

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

2444467 ONTARIO INC. and JAMES TONN

Applicants

and

**EXV INC., EXPONENTIAL DIGITAL TRADING INC.,
EXPONENTIAL CAPITAL & MARKETS INC.,
EXPONENTIAL ADVISORS CORP., DIGITAL ASSET FUND CORP.,
TRIBE INC., DIGITAL VENTURE FUND GP INC.,
DIGITAL VENTURE FUND LP and JAMES WALLACE MCCREARY**

Respondents

**SECOND REPORT OF MNP LTD.
IN ITS CAPACITY AS COURT-APPOINTED RECEIVER**

June 5, 2024

TABLE OF CONTENTS

INTRODUCTION	1
Appointment of Receiver	1
Background	1
PURPOSES OF THIS REPORT	4
TERMS OF REFERENCE	5
RECEIVER'S ACTIVITIES	7
General	7
Financial Records	7
Financial Reporting	7
Corporate Governance	8
Employee Claims	9
3iQ Side Letter Investors	10
ASSET REALIZATIONS AND RECOVERIES	10
Funds on Deposit - \$1,259,853.26	10
3iQ Dividends Received - \$330,689.70	11
Sale of 3iQ Interests - \$4,556,958.84	11
MASTER FUND PORTFOLIO INVESTMENTS	12
Initial Valuation of Portfolio Investments	12
Current Status of the Portfolio Companies	13
LIQUIDATION OPTIONS	14
Options Explored	14
PROPOSED LIQUIDATION PROCESS	15
STATEMENT OF RECEIPTS AND DISBURSEMENTS	17
THIRD PARTY INVESTORS	17
RECOMMENDATIONS	19

APPENDICES

APPENDIX "A" -	Appointment Order dated November 4, 2020
APPENDIX "B" -	Digital Asset Fund Corp. and Master Fund Corporate Organization Chart
APPENDIX "C" -	Receiver's First Report (without Appendices) dated January 4, 2021
APPENDIX "D" -	Endorsement of Justice Steele dated April 12, 2024
APPENDIX "E" -	Statement of Receipts and Disbursements dated May 31, 2024

INTRODUCTION

Appointment of Receiver

1. On November 4, 2020 (“**Date of Appointment**”), upon the application of 2444467 Ontario Inc. (“**JT Holdco**”), and James Tonn (“**Tonn**”), MNP Ltd. was appointed as receiver (in such capacity, the “**Receiver**”) without security of all of the assets, undertakings and properties of ExV Inc. (“**ExV**”), Exponential Digital Trading Inc., Exponential Capital & Markets Inc. (“**Exp Capital**”), Exponential Advisors Inc. (“**Exp Advisors**”), Digital Asset Fund Corp. (“**DAFC**”), tribe inc., Digital Venture Fund GP Inc. (the “**Digital GP**”) and Digital Venture Fund LP (the “**Ontario LP**”, and collectively with the foregoing entities, the “**Exponential Group**” or the “**Entities**”) acquired for, or used in relation to a business carried on by the Entities, including all proceeds thereof, by Order of the Ontario Superior Court of Justice (the “**Court**”), a copy of which is attached hereto as **Appendix “A”** (the “**Appointment Order**”).
2. The Appointment Order together with other publicly available information have been posted to the Receiver’s website (the “**Case Website**”), which can be found at: <https://mnpdebt.ca/exponentialgroup>. The Receiver has posted its contact information on the Case Website so that interested parties may contact the Receiver if they have questions with respect to the receivership proceedings.

