) in respect of the incorporation and organization of the Company, (b) for legal, accounting, and taxation support services in respect of the Offering, and (c) project management fees associated with the Offering.

The Tokens are being offered by the Company on a “best efforts” “non-brokered” basis. Proceeds of the Offering will not be used to pay any brokerage fees, commissions, or finders’ fees in respect of the Offering. The Company may, in its sole discretion, engage one or more STO marketing agencies to market the Offering as part of the Company’s general solicitation efforts in respect of the Offering. Any fees due and payable by the Company in respect of any services provided by any such marketing agency will be deducted from the proceeds of the Offering and thereby

represent a *pro rata* deduction from each use of proceeds other than the third-party professional services which remain fixed.

DIRECTORS AND EXECUTIVE OFFICERS

The Quarry Dynamics group of companies is managed by an executive team populated by a multi-talented, cohesive group of proven business, technology, project management, finance, entrepreneurial, and investment experts. The directors and executive officers of the Company are the same individuals holding those positions in QDI Parent and QDI Opco. The directors and executive officers of the Company, as a group, hold 99.6 % of the issued and outstanding equity securities in the capital of QDI Parent and the Company will issue compensatory Tokens to members of the Company's executive management team at each Closing of the Offering.

David Lee, Director & President

A seasoned technical consultant with expertise in technology infrastructure design, implementation, and operational services, Mr. Lee is a highly qualified Information Technology expert who thrives on innovation and execution and is driven to ensure the most effective solution for business environments. He excels at delivering extremely complex system builds and infrastructure deployment and capitalizes on his extensive product knowledge and unparalleled network security and analysis background.

Mr. Lee utilizes his broad knowledge, combined with a hands-on approach, to assist clients and partners to innovate critical infrastructure and deploy solutions across end-to-end enterprise implementations including improved workflows, communications, transformational changes, and strategy deployment. Mr. Lee has collaborated with major companies and events worldwide, ranging from the Canadian Tennis Open to the Summer Games, to set enterprise strategy, modernize applications, and build, run, and maintain IT environments.

Mr. Lee is a co-founder of IT Pro Canada Corporation and a Cisco Certified Internetwork Expert (CCIE). He is licensed by Professional Engineers of Ontario (PEO) and holds a Master of Engineering degree (Meng) from Ryerson University.

Captin Sabapathy, Director & Chief Executive Officer

An expert at translating any business requirement into technical solutions architecture, Mr. Sabapathy is widely recognized for his innovative approach to design, implementation, and management of Information Technology products and services. Mr. Sabapathy's unique ability to address critical business technology issues and create efficient, cost-effective, and practical solutions allows him to effectively design solutions to enhance corporate infrastructure.

Mr. Sabapathy is an experienced team builder, garnering success by working collaboratively to implement key processes, and internal controls. He has been instrumental in designing and

building technology platforms for major players in the IT industry including IBM, as well as multiple Fortune 500 companies and ISPs across the globe. His expertise in the modeling of large-scale system enables his clients to rapidly adopt new technology solutions.

Along with a multitude of Microsoft and Cisco certifications, including Cisco Certified Network Professional (CCNP), Mr. Sabapathy holds a Bachelor of Science degree from Western Governors University and is a co-founder of IT Pro Canada Corporation and IT Pro Singapore.

Michelle Demarest, Director & Chief Operating Officer

Renowned for her ability to successfully manage complex projects, Ms. Demarest is a highly sought-after program and project management consultant, with over 10 years' experience working directly with North American central banks to implement and operate cutting edge application and security solutions. Through her U.S. and Canadian based consulting companies, she is often requested to drive advanced change within organizations and utilize her 20+ years of technical knowledge, along with tactical and strategic insights, to lead aggressive timelines for large-scale technology startups, across the globe.

As a cutting-edge enabler of innovation, Ms. Demarest boasts a proven track record for accelerating growth, and her expertise in successfully identifying process gaps is a driving force behind improving operational deficiencies and implementing process improvements.

A seasoned entrepreneur and lifelong learner, Ms. Demarest holds certifications in Cryptocurrency from MIT, Bitcoin Professional (CBP), Project Management Professional (PMP), Six Sigma, and is one of only 6,000 Certified Information Systems Security Professionals (CISSP) in Canada.

David Raymond, Executive Chairman

A successful entrepreneur with a keen knack for taking a vision and making it reality through strategically sound development, Mr. Raymond is well respected as a credible voice in corporate decision making. His ability to intuitively see an organization's segments of opportunity and bring them together into a coherent strategy provides a solid foundation for corporate vision, governance, and innovation.

An inspirational leader, Mr. Raymond is the President of Erinwood Ford and Direct Nissan in Mississauga, Ontario, Canada where his day-to-day responsibilities include managing over 120 employees, implementing processes to maintain award winning customer satisfaction, excellent employee morale, and deploying new technologies to grow profit. Mr. Raymond is also active in many other companies with wide-ranging focuses.

Mr. Raymond was a finalist for the community service Canadian Automobile Dealers Association (CADA) Ambassadorship award as well as the winner of the Peel Region Volunteer of the Year Award. His philanthropic work also includes 15 charities including sponsorship of

the Erindale Collegiate and the Character Counts Award, Salvation Army's Toy Mountain, and Board Member of St. Joe's Hospital Youth Mental Health Committee.

PLAN OF DISTRIBUTION

A maximum of 2,420,551 Tokens (subject to increase in the discretion of the Company) are being offered by the Company on a "best efforts" basis to Accredited Investors in the United States (in reliance upon the registration exemption found in Rule 506(c) of Regulation D promulgated under the Securities Act) and in Canada (in reliance upon the prospectus exemption found in section 2.3 of National Instrument 45-106 of the Canadian Securities Administrators) (pursuant to Regulation S promulgated under the Securities Act). The Offering will close upon the earlier of (i) the sale of 2,420,551 Tokens (subject to increase in the discretion of the Company), and (ii) November 9, 2023 (subject to one or more extensions not exceeding 180 days in the Company's sole discretion). The Company anticipates that there will be several Closings during the course of the Offering; the first such Closing will not occur unless and until the minimum Offering is achieved.

The Offering is "non-brokered". The Company will not pay any brokerage fees, commissions, or finders' fees in respect of the Offering. The Company may, in its sole discretion, engage one or more STO marketing agencies to market the Offering as part of the Company's general solicitation efforts in respect of the Offering. Any fees due and payable by the Company in respect of any services provided by any such marketing agency will be deducted from the proceeds of the Offering and thereby represent a *pro rata* deduction from each use of proceeds other than the third-party professional services which remain fixed.

The Tokens have not been registered under the Securities Act or any state securities laws and may not be offered, sold, or delivered within the United States or to U.S. persons (within the meaning of Regulation S under the Securities Act) except in certain transactions that are registered or exempt from the registration requirements of the Securities Act.

Pending Closing, any and all payments of the Subscription Price will be segregated in a separate escrow account established and maintained by the Company. Upon the Company's acceptance of a Subscriber's STPA following application of the Company's know-your-customer (KYC), anti-money laundering (AML), and Accredited Investor verification protocols, the Subscription Price will be released from the escrow account and deposited into the Company's operating account. In the event that a Subscriber's STPA is not accepted by the Company, the full amount of the Subscription Price will be released from the escrow account and returned to the Subscriber without interest or deduction.

To be eligible to participate in the Offering, a Subscriber will be required to represent in writing to the Company that it is an Accredited Investor (or a non-U.S. Person under Regulation S purchasing in an offshore transaction) and to provide certain documentation in support of such representation (such required documentation to be determined by the Company in its sole

discretion). Subscribers will also be required to complete the Company's KYC and AML procedures and sign the STPA.

The Company has established, and will maintain, a robust USA PATRIOT ACT compliant Anti-Money Laundering (AML) program with a view to external audit and periodic examinations by the U.S. Treasury. The Company has a compliance officer (an executive officer of QDI Opco) who has completed the Association of Certified Anti-Money Laundering Specialists, LLC (ACAMS) Certified AML FinTech Compliance Associate (CAFCA) coursework and will achieve certification prior to the first Closing. The Company's Dashboard systems are built to perform KYC, collect customer data, and complete AML background checks. The Company will use the collected data to run rigorous analyses to verify Subscriber identities.

Initial notification of the Offering will be made via the QDI Parent's website, <http://www.quarrydynamics.com>. This Memorandum will be furnished to prospective investors via download 24 hours per day, seven days per week on that website.

Subscribers will complete the STPA, including all KYC, AML, and Accredited Investor verification protocols using the Dashboard.

If any prospective investor's subscription is rejected by the Company, all funds received from such investor will be returned without interest or deduction.

Generally, if the Company amends the terms of the Offering subsequent to the date of this Memorandum in any material respect, it will provide Subscribers who have previously funded the Subscription Price at least three business days to withdraw from the Offering. Upon any such withdrawal, the STPA will terminate and all funds received in connection with the Offering from such Subscribers will be promptly returned without interest or deduction.

This Offering is made only pursuant to this Memorandum and prospective investors must read and rely only on the information provided in this Memorandum in connection with their decision to invest in Tokens. Subject to limitations imposed by applicable securities laws, other materials may be prepared for marketing purposes. The Company may utilize one or more crowdfunding websites to advertise the Offering to prospective investors. Such websites provide services for posting a profile of the Company. These crowdfunding websites charge a monthly subscription fee for the services. The Company intends to post the Offering via offering sites (none of which have a relationship to the Company or related parties other than contracts for services). The subscription crowdfunding websites do not conduct any due diligence or review of companies or deals before parties are permitted to raise funds using the websites. Summary information about the Company and the Offering will be posted on the crowdfunding sites. Although such materials will not contain information in conflict with the information provided by this Memorandum and will be prepared with a view to presenting consistent disclosure with respect to the Offering, these materials will not provide a comprehensive and detailed review of the Offering, the Company, or the Tokens of this Offering, the Company, or the Tokens and are not to be considered part of this Memorandum.

RISK FACTORS

An investment in the Tokens involves a high degree of risk. Before investing, prospective investors should carefully consider the following risks, as well as general economic and business risks, and all of the other information contained in this Memorandum. The occurrence of any of the events or developments described below could materially and adversely affect the Company's business, financial condition, results of operations, and prospects. In such an event, the value of the Tokens could decline, and Subscribers may lose all or part of their investments. The risks and uncertainties identified below are not the only ones the Company faces. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial may also impair the Company's business operations.

Risks Related to the Offering and this Memorandum

Forward-looking statements may prove to be inaccurate

The forward-looking information and statements included in this Memorandum relating to, among other things, future results, performance, achievements, prospects, targets, plans, objectives, goals, milestones, intentions or opportunities or the markets in which the Company operates are based on opinions, assumptions, and estimates made by Company management in light of experience and perception of historical trends, current conditions, and expected future developments, as well as other factors that Company management believes are appropriate and reasonable in the circumstances. However, there can be no assurance that such estimates and assumptions will prove to be correct. Actual results in the future may vary significantly from estimated or expected results and those variations may be material. The Company makes no representation that actual results in the future will be the same, in whole or in part, as those included in this Memorandum.

Management of QDI Opco retains substantial discretion in the use of proceeds from this Offering

The Company intends to allocate the net proceeds it will receive from the Offering as described under "Use of Proceeds" in this Memorandum; however, under the Management Services Agreement, QDI Opco will have broad discretion concerning the use of the proceeds of the Offering as well as the timing of expenditures. As a result, a Subscriber will be relying on the judgement of management of QDI Opco for the application of the proceeds of the Offering. Management of QDI Opco may use the net proceeds of the Offering in ways that a Subscriber may not consider desirable. The results and the effectiveness of the application of the proceeds are uncertain. If the proceeds are not applied effectively, the results of the Company's mining operations may suffer.

There will be no trading market for the Tokens and a trading market may never develop

There will be no trading market available for the Tokens immediately after the initial sale and no exchange or peer-to-peer transfers will be permitted unless and until Token holders are notified otherwise by the Company and informed of the requirements and conditions to do so. As a result of recent regulatory developments, conventional cryptocurrency exchanges are currently unwilling to list security tokens. As a result, when the Tokens become transferable, they may only be traded on a very limited range of venues, including U.S. registered exchanges or regulated alternative trading systems for which a Form ATS has been properly submitted to the SEC. Currently, the Company is unaware of any operational ATS or exchange capable of supporting secondary trading in the Tokens. Moreover, even if legally permitted, by purchasing Tokens Token holders agree to additional transfer restrictions and shall not be able to effect transfers until such time as the Company informs holders that peer-to-peer transfer processes have been established. As a result, holders of Tokens should be prepared to hold their Tokens indefinitely. See *“Important Information for Prospective Investors”* for more information. Moreover, even if the Tokens become transferable, the Company may rely on technology, including smart contracts, to implement certain restrictions on transferability in accordance with applicable securities laws. There can be no assurance that such technology will function properly, which could result in technological limitations on transferability and expose the Company to legal and regulatory issues.

In the event that the Tokens remain untradeable for a significant period of time or indefinitely, the value of the Tokens could be materially adversely affected.

Only certain investors are qualified to acquire Tokens

Only limited categories of persons and entities may purchase Tokens. The Company expects that these limitations will limit liquidity in the Tokens and the limitations may have a material adverse effect on the development of any trading market in the Tokens. The Tokens have not been registered under the Securities Act or any United States state securities laws or under the securities laws of any other jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of, United States persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. Moreover, in addition to legal restrictions, by acquiring Tokens, holders must agree to additional transfer restrictions described in this Memorandum.

Consequently, it is expected that there will only be a limited number of Token holders. A purchaser of Tokens, and any owner of beneficial interests in those Tokens, must be able to bear the economic risk of the investment in the Tokens indefinitely. For a discussion of certain restrictions on resale and transfer, see *“Important Information for Prospective Investors”*.

The Tokens are not legal tender

The Tokens are not legal tender, are not backed by any government, and accounts and value balances are not subject to Federal Deposit Insurance Corporation or Securities Investor

Protection Corporation protections. Any investment in Tokens is made at the risk of the purchaser.

The tax treatment of the Tokens and distributions is uncertain

The tax characterization of the Tokens is uncertain, and each prospective investor must seek its own tax advice in connection with an investment in the Tokens. An investment in the Tokens may result in adverse tax consequences to Subscribers, including withholding taxes, income taxes, and tax reporting requirements. See “*Certain United States Federal Income Tax Considerations*” in this Memorandum. Each Subscriber should consult with and must rely upon the advice of its own professional tax advisors with respect to the United States and non-U.S. tax treatment of an investment in the Tokens.

The potential application of U.S. laws regarding investment in the Tokens is uncertain

The Tokens are a novel instrument, and the application of U.S. federal and state securities laws is unclear in many respects. Because of the differences between the Tokens and traditional investment securities, there is a risk that issues that might easily be resolved by existing law if traditional securities were involved may not be easily resolved in respect of the Tokens. In addition, because of the novel risks posed by the Tokens, it is possible that securities regulators may interpret laws in a manner that adversely affects the value of the Tokens. The occurrence of any such legal or regulatory issues or disputes, or uncertainty about the legal and regulatory framework applicable to the Tokens, could have a material adverse effect on the Token holders.

Token transactions may be irreversible

In the event that the Tokens become tradeable on an exchange or pursuant to permitted peer-to-peer transfers, transactions in the Tokens may be irreversible, and, accordingly, a purchaser of the Tokens may lose all of its investment in a variety of circumstances, including in connection with fraudulent or accidental transactions, technology failures, or cybersecurity breaches. If applicable, real-time settlement would further increase the risk that correction of trading errors may be impossible and losses due to fraudulent or accidental transactions may not be recoverable.

The nature of the Tokens means that any technological difficulties experienced by any exchange, the Ethereum network, or other services such as cryptocurrency wallets may prevent the access or use of a purchaser’s Tokens.

Any exchange will be subject to the risk of technological difficulties that may impact trading of the Tokens, which include, without limitation, failures of any blockchain on which the Tokens or the exchange relies or the failure of smart contracts to function properly. Trading in the Tokens will depend on the operation and functionality of the applicable exchange and if such system were to fail for any reason, trading in the Tokens could be impossible until such failure is corrected, and full functionality restored and tested. Any such technological difficulties may

prevent the access or use of the Tokens. This could have a material impact on the applicable exchange's ability to execute or settle trades of the Tokens, to maintain accurate records of the ownership of the Tokens, and to comply with obligations relating to records of the ownership of the Tokens and could have a material adverse effect on the holders of the Tokens.

There is no assurance that Token holders will receive a return on the investment

The Tokens are highly speculative and any return on an investment in the Tokens is contingent upon numerous circumstances, many of which (including legal and regulatory conditions) are beyond the Company's control. There is no assurance that Token holders will realize any return on their investments or that their entire investments will not be lost. For this reason, each subscriber should carefully read this Memorandum and should consult with its own attorney and financial and tax advisors prior to making any investment decision with respect to the Tokens. Prospective investors should only make an investment in the Tokens if they are prepared to lose the entirety of such investment.

The Tokens have no history

The Tokens will be newly formed and have no operating history and are entirely novel in type. Investors will not be able to compare them against other like instruments. An investment in the Tokens should be evaluated on the basis of the value and prospects of the Tokens, considering uncertainties as to the likelihood that the assessment of the prospects of the Company's business may not prove accurate and the Company may not achieve its objectives. Past performance of the Company, or any similar tokens issued by other companies, is not predictive of the Company's future results, the value and success of the Tokens, or the number and value of distributions generated by the Tokens.

The Tokens may be adversely affected by competition from other methods of investing in cryptocurrencies

The Company will competes with other users and/or companies that are mining cryptocurrencies and other potential financial vehicles, possibly including securities backed by or linked to cryptocurrencies through entities similar to the Company. Market and financial conditions, and other conditions beyond the Company's control, may make it more attractive to invest in other financial vehicles, or to invest in cryptocurrencies directly which could limit the market for the Tokens and reduce their liquidity.

The Company's assumptions with respect to its competitors could be inaccurate and the Company may face unexpected competition in the form of new entrants in the marketplace. Such competition could erode the Company's expected market share and could adversely impact the Company's profitability. Increased competition could result in increased network computing resources and consequently increased hash difficulty.

Risks Related to the Company

The Company has no operating history

The Company was incorporated on June 19, 2022 and has no operating history. QDI Parent and QDI Opco were incorporated in 2021 and have limited operating histories. The Company is subject to many risks common to “start-up” enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on the Token holders' investment and the likelihood of success must be considered in light of its early stage of operation. The Company has limited financial resources has no source of operating cash flow and there is no assurance that additional funding will be available to it for further commercial exploitation of the Company's assets or to fulfill its obligations under any agreements. 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 such additional financing could result in delay or indefinite postponement of further commercial exploitation of the Company's assets.

Operation of the Facility is subject to certain risks

The continued development of the Facility is subject to various factors, and may be delayed or adversely affected by such factors beyond the Company's control, including delays in the delivery or installation of Company Mining Rigs and other equipment by suppliers, difficulties in integrating the Company Mining Rigs and other new equipment into existing infrastructure, shortages in materials or labor, defects in design or construction, diversion of management resources, insufficient funding, or other resource constraints. Delays, cost overruns, changes in market circumstances, and other factors may result in different outcomes than those intended.

Risk related to technological obsolescence and difficulty in obtaining hardware

To remain competitive, the Company will continue to invest in hardware and equipment in the Facility for maintaining the Company's mining activities. Should competitors introduce new services/software embodying new technologies, the Company recognizes its hardware and equipment, and its underlying technology may become obsolete and require substantial capital to replace such equipment. There can be no assurance that mining hardware will be readily available when the need is identified.

The Company's equipment in the Facility will require replacement from time to time. Shortages of graphics processing units may lead to unnecessary downtime as the Company searches for replacement equipment to ensure the Facility is running smoothly. Moreover, there can be no assurance that new and unforeseeable technology, either hardware-based or software-based, will not disrupt the existing cryptocurrency industry. For example, the arrival of quantum computers, which are capable of solving certain types of mathematical problems fundamental to

cryptocurrency more quickly and efficiently than traditional computers, may have a significant effect on the cryptocurrency industry.

Cryptocurrency Network Difficulty and Impact of Increased Global Computing Power

Network difficulty is a measure of how difficult it is to solve the cryptographic hash that is required to validate a block of transactions and earn a cryptocurrency reward from mining. If the network difficulty increased at a significantly higher rate than the Company's Hash Rate and the price of cryptocurrency did not increase at the same rate as network difficulty, then the profitability of the Company's operations would be significantly affected. There can be no assurance that cryptocurrency prices will increase in proportion to the rate of increase of network difficulty as network difficulty is subject to volatility in growth.

Future Profits/Losses and Production Revenues/Expenses

Ongoing operation of the existing mining facilities will require additional capital and monthly expenses. QDI Opco's operating expenses and capital expenditures may increase in subsequent years as needed consultants, personnel, and equipment associated with the maintenance of the Facility are added. There is no assurance that QDI Opco will be successful in obtaining the required financing for these or other purposes, including for general working capital.

The amount and timing of expenditures will depend on the progress of ongoing development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, and other factors, many of which are beyond the control of QDI Opco.

As such, the ability of QDI Opco to fulfill its obligations to the Company under the Management Services Agreement is subject to myriad uncertainties.

The Company's management tested and studied the cryptocurrency marketplace before developing its financial projections. The Company's forecasts and plans are built upon data available on the profitability of cryptocurrency, a new and unstable field. Despite the Company's confidence in achieving its projections, it may fail to meet its objectives and milestones.

Risks related to insurance

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

The Company's operations and computing equipment, including its Company Mining Rigs and operations, are subject to all of the hazards and risks normally encountered for computing

equipment, blockchain, and digital asset companies. Such hazards include the loss of computing and mining equipment resulting from natural disasters, including floods, fires, inclement weather, mudslides, earthquakes, or other similar events beyond the control of the Company, QDI Opco or their suppliers, any of which could result in damage to, or destruction of, computing and/or mining equipment, damage to life or property, environmental damage, and possible legal liability for which the Company may not be insured or is underinsured for. Further, any failure in the Company's software, including its ability to effectively manage server farms, could have a material adverse effect on the Company's business, results of operations, and financial condition.

There is a risk of serious malfunctions in servers or central processing units and/or their collapse

While the Company will maintain insurance against risks in the operation of its business and in amounts that it believes to be reasonable, such insurance will contain exclusions and limitations on coverage. If the Company incur losses that are material, its business, operating results, and financial condition could be adversely affected, and it may not have recourse to an insurer. Even in the case of a loss for which that the Company maintains insurance, there is no guarantee that any such insurance coverage will be sufficient or that insurance proceeds will be paid to the Company.

Hazards associated with high-voltage electricity transmission and industrial operations may result in suspension of Company operations or the imposition of civil or criminal penalties.

The operations of the Company are subject to typical hazards associated with high-voltage electricity transmission and the supply of utilities to the Facility at an industrial scale, including explosions, fires, inclement weather, natural disasters, flooding, mechanical failure, unscheduled downtime, equipment interruptions, remediation, chemical spills, discharges or releases of toxic or hazardous substances or gases, and other environmental risks. The hazards can cause personal injury and loss of life, severe damage to or destruction of property and equipment, and environmental damage, and may result in suspension of operations and the imposition of civil or criminal penalties.

Banks may not provide banking services, or may cut off banking services, to businesses that provide cryptocurrency-related services or that accept cryptocurrencies as payment

A number of companies that provide Bitcoin and/or other cryptocurrency-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 Bitcoin and/or other cryptocurrency-related companies or companies that accept cryptocurrencies for a number of reasons, such as perceived compliance risks or costs. The difficulty that many businesses that provide Bitcoin and/or other cryptocurrency-related services have and may continue to have in finding banks willing to provide them with bank accounts and other banking services may be currently decreasing the usefulness of cryptocurrencies as a payment system and harming public perception of cryptocurrencies or could decrease its usefulness and harm its

public perception in the future. Similarly, the usefulness of cryptocurrencies as a payment system and the public perception of cryptocurrencies could be damaged if banks were to close the accounts of many or of a few key businesses providing Bitcoin and/or other cryptocurrency-related services. This could decrease the market prices of cryptocurrencies and adversely affect the value of the Company's cryptocurrency inventory.

Token holders may lack information for monitoring their investment

The Tokens do not have any information rights attached to them and Token holders may not be able to obtain all the information they would want regarding the Company or the Tokens. In particular, investors may not be able to receive information regarding the financial performance of the Company. The Company is not currently registered with the SEC and currently has no periodic reporting requirements. As a result of these difficulties, as well as other uncertainties, a Token holder may not have accurate or accessible information about the Company or the Tokens.

The Company will be dependent upon key QDI Opco personnel

In order to successfully implement its business plan, the Company will be dependent upon the executive management of QDI Opco the provision of services under the Management Services Agreement. The loss of any member of that executive management team could have a material adverse effect upon the Company's business prospects. The Company will rely exclusively upon the QDI Opco executive management team to effectively implement its business plan and the success of the Company will be dependent upon the performance of that team. The Quarry Dynamics group of companies will not have and is not expected to purchase key person insurance on such individuals, which insurance would provide proceeds in the event of their death. Without key person insurance, the financial resources may not be available to develop or maintain business operations until the individual is replaced. The development of the business of the Company will be dependent on QDI Opco's ability to attract and retain highly qualified management and mining personnel. QDI Opco will face competition for personnel from other employers. If the QDI Opco is unable to attract or retain qualified personnel as required, it may not be able to adequately manage and implement the Company's business plan in accordance with the Management Services Agreement.

Conflicts of Interest

Certain of the officers and directors of the Company are also directors, officers, or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company will be required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict arises at a meeting of the board of directors of the Company, any director in a conflict will disclose his or her interest and abstain from voting on such matter. In determining whether or not the Company will participate in any

project or opportunity, the director will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Token holders will have no significant influence on the management of the Company

Substantially all decisions with respect to the management of the Company will be made exclusively by the officers, directors, managers, or employees of the Company. Token holders will have no ability to vote on issues of Company management and will not have the right or power to take part in the management of the Company and will not be represented on the board of directors or by the managers of the Company. Accordingly, no person should purchase Tokens unless he or she is willing to entrust all aspects of management to the Company.

Company bank accounts will not be fully insured

The Company's regular bank accounts and the escrow account for this Memorandum each have federal insurance that is limited to a certain amount of coverage. It is anticipated that the account balances in each account may exceed those limits at times. In the event that any of Company's banks should fail, the Company may not be able to recover all amounts deposited in these bank accounts.

The Company's business plan is speculative

The Company's business plan is speculative and subject to numerous risks and uncertainties. There is no assurance that the Company will generate significant revenues or profits.

Fees payable by the Company under the Management Services Agreement may increase

An increase in the kilowatt-hour charge for electrical energy used to operate the Company Mining Rigs over a 30-day period in excess of 20% with reference to the preceding 30-day period could result in a material increase in the Management Services Fee which will be deducted from any distribution of Bitcoin to Token holders.

Economic Dependence on Regulated Terms of Service and Electricity Rates Risks

The Company's operations are dependent on its ability to maintain reliable and economical sources of power to run its cryptocurrency mining assets. The Company will conduct mining in the State of Georgia, USA which has regulated electrical power suppliers and there can be no assurance that electricity can be provided on terms which are economic for the Company's current and future operations, anticipated growth, and sustainability.

Computer, website, or information system breakdown could affect the Company's business

Computer, website, and/or information system breakdowns as well as cyber security attacks could impair the Company's activities leading to reduced profits and/or reputational damage

which could have a material adverse effect on the Company's business as well as the Token holders' investment.

A data security breach could expose the Company to liability

To the extent that the Company's activities involve the storage and transmission of confidential information, the Company and/or third-party processors will receive, transmit, and store confidential customer and other information. Encryption software and the other technologies used to provide security for storage, processing, and transmission of confidential customer and other information may not be effective to protect against data security breaches by third parties. The risk of unauthorized circumvention of such security measures has been heightened by advances in computer capabilities and the increasing sophistication of hackers. Improper access to the Company's or these third parties' systems or databases could result in the theft, publication, deletion, or modification of confidential information. A data security breach of the systems on which sensitive account information is stored could lead to fraudulent activity involving the Company, reputational damage, and claims or regulatory actions against the Company. If the Company is subjected to litigation in connection with any data security breach, the Company could be involved in protracted and costly litigation. If unsuccessful in defending that litigation, the Company might be forced to pay damages and/or change the Company's business practices, any of which could have a material adverse effect on the Company's business. The Company would also likely have to pay fines, penalties, and/or other assessments imposed as a result of any data security breach.

The Company is reliant upon third-party providers for Internet infrastructure

The Company will outsource some or all of its online presence and data management to third parties who host the actual servers and provide power and security in multiple data centers in each geographic location. These third-party facilities require uninterrupted access to the Internet. If the operation of the servers is interrupted for any reason, including natural disaster, financial insolvency of a third-party provider, or malicious electronic intrusion into the data center, its business would be significantly damaged. As has occurred with many Internet-based businesses, the Company may be subject to 'denial-of-service' (DoS) attacks in which unknown individuals bombard its computer servers with requests for data, thereby degrading the servers' performance. The Company cannot be certain it will be successful in quickly identifying and neutralizing these attacks. If either a third-party facility failed, or the Company's ability to access the Internet was interfered with because of the failure of Internet equipment in general or if the Company becomes subject to malicious attacks of computer intruders, its business and operating results will be materially adversely affected.

The Company's business plan relies upon assumptions and analyses developed by the Company which, if incorrect, could result in the Company's actual operating results being materially different than any forecasted results

Whether actual operating results and business developments will be consistent with the Company's expectations and assumptions as reflected in its forecast depends upon a number of factors, many of which are outside the Company's control including, but not limited to: unforeseen changes in legal, regulatory, compliance, accounting, or taxation matters having an adverse impact on the Company's business including the valuation of, and transactions involving, cryptocurrencies; the Company's ability to retain extant key management personnel and to attract, retain, and motivate qualified personnel; the overall strength and stability of domestic and international economies; and, unanticipated U.S. government shutdowns affecting operations. Unfavorable changes in any of these or other factors, most of which are beyond the Company's control, could materially and adversely affect its business.

Pandemics and COVID-19

The Company cautions that current global uncertainty with respect to the spread of the COVID-19 Virus ("COVID-19") and its effect on the broader global economy may have a significant negative effect on the Company. While the precise impact of COVID-19 on the Company remains unknown, rapid spread of COVID-19 may have a material adverse effect on global economic activity, and can result in volatility and disruption to global supply chains, operations, mobility of people, and the financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, ability to visit and/or monitor the Facility, results of operations, and other factors relevant to the Company.

Risks Related to Blockchain Technology

The regulatory regime governing blockchain technologies, cryptocurrencies, digital assets, and offerings of digital assets is uncertain

Regulation of digital assets like the Tokens is currently underdeveloped and likely to rapidly evolve as government agencies take greater interest in them. Regulation varies significantly among international, federal, state, and local jurisdictions and is subject to significant uncertainty. Various legislative and executive bodies in the United States and in other countries may in the future adopt laws, regulations, or guidance, or take other actions, which may severely impact the status of the Tokens, tokens generally and, in each case, the technology behind them or the means of transaction in them. Failure by the Company or certain users of the Tokens to comply with any laws, rules, and regulations, some of which may not exist yet or that are subject to interpretations that may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines.

Cryptocurrency networks, distributed ledger technologies, and coin and token offerings also face an uncertain regulatory landscape in many jurisdictions. Various jurisdictions may, in the near future, adopt laws, regulations, or directives that affect the Tokens. Such laws, regulations, or directives may conflict with those of the United States or may directly and negatively impact the Company's business. The effect of any future regulatory change is impossible to predict, but such

change could be substantial and materially adverse to the adoption and value of the Tokens and the financial performance of the Company.

New or changing laws and regulations or interpretations of existing laws and regulations, in the United States and other jurisdictions, may materially and adversely impact the value of the Tokens, including with respect to the distributions that may be made, the liquidity of the Tokens, the ability to access marketplaces or exchanges on which to trade the Tokens, and the structure, rights, and transferability of Tokens.

The further development and acceptance of blockchain networks, which are part of a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of blockchain networks and blockchain assets would have an adverse material effect on the successful development and adoption of the Tokens.

The growth of the blockchain industry in general, as well as the blockchain networks on which the Tokens will rely, is subject to a high degree of uncertainty. The factors affecting the further development of the cryptocurrency and cryptosecurity industry, as well as blockchain networks, include, without limitation:

- worldwide growth in the adoption and use of cryptocurrencies, crypto securities, and other blockchain technologies;
- government and quasi-government regulation of cryptocurrencies, crypto securities, and other blockchain assets and their use, or restrictions on or regulation of access to and operation of blockchain networks or similar systems;
- the maintenance and development of the open-source software protocol of cryptocurrency or crypto securities networks;
- changes in consumer demographics and public tastes and preferences;
- the availability and popularity of other forms or methods of buying and selling goods and services, or trading assets including new means of using government-backed currencies or existing networks;
- general economic conditions and the regulatory environment relating to cryptocurrencies and crypto securities; and
- a decline in the popularity or acceptance of cryptocurrencies or other blockchain-based tokens would adversely affect the Company's results of operations.

The cryptocurrency and crypto securities industries as a whole have been characterized by rapid changes and innovations and are constantly evolving. Although they have experienced significant growth in recent years, the slowing or stopping of the development, general acceptance, and adoption and usage of blockchain networks and blockchain assets may deter or delay the acceptance and adoption of the Tokens.

The prices of digital assets are extremely volatile. Fluctuations in the price of digital assets could materially and adversely affect the Company's business, and the Tokens may also be subject to significant price volatility.

The prices of cryptocurrencies, such as Bitcoin and Ether, and other digital assets have historically been subject to dramatic fluctuations and are highly volatile, and the market price of the Tokens may also be highly volatile. Several factors may influence the market price, if any, of the Tokens, including, but not limited to:

- the ability of the Tokens to trade in a secondary market, if at all;
- the availability of an exchange or other trading platform for digital assets;
- global digital asset and security token supply;
- global digital asset and security token demand, which can be influenced by the growth of retail merchants' and commercial businesses' acceptance of digital assets like cryptocurrencies as payment for goods and services, the security of online digital asset exchanges and digital wallets that hold digital assets, the perception that the use and holding of digital assets is secure, and the regulatory restrictions on their use;
- purchasers' expectations with respect to the rate of inflation;
- changes in the software, software requirements, or hardware requirements underlying the Tokens;
- changes in the rights, obligations, incentives, or rewards for the various holders of the Tokens;
- interest rates;
- currency exchange rates, including the rates at which digital assets may be exchanged for fiat currencies;
- government-backed currency withdrawal and deposit policies of digital asset exchanges;
- interruptions in service from or failures of major digital asset and security token exchange on which digital assets and security tokens are traded;
- investment and trading activities of large purchasers, including private and registered funds, that may directly or indirectly invest in securities tokens or other digital assets;
- monetary policies of governments, trade restrictions, currency devaluations, and revaluations;
- regulatory measures, if any, that affect the use of digital assets and security tokens such as the Tokens;
- global or regional political, economic, or financial events and situations; and
- expectations among digital assets participants that the value of security tokens or other digital assets will soon change.

A decrease in the price of a single digital asset may cause volatility in the entire digital asset and security token industry and may affect other digital assets including the Tokens. For example, a security breach that affects purchaser or user confidence in Bitcoin or Ether may affect the industry as a whole and may also cause the price of the Tokens and other digital assets to

fluctuate. Such volatility in the price of the Tokens may result in significant loss over a short period of time.

Bitcoin Halving Events

In May 2020, the Bitcoin block reward decreased from 12.5 to 6.25 Bitcoins per block (each such event, a “Bitcoin Halving”), and consequently the number of new Bitcoins issued to miners was reduced to approximately 900 per day, excluding transaction fees. Given that profitability is required for self-acting agents to perform mining to continue to support the validation of transactions, the expected impact of the Bitcoin Halving suggests that market variables of Bitcoin price will adjust over time to ensure that mining remains profitable. The period of market normalization after the Bitcoin Halving to incentivizing profitability levels is unknown.

The Company believes that revenue per tera hash will continue to normalize to levels that would allow Miners with competitive electricity pricing, sufficient scale of efficient mining operations, recent generation mining hardware, and access to capital to remain profitable. If Bitcoin price and mining difficulty do not maintain or continue their trend of adjusting to pre-Bitcoin Halving profitability levels over time, or the period of market normalization after the Bitcoin Halving to pre-Bitcoin Halving profitability levels is too long, there is a risk that the Bitcoin Halving will render the Company unprofitable for a sustained time period such that it would be unable to continue as a going concern. The next Bitcoin Halving is expected to occur on or around May 2024.

Transactional Fees and Demand for Bitcoin

Currently, miners receive both rewards of new Bitcoin and transaction fees paid in Bitcoin by persons engaging in Bitcoin transactions on the Bitcoin blockchain for being the first to solve Bitcoin blocks. As the number of Bitcoins awarded for solving a block in a blockchain decreases through the Bitcoin Halving events described above, the incentive for miners to continue to contribute to the Bitcoin network may transition from a set reward and transaction fees to solely transaction fees. This transition could be accomplished by miners independently electing to record in the blocks they solve only those transactions that include payment of the highest transaction fees. If transaction fees paid for Bitcoin transactions become too high, the marketplace may be reluctant to accept Bitcoin as a means of payment, and existing users may be motivated to switch from Bitcoin to another cryptocurrency or to fiat currency. Either the requirement from miners of higher transaction fees in exchange for recording transactions in a blockchain or a software upgrade that automatically charges fees for all transactions may decrease demand for Bitcoin and prevent the expansion of the Bitcoin network to retail merchants and commercial businesses, resulting in a reduction in the price of Bitcoin. Decreased use of and demand for Bitcoin may adversely affect its value and result in a reduction in the price of Bitcoin and, consequently, the value of the Tokens.