Background

3. On or about July 2017, Tonn and James Wallace McCreary (“**McCreary**”, and together with Tonn, hereinafter collectively referred to as the “**Shareholders**”) began to create the enterprise which became known as the Exponential Group, with the business objectives to, among other things:
 - a. identify and invest in start-up companies, primarily in the financial technology and related sectors (the “**Portfolio Companies**”);
 - b. provide consulting and other advisory services to the Portfolio Companies;
 - c. assist the Portfolio Companies with financing; and

- d. potentially obtain direct investments in the Exponential Group and the Portfolio Companies from Canadian and international third-party investors.
4. Initially, the Entities' operations and investments were held within ExV ("**ExV**") with the exception of the Entities' investment in GSX Group Limited ("**GSX**") that was owned by a Gibraltar corporation owned equally by the Shareholders. The Entities' operations were principally funded personally by Tonn or through his holding corporation, JT Holdco.
5. As set out paragraphs 27 to 35 of the First Report (defined below), in December 2019, the Entities, in consultation with and based on the advice of Fasken Martineau DuMoulin LLP ("**Faskens**") and legal counsel based in the Cayman Islands, Harney Westwood & Riegels LP ("**Harneys**"), began the formation of their current structure. The ultimate objective was the establishment of a Cayman limited partnership ("**LP**"), which would act as an open-ended mini-master investment fund structure that would provide a platform for third parties to invest in the Portfolio Companies and other digital assets.
6. The DAFC and Master Fund corporate organization chart is attached as **Appendix "B"**. A summary of the steps in the establishment of the Master Fund is set out below:
 - a. incorporation of DAFC – a *Canada Business Corporations Act* ("**CBCA**") company;
 - b. formation of the Ontario LP – an Ontario limited partnership;
 - c. formation of the Digital GP – a CBCA company and the general partner ("**GP**") for the Ontario LP;
 - d. formation of Digital Venture Master Fund, LP (the "**Master Fund**") – a Cayman exempted limited partnership; and
 - e. incorporation of Digital Venture Master Fund GP Ltd. (the "**Cayman GP**") – a Cayman exempted company and the GP for the Master Fund.
7. The aforesaid structure was designed to provide third-party investors with the opportunity to invest through DAFC and the Ontario LP, an Ontario limited partnership, or directly into

the Master Fund, a Cayman Islands limited partnership. In this way, the Exponential Group and the Portfolio Companies could attract a wide range of international investors.

8. The current DAFC management structure involves Exp Advisors, an entity owned equally by JT Holdco and McCreary, as the manager of DAFC (the “**Fund Manager**”) pursuant to a Management Agreement between Exp Advisors and DAFC dated March 25, 2020 (the “**DAFC Management Agreement**”). This agreement was executed on behalf of both DAFC and Exp Advisors by McCreary. The DAFC Management Agreement sets out, among other things, the terms upon which the Fund Manager provides services to DAFC as well as the remuneration due to the Fund Manager.
9. Tonn and JT Holdco continued to fund substantially all of the Entities’ operation until February 2020, when McCreary and Tonn’s relationship began to break down. Among other things, Tonn disputed McCreary’s position that approximately \$1,500,000 of funds JT Holdco advanced to ExV that were held at HSBC Bank Canada (“**HSBC**”) could be used to fund all the Entities’ operations. Tonn took the position that these funds were to be used solely for investment purposes.
10. On June 29, 2020, Paliare Roland Rosenberg Rothstein LLP (“**PRRR**”), on behalf of Tonn, wrote to HSBC to advise of the dispute between the parties. In response, on July 7, 2020, HSBC changed the status of all the Entities’ accounts to “deposit only”, until both principals agreed otherwise or there was a court order. Since the Entities had very limited operational funding, on or about July 15, 2020, almost all the Entities’ employees and or contractors (collectively the “**Employees**”) were informed that they had been laid off or that their contracts would be suspended, effective immediately. Certain of the Entities’ executives and staff continued operations on a very limited basis up to the time of the Receiver’s appointment.
11. On January 4th, 2021, the Receiver issued its first report dated January 4, 2021 (the “**First Report**”), which provided preliminary information to the Court regarding this receivership proceeding, including:

- a. background information regarding the Entities' financial position, their operations and assets, their current organizational structure and the circumstances leading to the Receiver's appointment;
- b. the Receiver's activities since its appointment;
- c. information regarding investments made by the Entities;
- d. information regarding investments made by arm's length parties in DAFC;
- e. information regarding matters identified by the Receiver and others that are unresolved or are still to be determined through this proceeding;
- f. consultations with Shareholders' counsel regarding the administration of these proceedings and options for resolution of outstanding issues between the parties, and
- g. providing the Court with the Receiver's initial conclusions and recommendations regarding the Entities and the Receiver's continued mandate.