The decentralized nature of the governance of Bitcoin systems may lead to ineffective decision making that slows development or prevents a network from overcoming emergent obstacles.

Governance of many Bitcoin systems is by voluntary consensus and open competition with no clear leadership structure or authority. To the extent lack of clarity in corporate governance of Bitcoin systems leads to ineffective decision making that slows development and growth of such cryptocurrencies, the value of the Tokens may be adversely affected.

If the award of coins for solving blocks and transaction fees are not sufficiently high, miners may not have an adequate incentive to continue mining and may cease their mining operations

As the number of coins awarded for solving a block in the Blockchain decreases, the incentive for miners to continue to contribute processing power to the network will transition from a set reward to transaction fees. Either the requirement from miners of higher transaction fees in exchange for recording transactions in the Blockchain or a software upgrade that automatically charges fees for all transactions may decrease demand for the relevant coins and prevent the expansion of the network to retail merchants and commercial businesses, resulting in a reduction in the price of the relevant cryptocurrency that could adversely impact the Company's cryptocurrency inventory and investments.

In order to incentivize miners to continue to contribute processing power to the network, the network may either formally or informally transition from a set reward to transaction fees earned upon solving for a block. This transition could be accomplished either by miners independently electing to record on the blocks they solve only those transactions that include payment of a transaction fee or by the network adopting software upgrades that require the payment of a minimum transaction fee for all transactions. If transaction fees paid for the recording of transactions in the Blockchain become too high, the marketplace may be reluctant to accept network as a means of payment and existing users may be motivated to switch between cryptocurrencies or back to fiat currency. Decreased use and demand for coins may adversely affect their value and result in a reduction in the market price of coins.

If the award of coins for solving blocks and transaction fees are not sufficiently high, miners may not have an adequate incentive to continue mining and may cease their mining operations. Miners ceasing operations would reduce collective processing power, which would adversely affect the confirmation process for transactions (i.e., decreasing the speed at which blocks are added to the Blockchain until the next scheduled adjustment in difficulty for block solutions) and make the network more vulnerable to a malicious actor or botnet obtaining control in excess of fifty percent of the processing power. Any reduction in confidence in the confirmation process or processing power of the network may adversely impact the Company's mining activities, inventory of coins, and future investment strategies.

The Company's cryptocurrency inventory may be exposed to cybersecurity threats and hacks

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

create money have historically occurred somewhat regularly, more recently, they have been becoming relatively rarer.

The computer network operated by the Company may further be vulnerable to intrusions by hackers who could interfere with and introduce defects to the mining operation. Private keys which enable holders to transfer funds may also be lost or stolen, resulting in irreversible losses of cryptocurrencies.

The Company's Bitcoin may be subject to loss, theft or restriction on access

There is a risk that some or all of the Company's Bitcoin could be lost or stolen. Access to the Company's Bitcoin could also be restricted by cybercrime (such as a denial of service (DDoS) attack) against a service at which the Company maintains a hosted online wallet. Any of these events may adversely affect the operations of the Company and, consequently, its investments and profitability.

The loss or destruction of a private key required to access the Company's digital wallets may be irreversible. The Company's loss of access to its private keys or its experience of a data loss relating to the Company's digital wallets could adversely affect its investments.

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

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

Set forth below is a discussion, in summary form, of certain United States federal income tax consequences relating to the acquisition, ownership, and disposition of Tokens to U.S. holders and non-U.S. holders. This summary does not attempt to present all aspects of the United States federal income tax laws or any state, local, or foreign laws that may affect an investment in Tokens. This summary is general in nature and should not be construed as tax advice to any prospective purchaser. No ruling has been or will be requested from the United States Internal Revenue Service (the "IRS") and no assurance can be given that the IRS will agree with the tax consequences described in this discussion.

This description is based on the United States *Internal Revenue Code of 1986*, as amended, (the “Code”), existing, proposed, and temporary U.S. Treasury Regulations and judicial and administrative interpretations thereof, in each case as available on the date hereof. All of the foregoing is subject to change, which change could apply retroactively and could affect the tax consequences described below.

Each prospective purchaser should consult with its own tax adviser in order to fully understand the United States federal, state, local, and foreign income tax consequences of an investment in Tokens. No formal or legal tax advice is hereby given to any prospective purchaser.

Transactions involving security token transactions are relatively new and it is more than likely that the IRS will issue guidance, possibly with retroactive effect, impacting the taxation of Subscribers. Future tax guidance from the IRS (or guidance resulting from future judicial decisions) could negatively impact Subscribers.

This discussion is limited to U.S. federal income tax considerations to U.S. holders and non-U.S. holders that hold Tokens as “capital assets” within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all aspects of U.S. federal income taxation that may be important to particular holders in light of their individual circumstances, including holders subject to special treatment under U.S. tax laws, such as, for example:

- banks, thrifts, mutual funds, or other financial institutions, underwriters, or insurance companies;
- traders in securities who elect to apply a mark-to-market method of accounting;
- real estate investment trusts and regulated investment companies;
- tax-exempt organizations, qualified retirement plans, individual retirement accounts, or other tax-deferred accounts;
- expatriates or former long-term residents of the United States;
- partnerships or other pass-through entities (or arrangements treated as such) or investors therein;
- dealers or traders in securities, commodities or currencies;
- grantor trusts;
- persons subject to the alternative minimum tax;
- U.S. persons whose “functional currency” is not the U.S. dollar;
- persons who receive Tokens as compensation, or as an incentive, reward or grant; or
- persons who are subject to the accounting rules under Section 451(b) of the Code.

For the purposes of this discussion, the term “U.S. holder” means a beneficial owner of Tokens that is, for U.S. federal income tax purposes: (a) an individual who is a citizen or resident of the United States; (b) a corporation (or other entity that is classified as a corporation for U.S. federal income tax purposes) that is created or organized in or under the laws of the United States, any State thereof, or the District of Columbia; (c) an estate the income of which is subject to U.S.

federal income tax regardless of its source; or (d) a trust (i) if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (ii) that has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person for U.S. federal income tax purposes.

For the purposes of this discussion, a “non-U.S. holder” means a beneficial owner of Tokens that is neither a U.S. holder nor a partnership (or an entity or arrangement treated as a partnership) for U.S. federal income tax purposes.

If a partnership, including for this purpose any entity or arrangement that is treated as a partnership for U.S. federal income tax purposes, holds Tokens, the U.S. federal income tax treatment of a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. A holder that is a partnership and the partners in such partnership should consult their tax advisors with regard to the U.S. federal income tax consequences of the ownership and disposition of Tokens.

THIS DISCUSSION DOES NOT PURPORT TO BE A COMPREHENSIVE ANALYSIS OR DESCRIPTION OF ALL POTENTIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF TOKENS. HOLDERS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF TOKENS, INCLUDING THE APPLICABILITY AND EFFECTS OF U.S. FEDERAL, STATE, LOCAL, FOREIGN, AND OTHER TAX LAWS.

Tax Treatment of Token Sales

The issuance of Tokens to a U.S. holder or non-U.S. holder will be treated, for U.S. federal income tax purposes, as a taxable sale of property by the Company to the holder. While a sale of property, such as Tokens, generally is not taxable to the purchaser for U.S. federal income tax purposes, a holder that uses Bitcoin or Ether as its form of payment for the Tokens may have taxable gain or loss to the extent the holder’s adjusted tax basis in Bitcoin or Ether used to purchase the Tokens (expressed in U.S. dollars) is less than or greater than, respectively, the applicable exchange rate for Bitcoin or Ether (expressed in U.S. dollars) upon the acquisition of the Tokens. The holder should generally have a tax basis for U.S. federal income tax purposes in the Tokens it acquires from the Company equal to the amount of money such holder paid for the Tokens. The holder’s holding period in the Tokens should begin on the day the Tokens are issued to the holder.

Disposition of Tokens

A U.S. holder who sells, exchanges, or otherwise disposes of the Tokens for cash or other property (including pursuant to an exchange of such Tokens for other convertible virtual currency) should, pursuant to Internal Revenue Service Notice 2014-21 (the “Notice”), recognize capital gain or loss

in an amount equal to the difference between the fair market value of the property received in exchange for such Tokens and the holder's adjusted tax basis in the Tokens. This capital gain should be long-term if the holder has held its Tokens for more than one year prior to disposition. In addition, under the Notice, if the U.S. holder of Tokens utilizes such Tokens as form of currency with which to acquire assets or pay for services, then the holder should recognize gain or loss in an amount equal to the difference between the fair market value of such property or services received in exchange for such Tokens and the holder's adjusted tax basis in the Tokens.

Net Investment Income Tax

Certain U.S. holders that are individuals, estates, or trusts may be subject to a 3.8% tax on all or a portion of their "net investment income," which may include all or a portion of their net gains from the disposition of Tokens. Each U.S. holder that is an individual, estate, or trust is urged to consult its tax advisors regarding the applicability of the net investment income tax to its income and gains in respect of its investment in Tokens.

Non-U.S. Holders

In general, a non-U.S. holder of Tokens should not be subject to U.S. federal income tax or, subject to the discussion below under "*Backup Withholding Tax and Information Reporting Requirements*," U.S. federal withholding tax on any gain recognized on a sale or other disposition of Tokens unless the non-U.S. holder is a non-resident alien individual present in the United States for 183 days or more during the taxable year of the sale or disposition, and certain other requirements are met.

A non-U.S. holder that is a corporation may also be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable tax treaty) on its effectively connected earnings and profits for the taxable year, as adjusted for certain items. Non-U.S. holders should consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

Backup Withholding Tax and Information Reporting Requirements

U.S. backup withholding tax and information reporting requirements generally apply to payments to non-corporate U.S. holders of Tokens. Information reporting will apply to proceeds from the disposition of Tokens by a paying agent within the United States or who is a U.S.-related financial intermediary to U.S. holders, other than U.S. holders that are exempt from information reporting and properly certify their exemption. A paying agent within the United States or who is a U.S.-related financial intermediary will be required to withhold at the applicable statutory rate, currently 24%, in respect of any proceeds from the disposition of Tokens within the United States to a U.S. holder (other than U.S. holders that are exempt from backup withholding and properly certify their exemption) if the holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with applicable backup withholding requirements. U.S. holders who

are required to establish their exempt status generally must provide a properly completed IRS Form W-9.

Information returns may be filed with the IRS in connection with, and non-U.S. holders may be subject to backup withholding on, amounts received in respect of their disposition of Tokens, unless the non-U.S. holder furnishes to the applicable withholding agent the required certification as to its non-U.S. status, such as by providing a valid IRS Form W-8BEN, IRS Form W-8BEN-E or IRS Form W-8ECI, as applicable, or the non-U.S. holder otherwise establishes an exemption. Proceeds from the sale or other disposition of Tokens received in the United States by a non-U.S. holder through certain U.S.-related financial intermediaries may be subject to information reporting and backup withholding unless such non-U.S. holder provides proof an applicable exemption or complies with certain certification procedures described above, and otherwise complies with the applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. holder's U.S. federal income tax liability. A U.S. holder generally may obtain a refund of any amounts withheld under the backup withholding rules in excess of such holder's U.S. federal income tax liability by filing the appropriate claim for refund with the IRS in a timely manner and furnishing any required information.

Foreign Account Tax Compliance Act (FATCA)

The Foreign Account Tax Compliance Act, Treasury Regulations issued thereunder and official IRS guidance (collectively "FATCA") generally impose a U.S. federal withholding tax of 30% on dividends on, and the gross proceeds from a sale or other disposition of, Tokens paid to a "foreign financial institution" (as specially defined under these rules), unless otherwise provided by the Treasury Secretary or such institution enters into an agreement with the U.S. government to, among other things, withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding the U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) or otherwise establishes an exemption. FATCA also generally imposes a U.S. federal withholding tax of 30% on dividends on and the gross proceeds from a sale or other disposition of Tokens paid to a "non-financial foreign entity" (as specially defined under these rules) unless otherwise provided by the Treasury Secretary or such entity provides the withholding agent with a certification identifying the substantial direct and indirect U.S. owners of the entity, certifies that it does not have any substantial U.S. owners, or otherwise establishes an exemption.

The withholding obligations under FATCA generally apply to dividends on Tokens (if any). The Treasury Secretary has issued proposed regulations providing that the withholding provisions under FATCA do not apply with respect to payment of gross proceeds from a sale or other disposition of Tokens, which may be relied upon by taxpayers until final regulations are issued. The withholding tax will apply regardless of whether the payment otherwise would be exempt from U.S. nonresident and backup withholding tax, including under the other exemptions

described above. Under certain circumstances, a non-U.S. holder might be eligible for refunds or credits of such taxes. An intergovernmental agreement between the United States and an applicable foreign country may modify the requirements described in this section. Prospective investors should consult with their own tax advisors regarding the application of FATCA withholding to their investment in, and ownership and disposition of, Tokens.

EACH PURCHASER SHOULD SEEK, AND MUST DEPEND UPON, THE ADVICE OF HIS OR HER TAX ADVISOR WITH RESPECT TO ITS INVESTMENT IN TOKENS, AND EACH PURCHASER IS RESPONSIBLE FOR THE FEES OF SUCH ADVISOR. NOTHING IN THIS MEMORANDUM IS OR SHOULD BE CONSTRUED AS LEGAL OR TAX ADVICE TO A PURCHASER. PURCHASERS SHOULD BE AWARE THAT THE INTERNAL REVENUE SERVICE MAY NOT AGREE WITH ALL TAX POSITIONS TAKEN BY THE COMPANY AND THAT CHANGES TO THE INTERNAL REVENUE CODE OR THE REGULATIONS OR RULINGS THEREUNDER OR COURT DECISIONS AFTER THE DATE OF THIS MEMORANDUM MAY CHANGE THE ANTICIPATED TAX TREATMENT TO A PURCHASER. THE COMPANY WILL NOT OBTAIN ANY RULING FROM THE INTERNAL REVENUE SERVICE WITH REGARD TO THE TAX CONSEQUENCES OF AN INVESTMENT IN TOKENS. THE TAX TREATMENT OF TOKENS IS UNCERTAIN AND THERE MAY BE ADVERSE TAX CONSEQUENCES FOR PURCHASERS UPON CERTAIN FUTURE EVENTS. THE PURCHASE OF TOKENS MAY RESULT IN ADVERSE TAX CONSEQUENCES TO PURCHASERS, INCLUDING WITHHOLDING TAXES, INCOME TAXES, AND TAX REPORTING REQUIREMENTS. EACH PURCHASER SHOULD CONSULT WITH AND MUST RELY UPON THE ADVICE OF ITS OWN PROFESSIONAL TAX ADVISORS WITH RESPECT TO THE UNITED STATES AND NON-U.S. TAX TREATMENT OF AN INVESTMENT IN TOKENS.

SCHEDULE "A" - SECURITY TOKEN PURCHASE AGREEMENT

THE OFFER AND SALE OF THESE SECURITIES HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE OR PROVINCIAL SECURITIES LAWS. THESE SECURITIES MAY NOT BE OFFERED, SOLD, OR OTHERWISE TRANSFERRED, PLEDGED, OR HYPOTHECATED EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE AND PROVINCIAL SECURITIES LAWS PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR PROSPECTUS OR AN EXEMPTION THEREFROM.

ONLY PERSONS OF ADEQUATE FINANCIAL MEANS WHO HAVE NO NEED FOR PRESENT LIQUIDITY WITH RESPECT TO THIS INVESTMENT SHOULD CONSIDER PURCHASING TOKENS (AS DEFINED BELOW) AS SET FORTH IN THE AGREEMENT (AS DEFINED BELOW) BECAUSE: (I) AN INVESTMENT IN QDMINE TOKENS INVOLVES A NUMBER OF SIGNIFICANT RISKS; AND (II) NO ACTIVE MARKET FOR QDMINE TOKENS EXISTS, AND NONE IS LIKELY TO DEVELOP IN THE REASONABLY FORESEEABLE FUTURE. THIS OFFERING IS INTENDED TO BE A PRIVATE OFFERING THAT IS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS.

THIS OFFERING IS LIMITED SOLELY TO (A) UNITED STATES RESIDENT "ACCREDITED INVESTORS" AS DEFINED IN RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT, AND (B) CANADIAN RESIDENT "ACCREDITED INVESTORS" AS DEFINED IN NATIONAL INSTRUMENT 45-106 – *PROSPECTUS EXEMPTIONS* OF THE CANADIAN SECURITIES ADMINISTRATORS.

Security Token Purchase Agreement

QD MINE INC.

(A corporation incorporated under the laws of the State of Wyoming)

QDMINE TOKENS

TO: QD Mine Inc. (the "Company")

The undersigned (the "Subscriber") understands that the Company, a C-Corporation incorporated under the laws of the State of Wyoming, is offering up to 2,420,551 profit participation security tokens (the "Tokens"). The first 500,000 Tokens will be sold at a purchase price of \$0.85 per Token and the balance of the Tokens will be sold at a purchase price of \$1.00 USD per Token (in each case, the "Subscription Price"). The Tokens will be deployed on the Ethereum blockchain using Polygon, a decentralized Ethereum scaling platform, and will utilize ERC20-standard smart contracts. The Subscriber understands that the Company may increase the size of the Offering in its sole discretion in the event that the initial Offering is fully subscribed. This security token purchase agreement (this "Agreement") sets forth the terms and conditions for the purchase of the Tokens and the rights and restrictions attached to the Tokens.

The Tokens will be issued, controlled, operated, and administered by the Company from its offices within the United States of America. The Company makes no representation that the Tokens are appropriate or available for use at other locations outside of the United States and access to them from jurisdictions where their contents/use are illegal is expressly prohibited. If a Token Holder is located outside of the United States, the Token Holder is, and will at all times be, solely responsible for compliance with all applicable local laws with respect to the acquisition and ownership of the Tokens.

The Company is not a “reporting issuer” in any jurisdiction in Canada.

Securities to Be Acquired

Aggregate Purchase Price to Be Paid

That Number of Tokens referenced on the Subscriber’s Dashboard Subscription Invoice

That Aggregate Amount (expressed in USD) referenced on the Subscriber’s Dashboard Subscription Invoice (the "Subscription Price")

Name of Subscriber:

As referenced on the Subscriber’s Dashboard Subscription Invoice

Subscriber's Address, including

State/Province and Zip/Postal Code:

As referenced on the Subscriber’s Dashboard Subscription Invoice

BY: _____

(Authorized Signature)

Title (if Subscriber is not an individual):

As referenced on the Subscriber’s Dashboard Subscription Invoice

Telephone Number:

As referenced on the Subscriber’s Dashboard Subscription Invoice

Email Address:

As referenced on the Subscriber’s Dashboard Subscription Invoice

Beneficial Purchasers

If the Subscriber is signing as an agent for a beneficial purchaser and is not purchasing as a trustee or agent on accounts fully managed by it, complete the following:

Name of Beneficial Purchaser:

As referenced in the Subscriber's Dashboard Subscription Invoice

Address of Beneficial Purchaser (including State/Province and Zip/Postal Code):

As referenced on the Subscriber's Dashboard Subscription Invoice

Subscriber's Digital Wallet Address:

As referenced on the Subscriber's Dashboard Subscription Invoice

The documents necessary to subscribe for Tokens are referenced on the Dashboard and are available on the Dashboard or from the Company via email. Instructions for the execution of this Agreement and related documents follow.

A. Instructions

Each person considering subscribing for Tokens must review and comply with the following instructions:

- **Security Token Purchase Agreement:** The Agreement must be completed, executed, and delivered to the Company by the Subscriber. If the Subscriber's subscription is accepted, the Company will execute the Agreement and return a copy to the Subscriber.
- **Accredited Investor Certification.**
 - Subscribers resident in the United States must complete and sign a U.S. Accredited Investor Certificate in the form attached to this Agreement as Appendix "A" and located on the Dashboard. Further documentation may be requested for verification of the Subscriber's status as an Accredited Investor under United States law.
 - Subscribers resident in Canada must complete and sign a Canadian Accredited Investor Certificate in the form attached to this Agreement as Appendix "B". Further documentation may be requested for verification of the Subscriber's status as an Accredited Investor under Canadian law. If the Canadian resident Subscriber is an individual, the Subscriber must complete and sign a Form 45-106F9 risk acknowledgment in the form attached to this Agreement as Appendix "C".
- **Payment:** Payment in full of the aggregate Subscription Price for the Tokens subscribed for shall be made in USD on Closing (as defined in Section 4 of the Agreement) by wire transfer.
- **Acceptance or Rejection of Subscription:** The Company shall have the right to accept or reject any subscription, in whole or in part.

B. Communications

In order to purchase Tokens, Subscribers must create an account by registering on the Company's online dashboard portal at:

<https://www.dashboard.quarrydynamics.com>

Subscribers are required to complete the Company's Know-Your-Customer (KYC) and Anti-Money Laundering protocols and set up their Digital Wallets.

The Company’s compliance officer will review each Subscriber’s KYC documentation; additional KYC documentation may be requested of a Subscriber in connection with the Company’s verification of the Subscriber’s status as an Accredited Investor.

TERMS AND CONDITIONS OF SUBSCRIPTION FOR TOKENS

1. **Definitions.** Whenever used in this Agreement the following terms and phrases shall have the following meanings. Other terms shall have the meaning ascribed to them throughout this Agreement.

“Accredited Investor” means, with respect to a United States resident Subscriber, an “accredited investor” as that term is defined in Rule 501(a) of Regulation D, and, with respect to a Canadian resident Subscriber, an “accredited investor” as that term is defined in Canadian Securities Administrators’ National Instrument 45-106 – *Prospectus Exemptions*.

“Applicable Law” means, with respect to any person or matter, any and all laws, statutes, ordinances, rules, regulations, judgments, decrees, or orders of any state, federal, or local government or agency which are applicable to such person/matter. Without limiting the generality of the foregoing, the term “Applicable Law” will, where applicable, specifically include all relevant Securities Laws.

“Beneficial Purchaser” has the meaning ascribed to such term in Section 8 of this Agreement.

“Bitcoin” refers to the type of digital currency in which a record of transactions is maintained, and new units of currency are generated by the computational solution of mathematical problems. Bitcoin operates independently of a central bank. Bitcoin can also refer to a single unit of bitcoin.

“Bitcoin Valuation” means the Company’s good faith estimate of the USD value of Bitcoin distributed to Token Holders on a Distribution Date based on credible and qualified independent third-party valuation sources.

“Burn Date” shall have the meaning ascribed thereto in Section 6.1(i) of this Agreement.

“Business Day” means a day other than a Saturday, Sunday or any other day on which chartered banks located in Cheyenne, Wyoming are not open for business.

“Closing” shall have the meaning ascribed to such term in Section ~~4~~ of this Agreement.

“Closing Date” shall have the meaning ascribed to such term in Section ~~4~~ of this Agreement.

“Company Mining Rigs” means the application-specific integrated circuit (ASIC) rigs incorporating microprocessors specifically made and suited for mining Bitcoin using the Secure Hash Algorithm (SHA) 256 proof-of-work (PoW) algorithm that are acquired by the Company using the proceeds of the Offering.

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“Dashboard” means the Company’s online digital Subscriber/Token Holder interface located at <https://www.dashboard.quarrydynamics.com>.

“Dashboard Subscription Invoice” means the electronic invoice generated by the Dashboard for a Subscriber following the Subscriber’s completion of a subscription for Tokens, which invoice will include: the Subscriber’s name, mailing address, telephone number, email address, and Digital Wallet address (and the same information for any Beneficial Purchaser), the number of Tokens subscribed for, the Subscription Price per Token, and the aggregate Subscription Price.

“Digital Wallet” refers to a cryptocurrency wallet, which is a device, program, or a service to store the public and/or private keys to facilitate the transactions (send and receipt) in cryptocurrency.

“Distribution Date” means any date upon which the Company is required to distribute Bitcoin to Token Holders pursuant to Section 6.1(h) of this Agreement.

“Distribution Entitlement” means the Token Holders’ entitlement to distributions of Bitcoin during the Distribution Period pursuant to Section 6.1(a) of this Agreement.

“Distribution Period” has the meaning ascribed thereto in Section 6.1(a) of this Agreement.

“Distribution Record Date” has the meaning ascribed thereto in Section 6.1(g) of this Agreement.

“Management Services Fee” has the meaning ascribed thereto in Section 6.2(a) of this Agreement.

“Net Profit” has the meaning ascribed thereto in Section 6.1(b) of this Agreement.

“Offering” means the offering for sale by the Company of up to 2,420,551 Tokens.

“Offering Memorandum” means the most recent offering memorandum, including any amendment or supplement thereto, which has been prepared and delivered by the Company to the Subscribers in connection with the Offering.

“Offering Period” means the period commencing on November 9, 2022 and concluding on the earlier of (i) the date upon which the Company elects to terminate the Offering in its sole discretion, (ii) the date upon which all of the Tokens have been sold, and (iii) November 9, 2023; provided that the Company, in its sole discretion, shall be entitled to extend the date referred to in subparagraph (iii) above for one or more periods of time not to exceed an aggregate of 180 days.

“person” means any individual (whether acting as an executor, trustee, administrator, legal representative, agent or otherwise), corporation, firm, partnership, sole proprietorship, syndicate, joint venture, trustee, trust, unincorporated organization, or association.

“QDI Opco” means QDI (USA) Inc., a C-Corporation incorporated under the Delaware General Corporation Law and the parent company of the Company.

“Qualified Agent” means a third-party transfer agent or other intermediary that is qualified to provide the subject service(s).

“Regulation D” means Regulation D promulgated under the Securities Act.

“Regulation S” means Regulation S promulgated under the Securities Act.

“Securities Act” means the *United States Securities Act of 1933*, as amended from time to time.

“Securities Laws” means the securities legislation and regulations of, and the instruments, policies, rules, orders, codes, notices, and published interpretation notes of the applicable securities regulatory authority or applicable securities regulatory authorities of, the applicable jurisdiction or jurisdictions.

“Subscriber” means any person purchasing the Tokens in the United States and any person purchasing the Tokens on behalf of, or for the account or benefit of, any person in the United States or any U.S. Person.

“Token Holder” or “Token Holders” means, individually and collectively, as the case may be and as of any given time, each person who then holds a Token.

“Token Ledger” shall have the meaning ascribed thereto in Section 6.6(a) of this Agreement.

“Tokens” means the profit participation security tokens issued by the Company in the Offering.

“Tranche Period” has the meaning ascribed thereto in Section 6.1(c) of this Agreement.

“United States” means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia.

“USD” means United States dollars (\$), the official currency of the United States.

“U.S. Person” means a U.S. Person as that term is defined in Rule 902(k) of Regulation S.

2. **Subscription.** Subject to the terms and conditions hereof, the Subscriber irrevocably subscribes for and agrees to purchase from the Company that number of Tokens set out the Subscriber’s Dashboard Subscription Invoice at a price per Token equal to the per-Token Subscription Price set out on the Subscriber’s Dashboard Subscription Invoice. The Subscriber agrees to be bound by the representations, warranties, covenants, and terms and conditions set forth in these “Terms and Conditions of Subscription for Tokens” (the “Terms”) including, without limitation, the representations, warranties and covenants set forth in the applicable schedules attached to the Terms (collectively, the “Agreement”). The Subscriber also agrees that the Company may rely upon the Subscriber’s representations, warranties, and covenants contained in such documents to, among other things, determine if the Subscriber is eligible to purchase the Tokens pursuant to applicable Securities Laws. The Subscriber acknowledges that the Tokens will be subject to transfer restrictions as set forth in this Agreement.

3. **Acceptance of Subscription and Issuance of Tokens.** It is understood and agreed that the Company shall have the sole right, at its complete discretion, to accept or reject this subscription, in whole or in part, for any reason and that the same shall be deemed to be accepted by the Company only when it is signed by a duly authorized officer of the Company and delivered to the Subscriber at the Closing referred to in Section 4 hereof. Subscriptions need not be accepted in the order received and the Tokens may be allocated among Subscribers. Notwithstanding anything in this Agreement to the contrary, the Company shall have no obligation to issue any of the Tokens to any person who is a resident of a jurisdiction in which the issuance of Tokens to such person would constitute a violation of the Securities Laws or securities laws of that jurisdiction. If the subscription is rejected in whole, any cheques or other forms of payment delivered to the Company representing the payment for the Tokens will be promptly returned to the Subscriber without interest or deduction. If this subscription is accepted in part, a cheque representing any refund of the payment for Tokens in respect of the portion of the subscription for the Tokens that is not accepted will be promptly delivered to the Subscriber without interest or deduction.

4. **Closings.** Completion of the purchase, sale, and issuance of the Tokens (each a "Closing") shall take place from time to time in multiple tranches as determined by the Company in its sole discretion (each such date being referred to herein as the "Closing Date"); provided that the first Closing shall not take place until the Company has accepted subscriptions for the purchase and sale of not less than 1,301,632 Tokens.

5. **Payment for Tokens.** Payment for the Tokens (the aggregate Subscription Price) shall be received by the Company from the Subscriber in USD by wire transfer of immediately available funds or other means approved by the Company at or prior to the Closing. Upon acceptance of a subscription for Tokens, the Company shall deposit the Tokens into the Subscriber's Digital Wallet at the address set forth on the Subscriber's Dashboard Subscription Invoice.

6. **Rights, Privileges, Restrictions, and Conditions Attached to the Tokens.** In addition to any other rights, privileges, restrictions, and conditions attached to the Token as specified in this Agreement and Securities Laws, the following rights, privileges, restrictions, and conditions shall attach to each Token:

6.1 **Distribution Entitlement.**

- (a) The Token Holders, as a group, shall be entitled to receive seventy-five percent (75%) of the Net Profit derived from the operation of the Company Mining Rigs during the period commencing on the date of the first Closing and concluding on the Burn Date (the "Distribution Period"). The Subscriber hereby acknowledges and agrees that (i) the remaining twenty percent (25%) of the Net Profit derived from the operation of the Company Mining Rigs during the Distribution Period, (ii) one hundred percent (100%) of the Net Profit derived from the operation of the Company Mining Rigs following the expiration of the

Distribution Period, and (iii) the Company Mining Rigs are, and will remain, the sole and exclusive property of the Company.

- (b) “Net Profit” means (A + B) minus (C + D + E) where:
- (i) A = all Bitcoin awarded to the Company as a result of the operation of the Company Mining Rigs;
 - (ii) B = all transaction fees awarded to the Company as a result of the operation of the Company Mining Rigs;
 - (iii) C = any and all accrued Management Services Fees outstanding on the Distribution Date;
 - (iv) D = any mining pool fees incurred in connection with the participation of any Company Mining Rigs in any mining pools, such participation to be determined by QDI Opco under the Management Services Agreement in its sole discretion); and
 - (v) E = a Dashboard subscription and support services fee of \$8,000 *per annum* payable to a third-party software services provider.
- (c) With respect to any Distribution Entitlement arising prior to the expiration of the Offering Period, the Distribution Entitlement accruing to each Token then outstanding shall be a *pro rata* entitlement, based on the aggregate number of Tokens outstanding on the commencement of the relevant Tranche Period, to the aggregate Distribution Entitlement arising during (i) the Tranche Period following the Closing in which the Token was issued, and (ii) any succeeding Tranche Period. A “Tranche Period” is the period of time between a Closing and any subsequent Closing. For greater certainty, a Token Holder shall have no Distribution Entitlement in respect of any Net Profit derived from the operation of the Company Mining Rigs prior to the date of the Closing in which such Token Holder’s Tokens were issued.
- (d) With respect to any Distribution Entitlement arising following the expiration of the Offering Period, the Distribution Entitlement accruing to each outstanding Token shall be a *pro rata* entitlement, based on the aggregate number of outstanding Tokens.
- (e) Each Token Holder shall be entitled to a *pro rata* portion of the Distribution Entitlement calculated based upon the number of Tokens outstanding at any time Bitcoin and/or transaction fees are awarded to the Company pursuant to the operation of the Company Mining Rigs such that Subscribers acquiring Tokens in earlier Closings will have a greater Distribution Entitlement than

Subscribers acquiring Tokens in later Closings if a Distribution Entitlement arises between such earlier and later Closings.

- (f) All amounts payable to Token Holders pursuant to Section 6.1(a) of this Agreement will be distributed on each Distribution Date to the Token Holders of record on the relevant Distribution Record Date. The Company shall effect the Distribution Entitlement by way of a deposit of Bitcoin into the Digital Wallets of the Token Holders entitled to the Distribution Entitlement.
- (g) “Distribution Record Date” means, in respect of any Distribution Entitlement, 5:00 p.m. Eastern Time on January 15; provided that midnight on the Burn Date shall also be a Distribution Record Date.
- (h) “Distribution Date” means, in respect of any Distribution Entitlement, a date not less than 10 Business Days following the relevant Distribution Record Date.
- (i) The Tokens and the Distribution Entitlement shall automatically (and without further notice to, or action by, any party) expire on the date (the “Burn Date”) that is thirty-six (36) months following the date of the expiration of the Offering Period; provided that the Burn Date shall be subject to automatic extension to a later date as follows:
 - (i) If, on the Burn Date, the aggregate Bitcoin Valuation of any and all Bitcoin distributed to Token Holders pursuant to the Distribution Entitlement is less than \$1.30 per Token, the Burn Date shall be extended to the date that is forty-eight (48) months following the date of the expiration of the Offering Period; and
 - (ii) If, on the Burn Date, as extended by operation of Section 6.1(h)(i) of this Agreement, the aggregate Bitcoin Valuation of any and all Bitcoin distributed to Token Holders pursuant to the Distribution Entitlement is less than \$1.30 per Token, the Burn Date shall be extended to the date this is sixty (60) months following the date of the expiration of the Offering Period.

6.2 **Management Services Fee.**

- (a) The Subscriber hereby acknowledges and agrees that (i) the Company has entered into a management services agreement dated November 9, 2022 (the “Management Services Agreement”) with its parent company, QDI (USA) Inc. (“QDI Opco”) in respect of the acquisition, installation, management, and operation of the Company Mining Rigs as described in the Offering Memorandum, (ii) pursuant to the Management Services Agreement, the Company will pay a management services fee to QDI Opco in the amount of \$240.89 per month per Company Mining Rig (the “Management Services Fee”,

(iii) the Management Services Fee will be deducted from the Bitcoin distributed to Token Holders pursuant to Section 6.1(a) of this Agreement based on the Bitcoin Valuation on the Distribution Date, (iv) the Management Services Fee is subject to increase in the event of an increase in the kilowatt-hour charge for electrical energy supplied to operate the Company Mining Rigs as described in the Offering Memorandum, and (v) any costs incurred by QDI Opco during the Distribution Period in respect of the repair (not including repairs effected under warranty) or replacement (not including any amounts recovered via insurance) of any Company Mining Rigs will be added to the Management Services Fee.

6.3 **Periodic Reports.**

- (a) During the period commencing on the first Closing and ending on the final Distribution Date, the Company shall periodically, and not less than quarterly, make available to Token Holders by way of posting on the Dashboard (and without delivery to directly to any Token Holder), reports, describing in reasonable detail, the operational status of the Company Mining Rigs. Each such report shall include, at a minimum:
- (i) identification of the number of Tokens issued during each Tranche Period and the then number of Tokens issued and outstanding;
 - (ii) identification of the application of the proceeds of the Offering;
 - (iii) the amount of Bitcoin mined and transaction fees earned during each calendar month, and during each Tranche Period, preceding the date of the report;
 - (iv) the calculation of Net Profit during the quarter;
 - (v) the amount of Bitcoin, and the Bitcoin Valuation thereof, distributed to Token Holders on each Distribution Date preceding the date of the report, including the *pro rata* allocation thereof pursuant to Sections 6.1(b) and (c) of this Agreement;
 - (vi) particulars of the manner in which each Distribution Date Bitcoin Valuation was calculated; and
 - (vii) the calculation and payment of the Management Services Fee.

6.4 **Limited Rights of Token Holders.**

- (a) Except to the extent specifically provided in Section 6.3 of this Agreement and save and except as may be specifically mandated by Applicable Law, the Token Holders will not be entitled, or otherwise have, any vote (or any other say) on

any matter regarding, or otherwise have any information rights with respect to, the Company or its business and assets.

- (b) The Token Holders will not, solely by virtue of being the owner of a Token, have (or otherwise be entitled to) any “preemptive rights,” “drag-along rights,” “tag-along rights,” or similar rights which the holders of the Company’s equity interest may now or hereafter have.
- (c) Save and except for the Distribution Entitlement, the Token Holders will not be entitled, or have any claim whatsoever, to any equity, liquidation, or other interest in the Company or any of its assets.
- (d) Save and except for the Distribution Entitlement, the Token Holders will not be entitled, or otherwise have any right, to receive any distribution from, or to otherwise participate in any proceeds received by, the Company.