A copy of the First Report (without appendices) is attached hereto as **Appendix "C"**.

PURPOSES OF THIS REPORT

12. The purposes of this second report (the "**Second Report**") are to, *inter alia*,
 - a. describe the Receiver's activities since the First Report;
 - b. review asset realizations and the status of the investments held by the Master Fund;
 - c. update the Court on the Receiver's consultations with Tonn and McCreary's counsel regarding a settlement of the issues between them and other options available that could have led to the termination of this proceeding;
 - d. review the alternative processes considered for the liquidation of the Exponential Group, including their interests in the Portfolio Companies;

- e. summarize the liquidation process recommended by the Receiver for the assets, undertakings and properties of the Exponential Group (the “**Liquidation Process**”);
- f. review the status of third-party investors in DAFC (the “**3rd Party Investors**”), their requests to redeem their investments and the Receiver’s rationale in support of a distribution to the 3rd Party Investors;
- g. support the Receiver’s request that this Court issue an order, *inter alia*:
 - i. approving the Receiver’s activities as described in this report;
 - ii. approving the Liquidation Process and authorizing the Receiver to conduct same;
 - iii. authorizing the Receiver to make a distribution to the 3rd Party Investors as described below; and
 - iv. such other relief ancillary thereto as the Receiver may request.

TERMS OF REFERENCE

13. In preparing this Second Report, and making the comments herein, the Receiver has been provided with, and has relied upon, information (the “**Information**”) contained in materials filed with the Court in connection with these proceedings or obtained from the following sources, among others:
- a. the affidavit of Tonn affirmed October 30, 2020, in support of the application for the Receiver’s appointment;
 - b. discussions and consultations with the Shareholders and their respective counsel;
 - c. Faskens, in its capacity as counsel to certain of the Entities;
 - d. Harneys, in its capacity as Cayman Islands counsel to certain of the Entities;
 - e. HSBC in connection with the Entities’ banking activities;

- f. FrontFundr Financial Services Inc. (“**FrontFundr**”), who the Receiver understands sourced third-party investors for DAFC;
 - g. communications with 3rd Party Investors;
 - h. the Entities’ available books and records and certain unaudited, draft and/or internal financial information obtained by the Receiver;
 - i. the Entities’ external accounting firm, Growth Partners Inc. (“**Growth Partners**”);
 - j. discussions with and information provided by the Entities’ former directors, management and Employees;
 - k. the Entities’ external accounting and related service providers;
 - l. various entities in which the Entities hold investments;
 - m. individual investors who invested in DAFC; and
 - n. other publicly available information sources.
14. The Receiver has not audited, reviewed, or otherwise verified the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Professional Accountants Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the Information.
15. Unless otherwise stated all monetary amounts contained herein are expressed in Canadian dollars.
16. Capitalized terms not defined in this Second Report have the meaning ascribed to them in the Appointment Order and the First Report.

RECEIVER'S ACTIVITIES

General

17. Following issuance of the First Report, the Receiver communicated informally with the Shareholders and their counsel to report on any relevant developments and to discuss a Liquidation or liquidation process as well as other alternatives for resolution of outstanding issues as between the Shareholders.
18. In addition to the Shareholders, the Receiver attended to communications from the 3rd Party Investors concerning the status/update of their investment in DAFC.

Financial Records

19. Substantially all of the Exponential Group's records were maintained on various "cloud based" software systems. Following its appointment, the Receiver took control of the various storage sites including payment of arrears and on-going monthly storage fees considered critical for the administration of this proceeding.

Financial Reporting

20. As noted in the First Report, following its appointment, the Receiver contacted the Entities' external accounting firm, Growth Partners, to review the status of its financial records, statutory and other regulatory filings, and was informed by Growth Partners that:
 - a. it had compiled and prepared substantially all of the Entities' financial records without audit or review;
 - b. it had provided various internal financial reports when requested; and
 - c. formal financial statements, annual income tax returns as well as applicable HST returns were not prepared or filed for any of the Entities.
21. Accordingly, the Receiver engaged Growth Partners to update the Entities' financial records and prepare current unaudited interim financial statements up to the approximate date of the Receiver's appointment.

22. Growth Partners was only able to provide monthly, quarterly, and annual unaudited financial statements for ExV and Exp Cap for the period December 1, 2018, to June 30, 2020.
23. Growth Partners also informed the Receiver that it was not provided with sufficient information to account for the transfer of Portfolio Companies from ExV to the Master Fund.
24. The Receiver has been consulting with CRA to complete all outstanding HST filings for the Entities in these proceedings, as applicable.

Corporate Governance

25. As described in the First Report, the Portfolio Companies are currently held by the Master Fund, which is a Cayman Islands entity and as such is registered with the Cayman Islands Monetary Authority (“CIMA”). With the assistance of Harneys, the Receiver has completed and paid the Master Fund’s, Cayman GP’s and Digital GP’s CIMA annual regulatory filings and fees for 2021 through to 2024.
26. The DAFC structure includes the formation of a Cayman Island general partner for the Master Fund, that being the Cayman GP. Harneys has advised that although the Cayman GP is in place, the required corporate governance documents and related were not completed prior to the Receiver’s appointment. As a result, the Digital GP, a CBCA entity, is registered with CIMA and is the *de facto* GP of the Master Fund.
27. The Receiver was informed after its appointment by GSX that it did not have a record of the transfer of Exponential Limited’s interest in GSX to the Master Fund. Exponential Limited is a Gibraltar company, which the Receiver understands to be jointly owned by Tonn and McCreary, that is not a party to this proceeding. Although the transfer documents appeared to have been prepared and executed, GSX’s corporate records were never updated. At the request of Tonn and McCreary, the Receiver has paid GSX’s annual Gibraltar Regulatory registration and other annual fees.

Employee Claims

28. As noted in the First Report, following its appointment, the Receiver notified all known current and former employees of this proceeding and that their employment or contracts, as applicable, were formally terminated effective November 4, 2020, the date of the Receiver's appointment. At such time, the Receiver requested that all former employees provide the Receiver with their estimated claim ("**Proposed Employee Claim**") for amounts due to them for unpaid salary, vacation pay, termination pay and any other amounts they considered due to them.
29. On December 3, 2020, the Receiver convened a video conference call with employees to discuss the receivership proceeding and respond to any questions or other concerns the employees wished addressed.
30. Ultimately, fourteen (14) employees submitted their Proposed Employee Claims, which totaled approximately \$469,500, was comprised of outstanding salary and professional fees of \$379,619, vacation pay of \$36,195 and termination pay or contract termination claims of \$53,645. The above claim amounts do not include the potential claim of McCreary.
31. The Receiver determined that there were no employees eligible for making a claim under the Wage Earner Protection Program.
32. The Receiver accepted and settled the claims of twelve (12) employees and made payments to these parties in the amount of approximately \$146,700 in exchange for releases executed in favour of Exponential Group and the Receiver. The other two (2) Proposed Employee Claims were submitted by U.S.-based former executives and officers, totaling \$323,000. Based on a review of their respective employment contracts and available records, the Receiver determined that these claims were overstated. The Shareholders have not consented to the payment of these claims. Accordingly, the Receiver has not accepted these claims.