6.5 **Token Transfers.**

- (a) Each Token Holder acknowledges that neither the Tokens, nor any interest or participation therein, may be offered, sold, assigned, transferred, pledged, encumbered, or otherwise disposed of by the Token Holder for a period of 12 months following the Closing Date by application of Rule 144 under Regulation D. Token Holders that are Canadian residents acknowledge that the Company is not a “reporting issuer” in any jurisdiction in Canada; as such, by application of Canadian Securities Administrators’ National Instrument 45-102 – *Resale of Securities*, a “closed system” is created under which a Token Holder may only resell Tokens pursuant to a prospectus exemption. The Tokens may only be acquired, held, and transferred in whole number increments (i.e., no fractional interests) and only upon prior notice given to the Company (and/or the applicable Qualified Agent) detailing the specifics of such transfer (including the name, mailing address, email address, and Digital Wallet address of the respective transferee). Any offer, sale, assignment, transfer, pledge, hypothecation, or other disposition of Tokens by a Token Holder shall only be effected in compliance with applicable Securities Laws.
- (b) Each Token Holder acknowledges that: (i) any transfer, or attempted transfer, of Tokens not made in compliance with Section 6.5(a) above, or otherwise in violation of the terms hereof, will be deemed invalid, null, and void, and of no force or effect and neither the Company nor any other person shall be required to recognize any such transfer/attempted transfer; and (ii) the Company will not be liable to any person, in any manner whatsoever, for any costs, losses, or other damages caused as a result of, or otherwise related to, the rejection of any such transfer/attempted transfer.

6.6 **Token Ledger.**

- (a) The Company will establish and continuously maintain (or otherwise cause to be continuously maintained), in as current a form as is commercially and technologically possible, a ledger (such ledger, the “Token Ledger”) identifying, at a minimum: (i) the name and last known mailing address of each Token Holder (and each designee of such Token Holder, as applicable); (ii) the number of all Tokens held by each Token Holder; and (iii) the Digital Wallet address of each Token Holder.
- (b) The Token Ledger will be held in strict confidentiality by the Company (and/or the applicable Qualified Agent), provided that: (i) a particular Token Holder will be entitled, at any time upon notice to the Company (and/or the applicable Qualified Agent), to receive a record of such Token Holder’s respective Token ownership (and all proceeds, if any, then payable to such holder as a result of such Token ownership); and (ii) the Company (and/or the applicable Qualified Agent) will be expressly permitted, at any time and from time to time and without further notice to any Token Holder, to provide access to/copies of any portion (or all) of the information then provided for in the Token Ledger if, and to the extent, requested by any banking body and/or regulatory authority in accordance with Applicable Law.

6.7 **Qualified Agents.**

- (a) Notwithstanding anything to the contrary provided herein, the Company will be expressly permitted to (at any time and from time to time) assign any one or more of its administrative obligations hereunder with respect to the Tokens to one or more Qualified Agents. Without limiting the generality of the foregoing, the Company may engage one or more Qualified Agents to:
 - (i) maintain and manage the Token Ledger (including keeping the same continuously updated and/or maintaining and ensuring the confidentiality and security of all of the information provided therein);
 - (ii) document or otherwise manage any and all transfers of Tokens by Token Holders;
 - (iii) direct and/or facilitate (to the extent manually required) any and all payments to be made under the Tokens to the Token Holders; and/or
 - (iv) act as the primary liaison between the Company and the Token Holders.
- (b) If, and to the extent, the Company engages a Qualified Agent it, will promptly (and in any event within five (5) Business Days) give each Token Holder written notice of the same (each such notice, a “QA Notice”). Each such QA Notice will

include, at a minimum: (i) the name of the respective Qualified Agent and the contact information of the principal contact of such Qualified Agent; and (ii) a reasonable description of the particular administrative obligations of the Company assigned to such Qualified Agent.

6.8 **Electronic Transactions; Distributions to Token Holders.**

- (a) Notwithstanding anything to the contrary herein, the parties acknowledge and agree that:
- (i) all Tokens will be issued, and all times held, in digital form only;
 - (ii) all of the rights, obligations, and restrictions of the Token Holders provided for herein will (to the fullest extent permitted) be codified into, and made part of, the Token smart contract
 - (iii) all distributions to be made to the Token Holders hereunder will be made automatically at the times, and in the manner, provided herein;
 - (iv) all distributions to be made to the Token Holders hereunder will be made electronically by deposit into each Token Holder's Digital Wallet and
 - (A) it will be the sole and absolute responsibility of each Token Holder to advise the Company of any changes with respect to the Digital Wallet of such Token Holder (including in connection with any transfer of the subject Token(s));
 - (B) neither the Company, nor any of its affiliates, officers, directors, managers, employees, and/or agents (including Qualified Agents), will have any liability to any Token Holder whatsoever, and each Token Holder indemnifies and holds each such person harmless, in respect of any distribution not received by such Token Holder as a result of such Token Holder's failure to advise the Company of any changes to its Digital Wallet;
 - (v) and the calculation of all distributions to the Token Holders by, or otherwise on behalf of, the Company pursuant to the terms of this Agreement (whether calculated directly or via the Token's smart contract) will be binding and conclusive absent demonstrable error.
- (b) Each Token Holder consents to receive electronically (pursuant to Section 20 of this Agreement) any and all documents, communications, notices, contracts, and agreements arising from, or otherwise relating in any way to, the Tokens and/or such Token Holder's ownership of the same.

7. **Representations and Warranties of the Company.** As of the Closing, the Company represents and warrants that:

- (a) The Company has been duly incorporated and is validly existing and in good standing under the laws of the State of Wyoming, with full power and authority to conduct its business as it is currently being conducted, and to own its assets; and has secured any other authorizations, approvals, permits, and orders required by law for the conduct by the Company of its business as it is currently being conducted.
- (b) The Company has all requisite corporate power and authority to enter into and carry out its obligations under this Agreement.
- (c) The Company has full corporate power and authority to undertake the Offering and, at the Closing, the Tokens will be duly and validly authorized and issued.
- (d) The Company will have, on the Closing Date, taken all corporate steps and proceedings necessary to approve the transactions contemplated by this Agreement, including the execution and delivery of this Agreement.
- (e) The Tokens have been duly authorized and, when issued, delivered, and paid for in the manner set forth in this Agreement, will be validly issued.
- (f) No order ceasing or suspending trading in the securities of the Company or prohibiting the sale of the Tokens has been issued to the Company or its directors or officers and, to the knowledge of the Company, no investigations or proceedings for such purposes are pending or threatened.
- (g) The Agreement is a legal, valid, and binding obligation of the Company, enforceable against the Company in accordance with its terms subject to the customary limitations with respect to bankruptcy, insolvency, or other laws affecting creditor's rights generally and to the availability of equitable remedies.
- (h) The execution and delivery of this Agreement and the compliance by the Company with the terms hereof will not result in any breach or be in conflict with or constitute a default under or create a state of facts that after notice or lapse of time or both would constitute a default under any term or provision of the Company's constating documents, by-laws, or resolutions of the directors of the Company.
- (i) The Company is the beneficial owner of or has the right to acquire the interests in the properties, business, and assets of the Company and any and all agreements pursuant to which the Company holds or will hold any such interest

in property, business, or assets are in good standing in all material respects, in accordance with their terms.

- (j) The Company has taken or will take all necessary actions for it to comply with the requirements of applicable Securities Laws in connection with the Offering and the Company is entitled to avail itself of the applicable registration exemptions available under the applicable Securities Laws.

8. Acknowledgements, Representations and Warranties of the Subscriber. The Subscriber, on its own behalf and if applicable on behalf of others for whom it is acting hereunder ("Beneficial Purchasers"), hereby acknowledges, represents, warrants to, and covenants with the Company as follows and acknowledges that the Company is relying on such acknowledgements, representations, warranties, and covenants in connection with the transactions contemplated herein:

8.1 General

- (a) The Subscriber is subscribing for the Tokens as principal for its own account and not for the benefit of any other person or, if it is not subscribing as principal, it is acting as agent for a Beneficial Purchaser whose identity is disclosed on the Subscriber's Dashboard Subscription Invoice and such Beneficial Purchaser is purchasing as principal for its own account and not for the benefit of any other person. If the Subscriber is not subscribing as principal, it and the Beneficial Purchaser acknowledge and understand that the Company may be required by law to disclose to certain regulatory authorities the identity of each Beneficial Purchaser for whom the Subscriber is acting.
- (b) The Subscriber (and any Beneficial Purchaser) is purchasing the Tokens for its own beneficial account, for investment purposes only, and not with a view to or for resale in connection with any distribution of all or any of the Tokens.
- (c) This Agreement and all other necessary documentation in connection with the Offering has been duly authorized, executed, and delivered by, and constitutes a legal, valid, and binding agreement of, the Subscriber and any Beneficial Purchaser. This Agreement is enforceable in accordance with its terms against the Subscriber or any Beneficial Purchaser as applicable. If the Subscriber, or any Beneficial Purchaser for whom the Subscriber is contracting hereunder, is:
 - (i) a corporation, the Subscriber is duly incorporated and is validly existing under the laws of its jurisdiction of incorporation and has all requisite legal and corporate power and authority to execute and deliver this Agreement, to subscribe for the Tokens as contemplated herein, and to carry out and perform its obligations under the terms of this Agreement;

- (ii) a partnership, syndicate, or other form of unincorporated organization, the Subscriber has the necessary legal capacity and authority to execute and deliver this Agreement and to observe and perform its covenants and obligations hereunder and has obtained all necessary approvals in respect thereof; or
 - (iii) an individual, the Subscriber is of the full age of majority and is legally competent to execute this Agreement and to observe and perform his or her or their covenants and obligations hereunder.
- (d) The execution and delivery of this Agreement, the performance and compliance with the terms hereof and the subscription for Tokens, and the completion of the transactions described herein by the Subscriber will not result in any material breach of, be in conflict with, constitute a material default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a material default under any term or provision of the constating documents, by-laws, or resolutions of the Subscriber (or any Beneficial Purchaser), the Securities Laws, or any other laws applicable to the Subscriber (or any Beneficial Purchaser), any agreement to which the Subscriber (or any Beneficial Purchaser) is a party, or any judgment, decree, order, statute, rule, or regulation applicable to the Subscriber (or any Beneficial Purchaser).
- (e) This offer to subscribe is made for valuable consideration and may not be withdrawn, cancelled, terminated, or revoked by the Subscriber without the consent of the Company.
- (f) The Subscriber understands that, unless the Subscriber notifies the Company in writing to the contrary at or before the Closing, each of the Subscriber's representations and warranties contained in this Agreement (and in any Appendix to this Agreement) will be deemed to have been reaffirmed and confirmed as of the Closing.
- (g) The Subscriber acknowledges that the Company has the right in its sole and absolute discretion to abandon the Offering at any time prior to the completion of the Offering in which event this Agreement shall thereafter have no force or effect and the Company shall return the previously paid Subscription Price, without interest thereon, to the Subscriber.

8.2 Risks of an Investment in the Tokens and No Representations

- (a) The Subscriber and any Beneficial Purchaser understand and accept that the purchase of the Tokens involves various risks, including the risks outlined in this Agreement. The Subscriber (and if the Subscriber is not purchasing as principal, each Beneficial Purchaser for whom the Subscriber is acting):

- (i) has such knowledge, skill, and experience in financial, investment, and business affairs as to be capable of evaluating the merits and risks of its investment in the Tokens;
 - (ii) is capable of assessing the merits and risks of its investment in the Tokens (including the potential loss of its entire investment);
 - (iii) is aware of the characteristics of the Tokens and understands the risks relating to an investment therein; and
 - (iv) is able to bear the economic risk of loss of its investment in the Tokens.
- (b) With the assistance of the Subscriber's (and any Beneficial Purchaser's) own professional advisors, to the extent that the Subscriber (and any Beneficial Purchaser) has deemed appropriate, the Subscriber has made its own legal, tax, accounting, and financial evaluation of the merits and risks of an investment in the Tokens and the consequences of this Agreement. The Subscriber (and any Beneficial Purchaser) has considered the suitability of the Tokens as an investment in light of its own circumstances and financial condition and its authority to invest in the Tokens.
- (c) No person has made any written or oral representations:
 - (i) that any person will resell or repurchase the Tokens;
 - (ii) that any person will refund the Subscription Price; or
 - (iii) as to the future price or value of the Tokens.
- (d) In deciding to purchase the Tokens, the Subscriber is not relying on the advice or recommendations of the Company and the Subscriber has made its own independent decision that the investment in the Tokens is suitable and appropriate for the Subscriber. The Subscriber hereby confirms that the Company has not:
 - (i) given any guarantee or representation as to the potential success, return, effect, or benefit (either legal, regulatory, tax, financial, accounting, or otherwise) of an investment in the Tokens; or
 - (ii) made any representation to the Subscriber regarding the legality of an investment in the Tokens under applicable legal investment or similar laws or regulations.
- (e) The Subscriber is not relying on (and will not at any time rely on) any communication (written or oral) of the Company, as investment advice or as a recommendation to purchase the Tokens, it being understood that information

and explanations related to the terms and conditions of the Tokens and the other transaction documents that are described in the Offering Memorandum shall not be considered investment advice or a recommendation to purchase the Tokens.

- (f) If the Subscriber is a United States resident, such Subscriber has completed and signed a U.S. Accredited Investor Certificate in the form attached to this Agreement as Appendix “A”.
- (g) If the Subscriber is a Canadian resident, such Subscriber has completed and signed a Canadian Accredited Investor Certificate in the form attached to this Agreement as Appendix “B”.
- (h) If the Subscriber is a Canadian resident and an individual, such Subscriber has completed and signed a Form 45-106F9 risk acknowledgment form in the form annexed to this Agreement as Appendix “C”.
- (i) There is no government or other insurance covering the Tokens.
- (j) No agency, governmental authority, securities commission, or similar regulatory body, stock exchange, or other entity has reviewed, passed on, or made any finding or determination as to the merit of an investment in the Tokens nor have any such agencies or governmental authorities made any recommendation or endorsement with respect to the Tokens.

8.3 Jurisdiction and Investor Status

- (a) The Subscriber and each Beneficial Purchaser for whom it is acting is a resident or, if not an individual, has its head office in the jurisdiction set out on the Subscriber’s Dashboard Subscription Invoice and such address was not created and is not solely used for the purpose of acquiring the Tokens. The Subscriber is subject to the Securities Laws and has and will comply with the Securities Laws in respect of the Offering and the Tokens, including with respect to the transfer and resale restrictions.
- (b) If the Subscriber is a United States resident, the Subscriber and each Beneficial Purchaser for whom it is acting is an “Accredited Investor” as defined in Rule 501(a) of Regulation D promulgated under the Securities Act.
- (c) If the Subscriber is a Canadian resident, the Subscriber and each Beneficial Purchaser for whom it is acting is an “Accredited Investor” as defined in Canadian Securities Administrators’ National Instrument 45-106 – *Prospectus Exemptions*.

- (d) If the Subscriber is a United States resident, the Subscriber has completed, executed, and delivered to the Company a U.S. Accredited Investor Certificate in the form attached to this Agreement as Appendix "A".
- (e) If the Subscriber is a Canadian resident, the Subscriber has completed, executed, and delivered to the Company a Canadian Accredited Investor Certificate in the form attached to this Agreement as Appendix "B".
- (f) If the Subscriber is a Canadian resident individual, the Subscriber has completed, executed, and delivered to the Company a Form 45-106F9 risk acknowledgment form in the form attached to this Agreement as Appendix "C".
- (g) The information contained in the completed certificates and forms (as applicable), including the representations and warranties made therein, is complete, true, and correct as of the date of execution of this Agreement and the Closing Date.
- (h) The Subscriber agrees to furnish any additional information requested by the Company or any of its affiliates to assure compliance with the Securities Laws in connection with the purchase and sale of the Tokens.
- (i) Any information that has been furnished or that will be furnished by the Subscriber (or any Beneficial Purchaser) to evidence its status as an Accredited Investor and its acknowledgment of the risks of the investment (if applicable) is accurate and complete and does not contain any misrepresentation or material omission.
- (j) If the Subscriber or any person for whom it is acting (including any Beneficial Purchaser) is a Canadian resident, the Subscriber represents and warrants that it is not a U.S. Person and is not subscribing for Tokens for the account of a U.S. Person or for resale in the United States, and the Subscriber confirms that the Tokens have not been offered to the Subscriber in the United States and this Agreement has not been signed in the United States.
- (k) Neither the Subscriber nor any person for whom it is acting (including any Beneficial Purchaser) will offer, sell, or otherwise dispose of the Tokens in the United States or, to its knowledge, to a U.S. Person, unless the Company has consented to such offer, sale, or disposition and such offer sale or disposition is made in accordance with an exemption from the registration requirements of the Securities Act and the securities laws of all applicable states of the United States or the United States Securities and Exchange Commission has declared effective a registration statement in respect of such Tokens.
- (l) The Subscriber is aware that the Tokens have not been and will not be registered under the Securities Act or the securities laws of any state or

province and that the Tokens may not be offered or sold, directly or indirectly, in the United States without registration under the Securities Act, or in Canada without qualification of a prospectus, or compliance with requirements of an exemption from registration and prospectus requirements and it acknowledges that the Company has no present intention of filing a registration statement under the Securities Act or qualify a prospectus in respect of the Tokens.

8.4 Company Information

- (a) The Subscriber has received a copy of the Offering Memorandum setting out the principal terms of the Offering.
- (b) Other than the Offering Memorandum, the Subscriber has not received or been provided with a registration statement or prospectus, or any similar document purporting to describe the business and affairs of the Company, which has been prepared for review by prospective purchasers to assist in making an investment decision in respect of the Tokens, and the Subscriber's decision to subscribe for the Tokens was not based upon, and the Subscriber has not relied upon, any verbal or written representations as to fact made by or on behalf of the Company. The Subscriber's decision to subscribe for the Tokens was based solely upon the Offering Memorandum, information about the Company that is publicly available, and on this Agreement.
- (c) The Subscriber is familiar with the business and financial condition and operations of the Company. The Subscriber has had access to such information concerning the Company and the Tokens as it deems necessary to enable it to make an informed investment decision concerning the purchase of the Tokens.
- (d) The Subscriber confirms that it is not relying on any communication (written or oral) of the Company or any of its affiliates as investment advice or as a recommendation to purchase the Tokens. It is understood that information and explanations related to the terms and conditions of the Tokens provided by the Company or any of its affiliates shall not be considered investment advice or a recommendation to purchase the Tokens, and that neither the Company nor any of its affiliates is acting or has acted as an advisor to the Subscriber in deciding to invest in the Tokens.