3iQ Side Letter Investors

33. As set out in paragraph 41 of the First Report and prior to the receivership, the Master Fund and Exp Advisors entered into side letter agreements with four (4) employees of the Entities (the “**3iQ Investors**”) allowing them to acquire, apart from Master Fund’s investment in 3iQ Corp. (“**3iQ**”), a pro-rata interest in 61,187 additional Class B common shares in 3iQ (the “**3iQ Employee Investment**”).
34. In March 2021, an opportunity arose to liquidate both the Master Fund’s and 3iQ Investors’ holdings in 3iQ. A further opportunity arose in December 2021 to liquidate the Master Fund’s holdings in 3iQ.
35. These opportunities were presented to the Shareholders by the Receiver. The Shareholders did not provide their unanimous consent to complete a Liquidation of the Master Fund’s interests in 3iQ at either time. Accordingly, the Receiver did not accept the offers on behalf of the Master Fund.

At the request of and with the consent of the 3iQ Investors, the Receiver, in its capacity as Receiver of Digital GP, executed a share transfer and liquidated the 3iQ Employee Investment. Notwithstanding that the side letter agreement provided that the Master Fund and Exp Advisors would be entitled to fees and a portion of the gains, the Receiver agreed to distribute to the 3iQ Investors the gross proceeds realized from the liquidation of the 3iQ Employee Investment without a deduction for fees and a portion of the gains. On April 20, 2021, the Receiver distributed to the 3iQ Investors their respective proportionate interest in the gross proceeds realized from these transactions and obtained a release from the respective employee.

ASSET REALIZATIONS AND RECOVERIES

Funds on Deposit - \$1,259,853.26

36. As set out in the First Report, on December 11, 2020, HSBC remitted \$1,209,438.40 to the Receiver comprised of \$136,561.51, \$1,047,596.88 and \$25,280.01 from the accounts of DAFC, ExV and Exp Capital, respectively.

37. Following the freezing of the HSBC accounts on July 7, 2020, an account was opened by DAFC at Prime Trust in Las Vegas, Nevada (“**Prime Trust**”) to receive the investments made by 3rd Party Investors through FrontFundr.
38. In late August 2022, Prime Trust remitted to the Receiver \$50,414.00 (being \$39,991 USD) that it had frozen (net of bank fees) in the DAFC account following the Receiver’s appointment.
39. To date, the Receiver has recovered the following funds from the Entities’ bank accounts:

Entity	Funds Recovered
Digital Asset Fund Corp.	\$ 186,976.37
ExV Inc	1,047,596.88
Exponential Capital and Markets Inc.	25,280.01
	\$ 1,259,853.26

3iQ Dividends Received - \$330,689.70

40. Following the Receiver’s appointment, on each of August 9, 2021, November 2, 2021 and March 14, 2022, 3iQ paid a dividend of \$113,229.90 on its B Common Shares, for total dividends received of \$330,689.70.

Sale of 3iQ Interests - \$4,556,958.84

41. On or about October 14, 2023, 3iQ advised that an offer was received to acquire a minimum of 51% of the issued and outstanding Class B shares of 3iQ at a price of \$4.92 (USD) per share with 90% of the purchase price to be paid on closing and the balance to be held in escrow for up to five years (the “**3iQ Offer**”) and subject to various conditions typically seen in a purchase of this type. At that time, the Master Fund held 754,000 Class B shares of 3iQ. The 3iQ Offer had an acceptance or rejection deadline of October 30, 2023.
42. By email dated October 16, 2023, Chaitons LLP (“**Chaitons**”), the Receiver’s counsel, advised the Shareholders’ respective counsel of the 3iQ Offer asking for their views on accepting or rejecting the offer.

43. By October 19, 2023, neither of Shareholders' counsel had provided a definitive response to the aforesaid notice. In light of the pending October 30, 2023 deadline, on October 20, 2023 Chaitons again emailed the Shareholders' counsel indicating as follows:

“Given the deadlines under the offer letter from 3iQ dated October 14, 2023, we are asking that you each respond in writing by no later than Monday at 5 pm if your client is objecting to the offer.

Having considered the offer and all available related information, unless both of your clients object in writing, the Receiver intends to accept the offer to sell 51% of the 3iQ shares held by the Cayman LP and to notify 3iQ that it is interested in selling all of the remaining such shares pursuant to the terms of the offer.”

44. Neither of the Shareholders' counsel responded to the above emails from Chaitons. The Receiver therefore tendered all of the Master Fund's 3iQ common shares on the terms set out in the 3iQ Offer.
45. On April 24, 2024, following various regulatory approvals and other delays, the transaction closed and CAD \$4,556,958.84 (USD \$3,335,743.24) was remitted to the Receiver. The balance of the share sale proceeds is expected to be paid by September 30, 2024

MASTER FUND PORTFOLIO INVESTMENTS

Initial Valuation of Portfolio Investments

46. It is the Receiver's understanding that the Portfolio Companies were originally valued at their acquisition cost for the purpose of the initial valuation of capital contribution to the Master Fund and the associated valuation of the equity shares of the DAFC.
47. As noted in the First Report, the Receiver was in the process of engaging Redwood Valuations Partners, LLC (“**Redwood**”), a U.S.-based well-known and respected valuations firm with expertise in digital asset and cryptocurrency markets. Redwood was initially engaged to provide a valuation of the Fair Market Value (“**FMV**”) at December 31, 2020 for each of the Portfolio Companies. It was subsequently engaged to update the FMV to July 31, 2021. This valuation information has been shared with the Shareholders on a confidential basis.

48. The subscription agreements for substantially all of the Master Fund’s equity investments include a first right of refusal (“**ROFR**”) in favour of other shareholders of the Portfolio Companies. The potential impact of the ROFRs, whether positive or negative, has not been included in Redwood’s valuations.
49. As set out above, a substantial portion of the Portfolio Companies’ operations concentrate upon crypto-currency and other digital asset market segments, which by their nature are highly speculative and volatile. In light of the continuing volatility in this sector, the Receiver has not commissioned a further updated valuation for the Portfolio Companies.

Current Status of the Portfolio Companies

50. A summary of the Portfolio Companies currently in the Master Fund and a description of their line of business is set out below:

Portfolio Company	Business Description
CareClinic Software Inc.	Home healthcare and software
Consilium Crypto Inc	Big data insight business
Frontfundr Financial Services Inc.	Equity crowdfunding
GSX Group Limited	Operates Gibraltar Stock Exchange
Kings Distributed Systems Ltd.	Distributed Compute Network
Key Living Corporation	Offers a living as service real estate vehicle
Ledn Inc	Bitcoin and other crypto back loans
Samsa Technologies Inc. dba. LVL	Provider of mobile banking app for exchange cash & Bitcoin
MarketBox Inc.	platform to service providers to book and manage clients
Merj Exchange Limited	Public securities blockchain
OpenExO (ExO Foundation, Inc.)	Global Transformation Ecosystem, which connects world-class professionals,
STACS (Hashstacs Pte. Ltd.)	Singapore FinTech development
Stemonix, Inc. (VYNT)	Provider of human induced pluripotent stem (iPS) cell-derived cardiac and neural platforms
TribeOS	Transparent digital advertising platform