8.5 Securities Laws

- (a) The Company is relying on exemptions from the requirement to provide the Subscriber with a registration statement or prospectus under the Securities Laws and, as a consequence of acquiring the Tokens pursuant to such exemptions:

- (i) certain protections, rights, and remedies provided by the Securities Laws, including statutory rights of rescission and certain statutory remedies against an issuer, underwriters, auditors, directors, and officers that are available to investors who acquire securities offered pursuant to a registration statement or prospectus, may not be available to the Subscriber;
 - (ii) the common law may not provide Subscribers with an adequate remedy in the event that they suffer investment losses in connection with the Tokens;
 - (iii) the Subscriber may not receive information that would otherwise be required to be given under the Securities Laws; and
 - (iv) the Company is relieved from certain obligations that would otherwise apply under the Securities Laws.
- (b) If required by applicable Securities Laws, the Subscriber and each Beneficial Purchaser for whom it is contracting hereunder will execute, deliver, and file or assist the Company in filing such reports, undertakings, and other documents with respect to the issue of the Tokens as may be required by any securities commission, stock exchange, or other regulatory authority.
- (c) The Company is relying on the acknowledgments, representations, warranties, and covenants contained herein and in the appendices attached hereto to determine the Subscriber's eligibility to subscribe for Tokens under applicable Securities Laws and to ensure that the Company can rely on exemptions from the registration and prospectus requirements of the Securities Laws. The Subscriber agrees to indemnify the Company and each of its directors, officers, employees, agents, and representatives against all losses, claims, costs, expenses, damages, or liabilities, which the Company or any of the foregoing persons may suffer or incur as a result of or arising from reliance thereon. The Subscriber undertakes to immediately notify the Company of any change in any statement or other information relating to the Subscriber set forth in this Agreement or appendices attached hereto which takes place prior to the Closing Date.

8.6 Transfer and Resale Restrictions and Securities' Legends

- (a) The Subscriber's ability to transfer the Tokens is circumscribed by, among other things, applicable Securities Laws.
- (b) The Tokens shall be subject to statutory resale restrictions under the Securities Laws and the Subscriber covenants that it will not resell, assign, pledge, give, transfer, or otherwise dispose of the Tokens or any interest therein, or make

any offer or attempt to do any of the foregoing, except in compliance with such laws and the Subscriber acknowledges that it is solely responsible (and the Company is not in any way responsible) for such compliance.

- (c) The Subscriber acknowledges that no representations or warranties have been made regarding the applicable hold periods and transfer restrictions imposed by the Securities Laws or other resale restrictions applicable to the Tokens that restrict the ability of the Subscriber (or others for whom it is contracting hereunder) to resell the Tokens, that the Subscriber (or others for whom it is contracting hereunder) is solely responsible to find out what these restrictions are, that the Subscriber is solely responsible (and the Company is not in any way responsible) for compliance with applicable resale restrictions and that the Subscriber is aware that it may not be able to resell the Tokens except in accordance with limited exemptions under the Securities Laws and other applicable securities laws.
- (d) Until such time as the same is no longer required under the applicable Securities Law, the smart contracts in respect of the Tokens will include the following legend (or substantially equivalent language) restricting transfer of the Tokens

EACH HOLDER OF THIS TOKEN, BY ITS ACCEPTANCE HEREOF, REPRESENTS AND WARRANTS TO THE COMPANY THAT IT IS AN "ACCREDITED INVESTOR" (AS DEFINED IN REGULATION D UNDER THE SECURITIES ACT OR AS DEFINED IN CANADIAN SECURITIES ADMINISTRATORS' NATIONAL INSTRUMENT 45-106 – *PROSPECTUS EXEMPTIONS*, AS THE CASE MAY BE).

THIS TOKEN HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE OR PROVINCE OR OTHER JURISDICTION.

NEITHER THIS TOKEN, NOR ANY INTEREST OR PARTICIPATION HEREIN, MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED, OR OTHERWISE DISPOSED OF BY A UNITED STATES RESIDENT PRIOR TO THE EXPIRATION OF THE APPLICABLE ONE-YEAR HOLDING PERIOD WITH RESPECT TO RESTRICTED SECURITIES SET FORTH IN RULE 144 UNDER THE SECURITIES ACT EXCEPT (A) TO THE COMPANY OR ANY OF THE COMPANY'S SUBSIDIARIES, (B) TO A PERSON WHO IS NOT A "U.S. PERSON" IN AN OFFERSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, (C) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT OR ANY APPLICABLE STATE OR PROVINCIAL LAWS AND REGULATIONS GOVERNING THE OFFER AND SALE OF SECURITIES SUBJECT, IN EACH OF THE FOREGOING CASES, TO ANY REQUIREMENTS OF LAW.

NEITHER THIS TOKEN, NOR ANY INTEREST OR PARTICIPATION HEREIN, MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED, OR OTHERWISE DISPOSED OF BY A CANADIAN RESIDENT UNLESS (A) THE TRADE IS MADE IN RELIANCE UPON AN EXEMPTION FROM THE REQUIREMENT TO PROVIDE A PROSPECTUS, OR (D) A PERIOD OF FOUR MONTHS PLUS ONE DAY HAS ELAPSED SINCE THE LATER OF (I) THE DATE OF DISTRIBUTION OF THIS TOKEN, AND (II) THE DATE THE COMPANY BECAME A REPORTING ISSUER IN CANADA, SUBJECT, IN EACH OF THE FOREGOING CASES, TO ANY REQUIREMENTS OF LAW.

8.7 Anti-Money Laundering

Payment of the Subscription Price by or on behalf of the Subscriber to the Company hereunder does not and will not violate (i) the United States *Money Laundering Control Act of 1986*, as amended, (ii) the United States *Bank Secrecy Act of 1970*, as amended, and the implementing regulations promulgated thereunder, (iii) the USA PATRIOT ACT, as amended, and the implementing regulations promulgated thereunder, (iv) the laws, regulations, and executive orders administered by the United States Department of the Treasury's Office of Foreign Assets Control, (v) the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)*; (vi) any law prohibiting or directed against terrorist activities or the financing or support of terrorist activities, and (vii) similar laws enacted in the United States, Canada, or any other jurisdictions in which the Company, the Subscriber, or a Beneficial Owner reside or operate. The Subscriber acknowledges that the Company may in the future be required by law to disclose the name of the Subscriber and other information relating to this Agreement and the subscription hereunder, on a confidential basis, pursuant to applicable law. To the best of the Subscriber's knowledge:

- (a) none of the subscription funds provided by the Subscriber have been or will be derived directly or indirectly from or related to any activity that is deemed criminal under the laws of the United States, Canada, or any other jurisdiction, or are being tendered on behalf of a person or entity who has not been identified to the Subscriber; and
- (b) the Subscriber will promptly notify the Company if it discovers that any of such representations cease to be true and to provide the Company with appropriate information in connection therewith.

8.8 Personal Information

- (a) The information provided by the Subscriber in this Agreement identifying the name, address, telephone number, email address, and social security or social insurance number of the Subscriber, the number of Tokens being purchased hereunder, and the total Subscription Price as well as the Closing Date and the exemption that the Subscriber is relying on in purchasing the Tokens will be disclosed to the United States Securities and Exchange Commission, the

Ontario Securities Commission, and other applicable regulatory authorities, and such information is being indirectly collected by the United States Securities and Exchange Commission, the Ontario Securities Commission, and other applicable regulatory authorities under the authority granted to such authorities under the Securities Laws. This information is being collected for the purposes of the administration and enforcement of the Securities Laws. Each Subscriber (for certainty including each Beneficial Purchaser) hereby authorizes the indirect collection of such information by the United States Securities and Exchange Commission, the Ontario Securities Commission, and other applicable jurisdictions. In the event the Subscriber has any questions with respect to the indirect collection of such information by the United States Securities and Exchange Commission, the Ontario Securities Commission, and other applicable jurisdictions, the Subscriber should contact the United States Securities and Exchange Commission, the Ontario Securities Commission, or such other authorities.

- (b) The Subscriber acknowledges and consents to the fact that the Company is collecting the Subscriber's (and any Beneficial Purchaser's) personal information (as that term is defined under applicable privacy legislation) for the purpose of completing this Agreement. The Subscriber acknowledges and consents to the Company retaining such personal information for as long as permitted or required by law. The Subscriber further acknowledges and consents to the fact that the Company may be required by the Securities Laws to provide regulatory authorities with any personal information provided under this Agreement. In addition to the foregoing, the Subscriber agrees and acknowledges that the Company may use and disclose the Subscriber's personal information, as follows:
- (i) for internal use with respect to managing the relationships between and contractual obligations of the Company and the Subscriber;
 - (ii) for use and disclosure for income tax-related purposes, including without limitation, where required by law, disclosure to the United States Internal Revenue Service;
 - (iii) for disclosure to securities regulatory authorities and other regulatory bodies with jurisdiction with respect to reports of trades and similar regulatory filings;
 - (iv) for disclosure to a governmental or other authority to which the disclosure is required by court order or subpoena compelling such disclosure and where there is no reasonable alternative to such disclosure;

- (v) for disclosure to professional advisers of the Company in connection with the performance of their professional services;
- (vi) for disclosure to any person where such disclosure is necessary for legitimate business reasons and is made with the Subscriber's prior written consent;
- (vii) for disclosure to a court determining the rights of the parties under this Agreement; or
- (viii) for use and disclosure as otherwise required or permitted by law.

8.9 **Independent Legal Advice**

- (a) The Subscriber and each Beneficial Purchaser for whom it is acting hereunder is responsible for obtaining such legal, investment, tax, and other advice as it considers appropriate in connection with its evaluation of the Tokens and the execution, delivery, and performance of this Agreement and the transactions contemplated under this Agreement.
- (b) The Subscriber, and each Beneficial Purchaser for whom it is contracting hereunder, has been advised to consult its own legal advisors with respect to trading an investment in the Tokens and with respect to the resale restrictions imposed by the Securities Laws, the Subscriber is solely responsible (and the Company is not in any way responsible) for compliance with applicable resale restrictions and the Subscriber is aware that it (or the Beneficial Purchaser for whom it is contracting hereunder) may not be able to resell the Tokens except in accordance with limited exemptions under the Securities Laws.

9. **Reliance on Representations, Warranties, Covenants and Acknowledgements.** The Subscriber acknowledges and agrees that the representations, warranties, covenants, and acknowledgments made by the Subscriber in this Agreement (including Appendix "A" attached hereto) are made with the intention that they may be relied upon by the Company in determining the Subscriber's eligibility (and if applicable the eligibility of any Beneficial Purchaser) to purchase the Tokens under the Securities Laws. The Subscriber further agrees that, by accepting the Tokens, the Subscriber shall be representing and warranting that such representations, warranties, covenants and acknowledgements are true as at Closing with the same force and effect as if they had been made by the Subscriber at the Closing.

10. **Conditions to Closing.** The obligations of the Subscriber to purchase and pay for the Tokens and of the Company to sell the Tokens are subject to the satisfaction at or prior to the Closing of the following conditions precedent:

- (a) Payment in full of the aggregate Subscription Price for the Tokens subscribed for shall be made on Closing (as defined in Section 4 of this Agreement) in USD

by wire transfer; the Subscriber having properly completed, signed and delivered this Agreement to the Company;

- (b) the Subscriber having properly completed, signed, and delivered the applicable certificate or certificates set forth in the appendices to this Agreement (and provided any additional supporting documentation as may be necessary as determined by the Company in its sole discretion) evidencing the Subscriber's status as an Accredited Investor;
- (c) the Subscriber having executed and returned to the Company, at the Company's request, all other documents as may be required by Securities Laws or the Company's KYC/AML or Accredited Investor verification protocols for delivery by the Company on behalf of the Subscriber;
- (d) the representations and warranties of the Subscriber contained in Section 8 hereof and of the Company contained in Section 7 hereof shall be true and correct as of the Closing in all respects with the same effect as though such representations and warranties had been made as of the Closing; and
- (e) all covenants, agreements, and conditions contained in this Agreement to be performed by the Subscriber on or prior to the Closing shall have been performed or complied with in all material respects.

By signing and returning this Agreement the Subscriber consents to filing by the Company of all documents concerning the Subscriber required by the Securities Laws.

11. **Fee and Expenses.** All fees and expenses (including, without limitation, the fees and disbursements of legal counsel or other advisers) incurred by the Subscriber in connection with this Agreement and the transactions contemplated herein shall be paid and borne by the Subscriber.

12. **Obligations Irrevocable.** The obligations of the Subscriber shall be irrevocable.

13. **Entire Agreement and Amendment.** This Agreement, including the appendices attached hereto, constitutes the entire agreement between the parties with respect to the transactions contemplated herein and cancels and supersedes any prior understandings, agreements, negotiations, and discussions between the parties. There are no representations, warranties, covenants, terms, conditions, undertakings, or collateral agreements or understandings, express or implied, between the parties other than those expressly set forth in this Agreement. This Agreement may not be amended or modified in any respect except by written instrument executed by each of the parties hereto.

Neither this Agreement nor any provisions hereof shall be waived, modified, changed, discharged, or terminated except by an instrument in writing, signed by the party against whom any waiver, change, discharge or termination is sought.

14. **Assignability.** Neither this Agreement nor any right, remedy, obligation, or liability arising hereunder or by reason hereof shall be assignable by either the Company or the Subscriber without the prior written consent of the other party.

15. **Submission to Jurisdiction.** Any and all disputes arising under this Agreement, whether as to interpretation, performance, or otherwise, shall be subject to the non-exclusive jurisdiction of the courts of the State of Wyoming and each of the parties hereby irrevocable attorns to the jurisdiction of the courts of the State of Wyoming.

16. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Wyoming and the laws of the United States applicable therein.

17. **Time of the Essence.** Time shall be of the essence in this Agreement and every part hereof.

18. **Section and Other Headings.** The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

19. **Counterparts; Electronic Signatures.** This Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same instrument. The words "execution," "signed," "signature," and words of like import in this Agreement or in any other certificate, agreement, or document related to this Agreement shall include images of manually executed signatures transmitted by electronic format (including, without limitation, "pdf", "tif" or "jpg") and other electronic signatures (including, without limitation, DocuSign and Adobe Sign). The use of electronic signatures and electronic records (including, without limitation, any contract or other record created, generated, sent, communicated, received, or stored by electronic means) shall be of the same legal effect, validity, and enforceability as a manually executed signature or use of a paper-based record-keeping system to the fullest extent permitted by applicable law.

20. **Notices to Token Holders.** All notices and other communications to be given or otherwise made to a Token Holder are to be sent electronically to the last known email (or other electronic) address for such Token Holder on the books and records of the Company (or such other electronic address as may be directed by such Token Holder from time to time by written notice to the Company). In connection with the foregoing, each Token Holder hereby acknowledges and agrees that:

20.1 it will be the sole and absolute responsibility of each Token Holder to advise the Company of any changes (including typographical corrections) with respect to the active email (or other electronic) notice address of such Token Holder (including in connection with any transfer of the subject Token(s)); and

20.2 neither the Company, nor any of its affiliates, officers, directors, managers, employees, and/or agents (including Qualified Agents), will have any liability to any Token Holder whatsoever, and each Token Holder indemnifies and holds each such person harmless, for any notice(s) not received by such Token Holder as a result of: (a) such Token Holder's failure to advise the Company of any changes to its email (or other electronic) notice address; and/or (b) any electronic and/or other transmission error not caused, directly or indirectly, by the action or inaction of the Company.

21. **Notices to the Company.** All notices and communications to be given or otherwise made to the Company are to be sent via email to the Company at info@quarrydynamics.com with a paper copy to be sent to:

251 Consumers Road, Suite 1200
Toronto, Ontario M2J 4R3 Canada
Attention: Chief Operating Officer

22. **Notices Generally.** All notices, requests, and demands hereunder will be deemed to have been given or made: (a) if sent by e-mail (or other electronic method) one (1) Business Day following transmission, provided that evidence of such transmission is retained by the sending party; (b) if delivered in person, immediately upon delivery; (c) if by internationally recognized overnight courier service with all delivery fees prepaid and with instructions to deliver the next Business Day, one (1) Business Day after sending; and (d) if by any other mail service, five (5) Business Days after mailing. A written notice sent to a person will also be deemed received on the date delivery will have been refused at the address required by this Section.

23. **Binding Effect.** The provisions of this Agreement shall be binding upon and accrue to the benefit of the parties hereto and their respective heirs, legal representatives, successors and permitted assigns.

24. **Survival.**

24.1 **Survival of Representations, Warranties and Covenants of the Subscriber**

All representations, warranties, acknowledgements, and covenants of the Subscriber or any Beneficial Purchaser contained in this Agreement (or Appendix "A" to Agreement) shall survive:

- (a) the acceptance of the subscription by the Company and the Closing;
- (b) changes to this Agreement, the Offering Memorandum, transactions, documents, and instruments, which are not material or which are to the benefit of the Subscriber;
- (c) the death or disability of the Subscriber or any Beneficial Purchaser; and

(d) any subsequent disposition by the Subscriber of the Tokens,

and shall continue in full force and effect, notwithstanding any investigations made by or on behalf of the Company with respect thereto.

24.2 Survival of Representations, Warranties and Covenants of the Company

All representations, warranties, acknowledgments, and covenants of the Company contained in this Agreement shall survive Closing and shall continue in full force and effect, notwithstanding any investigations made by or on behalf of the Subscriber with respect thereto.

25. **Notification of Changes.** The Subscriber hereby covenants and agrees to notify the Company upon the occurrence of any event prior to the Closing of the purchase of the Tokens pursuant to this Agreement, which would cause any representation, warranty, acknowledgment, or covenant of the Subscriber contained in this Agreement to be false or incorrect.

26. **Severability.** If any term or provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

[SIGNATURE PAGE FOLLOWS]

The offer to purchase Tokens as set forth above is confirmed and accepted by the Company as to that number of Tokens set forth on the Subscriber's Dashboard Subscription Invoice.

QD MINE INC.

By: _____

Name:

Title:

This Confidential Canadian Private Placement Offering Memorandum (this “Canadian Offering Memorandum”) constitutes an offering of securities in those jurisdictions and to those persons where and to whom they may lawfully be offered for sale, and therein only by persons permitted to sell such securities. No securities commission or similar regulatory authority in Canada or in any other jurisdiction has reviewed or in any way passed upon this offering document and any representation to the contrary is an offence.

**CONFIDENTIAL CANADIAN
PRIVATE PLACEMENT OFFERING MEMORANDUM**

QD MINE INC.

(incorporated under the *Wyoming Business Corporations Act*)

QDMINE TOKENS

Profit Participation Security Tokens

Maximum Tokens Offered:	2,420,551
Minimum Tokens Offered:	1,301,632
Price Per Token:	\$1.00 USD³
Minimum Investment:	\$25,000 USD (25,000 Tokens)

ACCREDITED INVESTORS ONLY

QD MINE INC. (the “Company”), a Wyoming C-Corporation, is offering a minimum of 1,301,632 and a maximum of 2,420,551 profit participation security tokens identified as “QDMINE” tokens (the “Tokens”) at a subscription price of \$1.00 USD per Token (the “Offering”). Certain accredited investors in Canada are being offered the opportunity to participate in the Offering. Attached hereto and forming part of this Canadian Offering Memorandum is a confidential private placement offering memorandum dated November 9, 2022 regarding the Offering being made in the United States (the “U.S. Offering Memorandum”). Except as otherwise provided herein, capitalized and other terms used within this Canadian Offering Memorandum without definition have the meanings assigned to them in the U.S. Offering Memorandum. The Offering of the Tokens in Canada is being made solely by this Canadian Offering Memorandum and any decision to purchase the Tokens should be based solely on information contained within this document. No person has been authorized to give any information or to make any representations concerning the Offering and the Tokens other than as contained in this Canadian Offering Memorandum. Statements made within this Canadian Offering Memorandum are as of the date of this Canadian Offering Memorandum unless expressly stated otherwise. Neither the delivery of this Canadian Offering Memorandum at any time, nor any other action with respect hereto, shall under any circumstances create an implication that the information contained herein is correct as of any time subsequent to the date hereof.

³ The first 500,000 Tokens sold in the Offering will be sold at a per Token purchase price of \$0.85 USD (and the minimum per-Subscriber investment will be 29,412 Tokens). Subject to any increase in the maximum size of the Offering in the Company’s sole discretion, if the maximum Offering is subscribed for, there will be 3,220,551 Tokens outstanding (including 800,000 compensatory Tokens issued to the Company’s executive management) and the Company will receive aggregate gross proceeds of \$2,345,551.29 USD.

The Tokens have not been, nor will they be, qualified for sale to the public under applicable Canadian securities laws. The Offering is being made to accredited investors in each of the provinces of Canada under exemptions from the requirements to file a prospectus in Canada as part of a concurrent Offering being made in the United States.

The date of this Canadian Offering Memorandum is November 9, 2022.

Investing in the Tokens involves certain risks. See “*Risk Factors*” in the U.S. Offering Memorandum.

The information in the U.S. Offering Memorandum has not been prepared with regard to matters that may be of particular concern to Canadian investors. Accordingly, Canadian investors should consult with their own legal, financial, and tax advisers concerning the information in the U.S. Offering Memorandum and as to the suitability of an investment in the Tokens in the Canadian investor’s particular circumstances.

The Tokens will be sold in United States Dollars and not in Canadian Dollars. Accordingly, the value of the Tokens to a Canadian investor will fluctuate with changes in the exchange rate between the Canadian Dollar and the United States Dollar.

CANADIAN ACCREDITED INVESTOR REPRESENTATION

In order to participate in the Offering, a Canadian investor is required to complete and return the Accredited Investor Certificate (for Accredited Investors Resident in Canada) attached to this Canadian Offering Memorandum as Annex “A”. In order to participate in the Offering, a Canadian investor who is an individual is required to complete and return the Form 45-106F9 risk acknowledgement attached to this Canadian Offering Memorandum as Annex “B”. Furthermore, the Company is entitled to request that a Canadian investor provide documentation to evidence that the investor is an accredited investor before the investor is entitled to participate in the Offering.

REPRESENTATIONS AND AGREEMENT BY INVESTORS

Each Canadian investor, by participating in the Offering, will be deemed to have represented to the Company that the investor:

- (a) is resident in Canada;
- (b) is basing its investment decision solely on this Canadian Offering Memorandum (including the U.S. Offering Memorandum forming part of it and not on any other information (including, but not limited to, advertisements in any printed media of general and regular paid circulation, radio, television, or telecommunications, including electronic display, or any other form of advertising in Canada) concerning the Company or the Offering;

- (c) is entitled under applicable securities laws to purchase the Tokens without the benefit of a prospectus qualified under those securities laws and, without limiting the generality of the foregoing, is an “accredited investor” as defined in Canadian Securities Administrators’ National Instrument 45-106 - *Prospectus Exemptions* and is either purchasing the Tokens as principal for its own account, or is deemed to be purchasing the Tokens as principal by applicable law; and
- (d) has reviewed and acknowledges the terms referred to below under the heading “Resale Restrictions”.

RESALE RESTRICTIONS

The Offering is being made in Canada on a private placement basis. Accordingly, any resale of Tokens must be made in accordance with, or pursuant to an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws. These Canadian resale restrictions may in some circumstances apply to resales made outside of Canada. **Canadian investors are advised to seek legal advice prior to any sale or resale of Tokens.**

CANADIAN TAX CONSIDERATIONS

No representation or warranty is made as to the tax consequences to a Canadian resident for purposes of the *Income Tax Act* (Canada) in respect of the acquisition, ownership, or disposition of Tokens. **Canadian residents are encouraged to consult with their tax advisers in this regard.**

LANGUAGE OF DOCUMENTS

Upon receipt of this document, you hereby confirm that you have expressly requested that all documents evidencing or relating in any way to the offer and/or sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, vous confirmez par les présentes que vous avez expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à l’offre ou à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d’achat ou tout avis) soient rédigés en anglais seulement.*

STATUTORY RIGHTS OF ACTION

Purchasers’ Rights

A Canadian purchaser of Tokens will have certain rights, some of which are described below. For information about these rights, a Canadian purchaser should consult legal counsel.

Two Day Cancellation Right

A Canadian purchaser may cancel its Security Token Purchase Agreement to purchase the Tokens. To do so, the Canadian purchaser must send a notice to the Company by midnight on the second business day after the Canadian purchaser signs the Security Token Purchase Agreement to purchase the Tokens.

Statutory Rights of Action in the Event of a Misrepresentation

Securities legislation in certain of the provinces and territories of Canada provides purchasers with a statutory right of action for damages or rescission in cases where an offering memorandum or any amendment thereto contains an untrue statement of a material fact or omits to state a material fact that is required to be stated or is necessary to make any statement contained therein not misleading in light of the circumstances in which it was made (a “misrepresentation”). These rights, or notice with respect thereto, must be exercised or delivered, as the case may be, by purchasers within the time limits prescribed and are subject to the defences and limitations contained under the applicable securities legislation. The summaries in Exhibit “A” annexed hereto are subject to the express provisions of the securities legislation applicable in each of the provinces and territories of Canada and the regulations, rules, and policy statements thereunder. Purchasers should refer to the securities legislation applicable in their province or territory along with the regulations, rules, and policy statements thereunder for the complete text of these provisions or should consult with their legal advisor. The statutory rights of action described in this Canadian Offering Memorandum are in addition to and without derogation from any other right or remedy that purchasers may have at law.

CONTRACTUAL RIGHTS OF ACTION

If there is a misrepresentation in this Canadian Offering Memorandum and the securities legislation of the jurisdiction in which a Canadian purchaser is resident does not provide purchasers with statutory rights in the event of a misrepresentation in an offering memorandum, that Canadian purchaser will have a contractual right to sue the Company:

- (a) to cancel the Security Token Purchase Agreement to buy the Tokens, or
- (b) for damages.

This contractual right to sue is available to a Canadian purchaser whether or not that Canadian purchaser relied on the misrepresentation. However, in an action for damages, the amount a Canadian purchaser may recover will not exceed the price that was paid for the Tokens and will not include any part of the damages that the Company proves does not represent the depreciation in value of the Tokens resulting from the misrepresentation. The Company has a defense if it proves that a Canadian purchaser knew of the misrepresentation when it purchased the Tokens.

A Canadian purchaser intending to rely on the rights described in (a) or (b) above must do so within strict time limitations. A Canadian purchaser must commence action to cancel the Security Token Purchase Agreement within 180 days after signing the Security Token Purchase Agreement to purchase the Tokens. A Canadian purchaser must commence action for damages

within the earlier of 180 days after learning of the misrepresentation and three years after signing the Security Token Purchase Agreement to purchase the Tokens. The contractual rights of action described in this Canadian Offering Memorandum are in addition to and without derogation from any other right or remedy that purchasers may have at law.

ENFORCEMENT OF LEGAL RIGHTS

Certain of the directors and officers of the Company may be located outside of Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or those persons. All or a substantial portion of the assets of the Company and those persons is likely to be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against the Company or those persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or those persons outside of Canada.

PERSONAL INFORMATION

By purchasing Tokens, the purchaser acknowledges that the Company and its agents and advisers may collect, use, and disclose its name and other specified personally identifiable information (the “Information”), including the number of Tokens that it has purchased and whether the purchaser is an “insider” of the Company (as defined under applicable securities laws) for purposes of meeting legal, regulatory, and audit requirements, and as otherwise permitted or required by law or regulation. The purchaser consents to the disclosure of that Information. By purchasing Tokens, the purchaser acknowledges that Information concerning the purchaser: (A) will be disclosed to the relevant Canadian securities regulatory authorities, including the Ontario Securities Commission, and may become available to the public in accordance with the requirements of applicable securities and freedom of information laws and the purchaser consents to the disclosure of the Information; (B) is being collected indirectly by the applicable Canadian securities regulatory authority under the authority granted to it in securities legislation; and (C) is being collected for the purposes of the administration and enforcement of the applicable Canadian securities legislation. Further, the purchaser acknowledges that by purchasing Tokens, the purchaser shall be deemed to have authorized such indirect collection of personal information by the relevant Canadian securities regulatory authorities.



EXHIBIT "A" TO CANADIAN OFFERING MEMORANDUM
PURCHASERS' STATUTORY RIGHTS OF ACTION

Rights of Purchasers in Alberta

If you are a resident of Alberta, under the *Securities Act* (Alberta) (the "ASA") if there is a misrepresentation in this Canadian Offering Memorandum as defined in the ASA, you have a statutory right to sue:

- (a) the Company to cancel your Security Token Purchase Agreement to buy the Tokens, or
- (b) for damages against the Company, every Person who was a director at the date of this Canadian Offering Memorandum and every other Person who signed this Canadian Offering Memorandum; provided, however, that if you elect to sue the Company to cancel your subscription, you will have no right to sue the aforementioned persons for damages.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the Security Token Purchase Agreement within 180 days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of (i) 180 days after you first had knowledge of the facts giving rise to the cause of action, and (ii) three years after the date of the transaction that gave rise to the cause of action.

The ASA provides various defences available to the Company and Persons that you have a right to sue. In particular, they have a defence if:

- (a) they prove that the purchaser purchased the securities with knowledge of the misrepresentation;
- (b) they prove that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, on becoming aware of its being sent, the person or company promptly gave reasonable notice to the Executive Director (as such term is defined in the ASA) and the Company that it was sent without the knowledge and consent of the person or company;
- (c) they prove that the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the Executive Director (as such term is defined in the ASA) and the Company of the withdrawal and the reason for it;
- (d) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable

grounds to believe and did not believe that: (i) there had been a misrepresentation; or (ii) the relevant part of the offering memorandum: (A) did not fairly represent the report, opinion or statement of the expert; or (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or

- (e) with respect to any part of the document not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, after conducting a reasonable investigation, the person or company had no reasonable grounds to believe, and did not believe, that there was a misrepresentation.

In the case of an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation. In no case will the amount recoverable in any action exceed the price at which the Tokens were offered under this Canadian Offering Memorandum.

Rights of Purchasers in British Columbia

If you are a resident of British Columbia, under the *Securities Act* (British Columbia) (the "BCSA"), if there is a misrepresentation in this Canadian Offering Memorandum as defined in the BCSA, you have a statutory right to sue:

- (a) the Company to cancel your Security Token Purchase Agreement to buy the Tokens, or
- (b) for damages against the Company, every Person who was a director at the date of this Canadian Offering Memorandum and every other Person who signed this Canadian Offering Memorandum; provided, however, that if you elect to sue the Company to cancel your Security Token Purchase Agreement, you will have no right to sue the aforementioned persons for damages.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the Security Token Purchase Agreement within 180 days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of (i) 180 days after you first had knowledge of the facts giving rise to the cause of action, and (ii) three years after the date of the transaction that gave rise to the cause of action.

The BCSA provides various defences to the Company and Persons that you have a right to sue. In particular, they have a defence if:

- (a) they prove that the purchaser had knowledge of the misrepresentation;
- (b) they prove that the offering memorandum was delivered to purchasers without the person's knowledge or consent and that, on becoming aware of its delivery, the person gave written notice to the Company that it was sent without the person's knowledge or consent;

- (c) they prove that on becoming aware of the misrepresentation in the offering memorandum, the person withdrew the person's consent to the offering memorandum and gave written notice to the Company of the withdrawal and the reason for it; or
- (d) with respect to any part of the offering memorandum purporting to be made on the authority of an expert, or to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company had no reasonable grounds to believe and did not believe that: (i) there had been a misrepresentation; or (ii) the relevant part of the offering memorandum: (A) did not fairly represent the report, opinion or statement of the expert; or (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert.

In addition, a person is not liable for damages with respect to any part of the offering memorandum not purporting to be made on the authority of an expert, or to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation or believed there had been a misrepresentation.

In the case of an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security resulting from the misrepresentation. The amount recoverable by a plaintiff in any action for misrepresentation must not exceed the price at which the Tokens were offered under this Canadian Offering Memorandum.

Rights of Purchasers in Manitoba

If you are a resident of Manitoba, under the *Securities Act* (Manitoba) (the "MSA"), if there is a misrepresentation in this Canadian Offering Memorandum, you have a statutory right to sue:

- (a) the Company to cancel your Security Token Purchase Agreement to buy the Tokens while you are still an owner of the Tokens, or
- (b) for damages against the Company, every Person who was a director at the date of this Canadian Offering Memorandum and every other Person who signed this Canadian Offering Memorandum; provided, however, that if you elect to sue the Company to cancel your Security Token Purchase Agreement, you will have no right to sue the aforementioned persons for damages.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the Security Token Purchase Agreement within 180 days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of (i) 180 days after you first had knowledge of the facts giving rise to the cause of action, and (ii) two years after the date of the transaction that gave rise to the cause of action.

The MSA provides various defences to the Company and Persons that you have a right to sue. In particular, they have a defence if:

- (a) they prove that the purchaser purchased the security with knowledge of the misrepresentation;
- (b) they prove that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent, and that, after becoming aware that it was sent, the person or company promptly gave reasonable notice to the Company that it was sent without the person's or company's knowledge and consent;
- (c) they prove that after becoming aware of the misrepresentation, the person or company withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the Company of the withdrawal and the reason for it;
- (d) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or to be a copy of, or an extract from, an expert's report, opinion or statement, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that (i) there had been a misrepresentation; or (ii) the relevant part of the offering memorandum (A) did not fairly represent the expert's report, opinion, or statement; or (B) was not a fair copy of, or an extract from, the expert's report, opinion or statement; or
- (e) with respect to any part of the offering memorandum not purporting to be made on an expert's authority and not purporting to be a copy of, or an extract from, an expert's report, opinion or statement, unless the person or company (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or (ii) believed that there had been a misrepresentation.

In the case of an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation. In no case will the amount recoverable in any action exceed the price at which the Tokens were offered under this Canadian Offering Memorandum.

Rights of Purchasers in New Brunswick

If you are a resident of New Brunswick, under the *Securities Act* (New Brunswick) (the "NBSA"), if there is a misrepresentation in this Canadian Offering Memorandum, you have a statutory right to sue:

- (a) the Company or any selling security holder on whose behalf the distribution is made, as applicable, to cancel your Security Token Purchase Agreement, or
- (b) for damages against the Company, any selling security holder on whose behalf the distribution is made, every Person who was a director at the date of this Canadian Offering Memorandum and every other Person who signed this Canadian Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the Security Token Purchase Agreement within 180 days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of (i) one year after you first had knowledge of the facts giving rise to the cause of action, and (ii) six years after the date of the transaction that gave rise to the cause of action.

The NBSA provides various defences to the persons or companies that you have a right to sue. In particular, they have a defence if:

- (a) they prove that the purchaser purchased the security with knowledge of the misrepresentation;
- (b) they prove that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, after becoming aware that it was sent, the person or company promptly gave written notice to the Company that it was sent without the person's or company's knowledge or consent;
- (c) they prove that after becoming aware of the misrepresentation, the person or company withdrew the person's or company's consent to the offering memorandum and gave written notice to the Company of the withdrawal and the reason for the withdrawal;
- (d) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company had no reasonable grounds to believe and did not believe that there had been a misrepresentation or that the part of the offering memorandum did not fairly represent the report, opinion or statement of the expert or was not a fair copy of, or extract from, the report, opinion or statement of the expert; or
- (e) with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless the person (i) failed to conduct such reasonable investigation as to provide reasonable grounds for a belief that there had been no misrepresentation, or (ii) believed that there had been a misrepresentation.

In the case of an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation. In no case will the amount recoverable in any action exceed the price at which the Tokens were offered under this Canadian Offering Memorandum.

Rights of Purchasers in Newfoundland and Labrador

If you are a resident of Newfoundland and Labrador, under the *Securities Act* (Newfoundland and Labrador) (the "NLSA"), if there is a misrepresentation in this Canadian Offering Memorandum, you have a statutory right to sue:

- (a) the Company or any selling security holder on whose behalf the distribution is made, as applicable, to cancel your Security Token Purchase Agreement, or
- (b) for damages against the Company, every Person who was a director at the date of this Canadian Offering Memorandum and every other Person who signed this Canadian Offering Memorandum; provided, however, that if you elect to sue the Company to cancel your Security Token Purchase Agreement, you will have no right to sue the aforementioned persons for damages.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the Security Token Purchase Agreement within 180 days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of (i) 180 days after you first had knowledge of the facts giving rise to the cause of action, and (ii) three years after the date of the transaction that gave rise to the cause of action.

The NLSA provides various defences to the persons or companies that you have a right to sue. In particular, they have a defence if:

- (a) they prove that the purchaser purchased the security with knowledge of the misrepresentation;
- (b) they prove that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, after becoming aware that it was sent, the person or company promptly gave written notice to the Company that it was sent without the person's or company's knowledge and consent;
- (c) they prove that the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the Company of the withdrawal and the reason for it;
- (d) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that (i) there had been a misrepresentation, or (ii) the relevant part of the offering memorandum (A) did not fairly represent the report, opinion or statement of the

expert, or (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or

(e) with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless the person or company (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or (ii) believed there had been a misrepresentation.

In the case of an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation. In no case will the amount recoverable in any action exceed the price at which the Tokens were offered under this Canadian Offering Memorandum.

Rights of Purchasers in the Northwest Territories

If you are a resident of the Northwest Territories, under the *Securities Act* (Northwest Territories) (the "NTSA"), if there is a misrepresentation in this Canadian Offering Memorandum, you have a statutory right to sue:

- (a) the Company to cancel your Security Token Purchase Agreement, or
- (b) for damages against the Company, any selling security holder on whose behalf the distribution is made, every Person who was a director at the date of this Canadian Offering Memorandum and every other Person who signed this Canadian Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the Security Token Purchase Agreement within 180 days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of (i) 180 days after you first had knowledge of the facts giving rise to the cause of action, and (ii) three years after the date of the transaction that gave rise to the cause of action.

The NTSA provides various defences to the persons or companies that you have a right to sue. In particular, they have a defence if:

- (a) they prove that the purchaser purchased the security with knowledge of the misrepresentation;
- (b) they prove that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent, and that, after becoming aware that it was sent, the person or company promptly gave written notice to the Company that it was sent without the person's or company's knowledge and consent;
- (c) they prove that the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the Company of the withdrawal and the reason for it;

- (d) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that (i) there had been a misrepresentation, or (ii) the relevant part of the offering memorandum (A) did not fairly represent the report, opinion or statement of the expert, or (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or
- (e) with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless the person or company (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or (ii) believed there had been a misrepresentation.

In the case of an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation. In no case will the amount recoverable in any action exceed the price at which the Tokens were offered under this Canadian Offering Memorandum.

Rights of Purchasers in Nova Scotia

If you are a resident of Nova Scotia, under the *Securities Act* (Nova Scotia) (the "NSSA"), if this Canadian Offering Memorandum or any "advertising or sales literature" (as such term is defined in the NSSA) contains a misrepresentation, you have a statutory right to sue:

- (a) the Company to cancel your Security Token Agreement to buy the Tokens while you are still an owner of the Tokens, or
- (b) for damages against the Company, any selling security holder on whose behalf the distribution is made, every Person who was a director at the date of this Canadian Offering Memorandum and every other Person who signed this Canadian Offering Memorandum; provided, however, that if you elect to sue the Company to cancel your Security Token Purchase Agreement, you will have no right to sue the aforementioned persons for damages.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the Security Token Purchase Agreement within the earliest of (i) 180 days after the date of the transaction that gave rise to the cause of action, and (ii) 120 days after the date on which payment was made for the Tokens or after the date on which the initial payment for the Tokens was made where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment. You must commence your action for damages within the earlier of (i) 180 days after the date that you first had knowledge of the facts giving rise to the cause of action, and (ii) three years of the date of the transaction that gave rise to the cause of action.

The NSSA provides various defences to the persons or companies that you have a right to sue. In particular, they have a defence if:

- (a) they prove that the purchaser purchased the security with knowledge of the misrepresentation;
- (b) they prove that the offering memorandum or any amendment thereto was sent or delivered to the purchaser without the person's or company's knowledge or consent and that, after becoming aware that it was sent, the person or company promptly gave written notice to the Company that it was sent without the person's or company's knowledge and consent and that, on becoming aware of its delivery, the person or company gave reasonable general notice that it was delivered without the person's or company's knowledge or consent;
- (c) they prove that after delivery of the offering memorandum or any amendment thereto and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in the offering memorandum or amendment thereto the person or company withdrew the person's or company's consent to the offering memorandum or any amendment thereto, and gave reasonable general notice of the withdrawal and the reason for it;
- (d) with respect to any part of the offering memorandum or any amendment thereto purporting (i) to be made on the authority of an expert; or (ii) to be a copy of, or an extract from, a report, an opinion or a statement of an expert, the person or company had no reasonable grounds to believe and did not believe that (A) there had been a misrepresentation; or (B) the relevant part of the offering memorandum or any amendment thereto did not fairly represent the report, opinion or statement of the expert, or was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or
- (e) with respect to any part of the offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or (ii) believed there had been a misrepresentation.

In the case of an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation. In no case will the amount recoverable in any action exceed the price at which the Tokens were offered under this Canadian Offering Memorandum or amendment thereto.

Rights of Purchasers in Nunavut

If you are a resident of Nunavut, under the *Securities Act* (Nunavut) (the "NUSA"), if there is a misrepresentation in this Canadian Offering Memorandum, you have a statutory right to sue:

- (a) the Company or any selling security holder on whose behalf the distribution is made, as applicable, to cancel your Security Token Purchase Agreement, or
- (b) for damages against the Company, any selling security holder on whose behalf the distribution is made, every Person who was a director at the date of this Canadian

Offering Memorandum and every other Person who signed this Canadian Offering Memorandum; provided, however, that if you elect to sue the Company to cancel your Security Token Purchase Agreement, you will have no right to sue the aforementioned persons for damages.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the Security Token Purchase Agreement within 180 days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of (i) 180 days after you first had knowledge of the facts giving rise to the cause of action, and (ii) three years after the date of the transaction that gave rise to the cause of action.

The NUSA provides various defences to the persons or companies that you have a right to sue. In particular, they have a defence if:

- (a) they prove that the purchaser purchased the security with knowledge of the misrepresentation;
- (b) they prove that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, after becoming aware that it was sent, the person or company promptly gave written notice to the Company that it was sent without the person's or company's knowledge and consent;
- (c) they prove that the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the Company of the withdrawal and the reason for it;
- (d) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that (i) there had been a misrepresentation, or (ii) the relevant part of the offering memorandum (A) did not fairly represent the report, opinion or statement of the expert, or (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or
- (e) with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless the person or company (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or (ii) believed there had been a misrepresentation.

In the case of an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation. In no case will the amount recoverable in any action exceed the price at which the Tokens were offered under this Canadian Offering Memorandum.

Rights of Purchasers in Ontario

If you are a resident of Ontario, under the *Securities Act* (Ontario) (the "[OSA](#)"), if this Canadian Offering Memorandum contains a misrepresentation, a purchaser who purchases a security offered by this Canadian Offering Memorandum during the period of distribution has the following statutory rights:

- (a) the purchaser has a right of action for damages against the Company and a selling security holder on whose behalf the distribution is made, or
- (b) where the purchaser purchased the Tokens from a Person or the Company referred to in clause (a), the purchaser may elect to exercise a right of rescission against the Person or the Company, in which case the purchaser shall have no right of action for damages against such person or the Company.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the Security Token Purchase Agreement within 180 days after the date that you purchased the Tokens. You must commence your action for damages within the earlier of (i) 180 days after you first had knowledge of the facts giving rise to the cause of action, and (ii) three years after the day you purchased the Tokens.

The OSA provides various defences to the persons or companies that you have a right to sue. In particular, they have a defence if they prove that the purchaser purchased the security with knowledge of the misrepresentation.

The rights referred to in (a) and (b) described above do not apply where this Canadian Offering Memorandum is delivered to a prospective purchaser in connection with a distribution made in reliance on the exemption from the prospectus requirement in section 73.3 of the OSA (the "accredited investor exemption") if the purchaser is:

- (a) a Canadian financial institution, meaning either:
 - an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under that Act; or
 - bank, loan corporation, issuer company, issuer corporation, insurance company, treasury branch, credit union, caisse populaire, financial services corporation, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;
- (b) Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);
- (c) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or
- (d) a subsidiary of any of the foregoing, if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of the subsidiary.

The Company and the selling security holders, if any, will not be liable for a misrepresentation in “forward looking information”, as such term is defined under applicable Canadian securities laws, if they prove that:

- (a) the Offering Memorandum contains, proximate to the forward looking information, reasonable cautionary language identifying the forward looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection set out in the forward looking information, and a statement of material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection set out in the forward looking information; and
- (b) the Company had a reasonable basis for drawing the conclusions or making the forecasts and projections set out in the forward-looking information.

The Company and the selling security holders, if any, will not be liable for all or any portion of damages that they prove do not represent the depreciation in value of the Tokens as a result of the misrepresentation relied upon. In no case shall the amount recoverable exceed the price at which the Tokens were offered.

Rights of Purchasers in Prince Edward Island

If you are a resident of Prince Edward Island, under the *Securities Act* (Prince Edward Island) (the “PSA”), if there is a misrepresentation in this Canadian Offering Memorandum, you have a statutory right to sue:

- (a) the Company or any selling security holder on whose behalf the distribution is made, as applicable, to cancel your Security Token Purchase Agreement, or
- (b) for damages against the Company, any selling security holder on whose behalf the distribution is made, every Person who was a director at the date of this Canadian Offering Memorandum and every other Person who signed this Canadian Offering Memorandum; provided, however, that if you elect to sue the Company to cancel your Security Token Purchase Agreement, you will have no right to sue the aforementioned persons for damages.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the Security Token Purchase Agreement within 180 days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of (i) 180 days after you first had knowledge of the facts giving rise to the cause of action, and (ii) three years after the date of the transaction that gave rise to the cause of action.

The PSA provides various defences to the persons or companies that you have a right to sue. In particular, they have a defence if:

- (a) they prove that the purchaser purchased the security with knowledge of the misrepresentation;

- (b) they prove that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent and that, after becoming aware that it was sent, the person or company promptly gave written notice to the Company that it was sent without the person's or company's knowledge and consent;
- (c) they prove that the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the Company of the withdrawal and the reason for it;
- (d) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that (i) there had been a misrepresentation, or (ii) the relevant part of the offering memorandum (A) did not fairly represent the report, opinion or statement of the expert, or (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or
- (e) with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless the person or company (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or (ii) believed there had been a misrepresentation.

In the case of an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation. In no case will the amount recoverable in any action exceed the price at which the Tokens were offered under this Canadian Offering Memorandum.

Rights of Purchasers in Quebec

If you are a resident of Quebec, under the *Securities Act* (Quebec) (the "QSA"), if this Canadian Offering Memorandum is delivered to you in Quebec and contains a misrepresentation, you have a statutory right to sue:

- (a) the Company for rescission of the purchase contract or revision of the price at which the Tokens were sold to you, without prejudice to a claim for damages, and
- (b) for damages against (i) the Company, (ii) every Person acting in a capacity with respect to the Company which is similar to that of a director or officer of a company, (iii) any expert whose opinion, containing a misrepresentation, appeared, with their consent, in this Canadian Offering Memorandum, (iv) the dealer (if any) under contract to the Company, and (v) any Person who is required to sign the certificate of attestation in this Canadian Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action for rescission or revision of

price within three years after the date of the purchase. You must commence your action for damages by the earlier of three years after the purchaser first had knowledge of the facts giving rise to the cause of action, except on proof of tardy knowledge imputable to the negligence of the purchaser, and five years from the filing of this Canadian Offering Memorandum with the Autorité des marchés financiers de Quebec.

The QSA provides various defences to the persons or companies that you have a right to sue. In particular, they have a defence if:

- (a) they prove that the purchaser purchased the securities with knowledge of the misrepresentation; or
- (b) in an action for damages, they prove that they acted prudently and diligently (except in an action brought against the Company).

No Person will be liable for a misrepresentation in forward-looking information if the Person proves that:

- (a) this Canadian Offering Memorandum contains, proximate to the forward-looking information (i) reasonable cautionary language identifying the forward-looking information as such, and identifying material factors that could cause actual results to differ materially from a conclusion, forecast or projection in the forward-looking information, and (ii) a statement of the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection; and
- (b) the Person had a reasonable basis for drawing the conclusion or making the forecasts and projections set out in the forward-looking information.

An investor resident in Quebec may purchase Tokens under the Offering relying on a prospectus exemption that provides them with the statutory rights described above. However, if you purchase Tokens under the Offering in reliance upon a prospectus exemption that does not provide you with such statutory rights, the Company hereby grants you the same rights, on a contractual basis, as the statutory rights that are described above.

Rights of Purchasers in Saskatchewan

If you are a resident of Saskatchewan, under *The Securities Act, 1988* (Saskatchewan) (the "SSA"), if this Canadian Offering Memorandum or any amendment thereto, is sent or delivered to you and it contains a misrepresentation, and you purchase a security covered by this Canadian Offering Memorandum or any amendment thereto, you have a right of action:

- (a) for damages or rescission against the Company or the selling security holder on whose behalf the distribution is made;
- (b) for damages against every promoter and Director at the time this Canadian Offering Memorandum or any amendment thereto was sent or delivered;
- (c) for damages against every Person whose consent has been filed respecting the Offering, but only with respect to reports, opinions, or statements that have been made by them;

- (d) for damages against every Person that, in addition to the persons mentioned in (a) to (c) above, signed this Canadian Offering Memorandum or any amendment thereto; and
- (e) for damages against every Person that sells securities on behalf of the Company under this Canadian Offering Memorandum or any amendment thereto; provided, however, that if the purchaser elects to exercise its right of rescission against the Company or selling security holder, it shall have no right of action for damages against that party.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. If you intend to rely on the rights described above, you must do so within strict time limitations. You must commence your action to cancel the Security Token Purchase Agreement within 180 days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of (i) one year after you first had knowledge of the facts giving rise to the cause of action, and (ii) six years after the date of the transaction that gave rise to the cause of action.

Such rights of action for damages or rescission are subject to certain limitations including the following:

- (a) in an action for damages, a defendant will not be liable for all or any portion of the damages that they prove do not represent the depreciation in value of the securities resulting from the misrepresentation relied on;
- (b) no Person, other than the Company or a selling security holder, will be liable for any part of this Canadian Offering Memorandum or any amendment thereto not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the Person failed to conduct a reasonable investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation or believed that there had been a misrepresentation;
- (c) in no case shall the amount recoverable exceed the price at which the Tokens were offered; and
- (d) no Person is liable in an action for damages or rescission if that Person proves that the purchaser purchased the securities with knowledge of the misrepresentation.

In addition, no Person, other than the Company or selling security holder, will be liable if the Person proves that:

- (a) this Canadian Offering Memorandum or any amendment thereto was sent or delivered without the Person's knowledge or consent and that, on becoming aware of it being sent or delivered, that Person gave reasonable general notice that it was so sent or delivered;
- (b) after the filing of this Canadian Offering Memorandum or the amendment to this Canadian Offering Memorandum and before the purchase of the securities by the purchaser, on becoming aware of any misrepresentation in this Canadian Offering Memorandum or the amendment to this Canadian Offering Memorandum, the Person

withdrew the Person's consent to it and gave reasonable general notice of the Person's withdrawal and the reason for it;

(c) with respect to any part of this Canadian Offering Memorandum or any amendment thereto purporting to be made on the authority of an expert, or purporting to be a copy of, or an extract from, a report, an opinion or a statement of an expert, that Person had no reasonable grounds to believe and did not believe (i) that there had been a misrepresentation, (ii) the part of this Canadian Offering Memorandum or any amendment thereto did not fairly represent the report, opinion, or statement of the expert; or (iii) the part of this Canadian Offering Memorandum or of the amendment to this Canadian Offering Memorandum was not a fair copy of or extract from the report, opinion or statement of the expert;

(d) with respect to any part of this Canadian Offering Memorandum or of the amendment to this Canadian Offering Memorandum purporting to be made on the Person's own authority as an expert or purporting to be a copy of or an extract from the Person's own report, opinion or statement as an expert that contains a misrepresentation attributable to failure to represent fairly his, her or its report, opinion or statement as an expert: (i) the Person had, after reasonable investigation, reasonable grounds to believe, and did believe, that the part of the offering memorandum or of the amendment to this Canadian Offering Memorandum fairly represented the Person's report, opinion or statement; or (ii) on becoming aware that the part of this Canadian Offering Memorandum or of the amendment to this Canadian Offering Memorandum did not fairly represent the Person's report, opinion or statement as an expert, the person or company immediately advised the Financial and Consumer Affairs Authority of Saskatchewan and gave reasonable general notice that such use had been made of it and that the Person would not be responsible for that part of this Canadian Offering Memorandum or of the amendment to this Canadian Offering Memorandum.

Furthermore, no person or company, other than the Company, will be liable with respect to any part of this Canadian Offering Memorandum or any amendment thereto not purporting (a) to be made on the authority of an expert; or (b) to be a copy of, or an extract from, a report, opinion or statement of an expert, unless the person or company (i) failed to conduct a reasonable investigation to provide reasonable grounds for a belief that there had been no misrepresentation; or (ii) believed that there had been a misrepresentation. If a misrepresentation is contained in a record incorporated by reference into, or deemed incorporated by reference into, this Canadian Offering Memorandum or any amendment thereto, the misrepresentation is deemed to be contained in this Canadian Offering Memorandum or any amendment thereto.

The SSA also provides that where an individual makes a verbal statement to a prospective purchaser that contains a misrepresentation relating to the security purchased and the verbal statement is made either before or contemporaneously with the purchase of the security, the purchaser is deemed to have relied on the misrepresentation, if it was a

misrepresentation at the time of purchase, and has a right of action for damages against the individual who made the verbal statement.

Section 141(1) of the SSA provides a purchaser with the right to void the purchase agreement and to recover all money and other consideration paid by the purchaser for the securities if the securities are sold in contravention of the SSA, the regulations to the SSA or a decision of the Financial and Consumer Affairs Authority of Saskatchewan.

Section 141(2) of the SSA also provides a right of action for damages or rescission to a purchaser of securities to whom an offering memorandum or any amendment thereto was not sent or delivered prior to or at the same time as the purchaser enters into an agreement to purchase the securities, as required by section 80.1 of the SSA.

Section 80.1(5) of the SSA also provides a purchaser who has received an amended offering memorandum delivered in accordance with section 80.1(3) of the SSA with a right to withdraw from the agreement to purchase the securities by delivering a notice to the person who, or company that, is selling the securities, indicating the purchaser's intention not to be bound by the purchase agreement, provided such notice is delivered by the purchaser within two business days of receiving the amended offering memorandum.

Rights of Purchasers in the Yukon

If you are a resident of the Yukon, under the *Securities Act* (Yukon) (the "YSA"), if there is a misrepresentation in this Canadian Offering Memorandum, you have a right of action:

- (a) for rescission against the Company or the selling security holder on whose behalf the distribution is made; or
- (b) for damages against the Company, a selling security holder on whose behalf the distribution is made, every Person who was a director at the date of this Canadian Offering Memorandum and every other Person who signed this Canadian Offering Memorandum; provided, however, that if you elect to exercise a right of action for rescission, you shall have no right to sue the aforementioned persons for damages.

This statutory right of action is available to you whether or not you relied on the misrepresentation. If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action for rescission within 180 days after the date of the transaction that gave rise to the cause of action. You must commence your action for damages within the earlier of (i) 180 days after you first had knowledge of the facts giving rise to the cause of action, and (ii) three years after the date of the transaction that gave rise to the cause of action.

The YSA provides various defences to the persons or companies that you have a right to sue. In particular, they have a defence if:

- (a) they prove that the purchaser purchased the security with knowledge of the misrepresentation;

- (b) they prove that the offering memorandum was sent to the purchaser without the person's or company's knowledge or consent, and that, after becoming aware that it was sent, the person or company promptly gave written notice to the Company that it was sent without the person's or company's knowledge and consent;
- (c) they prove that the person or company, on becoming aware of the misrepresentation in the offering memorandum, withdrew the person's or company's consent to the offering memorandum and gave reasonable notice to the Company of the withdrawal and the reason for it;
- (d) with respect to any part of the offering memorandum purporting to be made on the authority of an expert or purporting to be a copy of, or an extract from, a report, opinion or statement of an expert, the person or company proves that the person or company did not have any reasonable grounds to believe and did not believe that (i) there had been a misrepresentation, or (ii) the relevant part of the offering memorandum (A) did not fairly represent the report, opinion or statement of the expert, or (B) was not a fair copy of, or an extract from, the report, opinion or statement of the expert; or
- (e) with respect to any part of an offering memorandum not purporting to be made on the authority of an expert and not purporting to be a copy of, or an extract from, a report, opinion or statement of an expert unless the person or company (i) did not conduct an investigation sufficient to provide reasonable grounds for a belief that there had been no misrepresentation; or (ii) believed there had been a misrepresentation.

In the case of an action for damages, the defendant is not liable for all or any part of the damages that the defendant proves do not represent the depreciation in value of the security as a result of the misrepresentation. In no case will the amount recoverable in any action exceed the price at which the Tokens were offered under this Canadian Offering Memorandum.