LIQUIDATION OPTIONS

Options Explored

51. In December 2021 and January 2022, the Receiver engaged in discussions with several M&A/corporate finance/investment banking firms and other parties in the cryptocurrency space (the “**Consultants**”) to discuss taking over the management of the Master Fund and/or assisting in a liquidation process for the Master Fund and/or the Portfolio Companies.
52. The consensus feedback from the Consultants was that given the relatively small size of the Portfolio Companies, the ROFRs and the Entities’ complex ownership structure, an acquisition of the Master Fund and/or individual Portfolio Companies would only be of interest to a very limited number of potential purchasers, and that any liquidation process would likely take an extended period of time and be very costly in comparison to the potential recovery.
53. In September 2021, the Receiver also received an unsolicited letter of intent from an entity related to 3iQ offering to assume management of the DAFC, or in the alternative, acquire certain entities and their assets within the Exponential Group.
54. All of the above opportunities and options were presented to the Shareholders, and the Receiver has engaged in separate discussions with Tonn and McCreary and/or their respective legal counsel with respect to same. However, despite the Receiver’s efforts, none of options identified have been mutually acceptable to the Shareholders in order to resolve their outstanding issues and/or for the continued operations of the Entities or DAFC, including addressing the interests of the 3rd Party Investors.
55. In December 2022, the Receiver provided the Shareholders’ counsel with proposed motion material in support of a court-approved sale process to identify one or more parties for the purchase of all or any of the assets, properties and undertakings of the Exponential Group, and to complete one or more transactions for the sale of these assets.

56. As that time, the Shareholders requested additional time to negotiate a settlement of issues between them.
57. On an on-going basis throughout 2023 and into 2024, the Receiver's counsel continued to press the Shareholders' counsel on the progress of their settlement discussions. The Shareholders' counsel continued to ask that the Receiver allow them more time to continue their discussions.
58. By March 2024, the Receiver and its counsel concluded that a court-approved liquidation process was required.
59. Counsel for the Receiver and the Shareholders attended a court scheduling hearing on April 12, 2024. Prior to that court attendance, counsel agreed that the Shareholders would provide their comments to the Receiver by no later than April 19, 2024 regarding a process to sell the interests of the Exponential Group in each of the Portfolio Companies, including sale prices, potential buyers and any other considerations they deem relevant on a company-by-company basis, and that the Receiver would then confer with Shareholders' Counsel on a timetable for its motion, and if necessary, schedule another case conference to schedule the motion. Attached hereto as **Appendix "D"** is the Endorsement of Justice Steele dated April 12, 2024.
60. Neither of the Shareholders provided any comments to the Receiver regarding a sale process by April 19, 2024 (or at any time to the date of this Report).

PROPOSED LIQUIDATION PROCESS

61. Given the lack of consensus amongst the Shareholders and the unsuccessful attempt to identify a party to acquire the Entities to which the Shareholders would consent, the Receiver proposes to liquidate the Entities in the current DAFC structure (the "**DAFC Structure**") and/or the Portfolio Companies individually or en-bloc.

62. All of the Portfolio Companies are private companies.¹ The subscription agreements for the minority equity investments in the Portfolio Companies (the “**Equity Investments**”) contain ROFR clauses, which affects their liquidity. The same liquidity issue applies to the debt securities of the Portfolio Companies (the “**Debt Securities**”).
63. The realization options available for the Equity Investments and the Debt Securities are limited. The most likely (if not the only) purchasers of these investments are the Portfolio Companies themselves and/or their other shareholders.
64. There may also parties interested in the DAFC Structure, including the Portfolio Companies or on its own after distribution of the net proceeds from the liquidation of the Portfolio Companies to the DAFC shareholders. Significant funds were expensed to establish and maintain this structure and there may be a limited market for the structure in and of itself.
65. Accordingly, the Receiver is recommending a Liquidation Process that is limited to:
 - a. soliciting an offer from each of the Portfolio Companies and/or their current shareholders, if possible, to acquire the Master Fund’s interests in those companies; and
 - b. approaching private equity and related financial investment entities to solicit interest in the DAFC Structure, which any resulting transaction to be subject to court approval.
66. The Receiver recommends implementation of the Liquidation Process for the following reasons:
 - a. the Receiver’s efforts to find a mutually agreeable solution between the Shareholders have been unsuccessful;

¹ The Receiver understands that Stemonix, Inc. merged with Vyant Bio Inc., which traded over the counter in New York, but the company’s website indicates that the company is now in liquidation.

- b. there does not appear to be a viable transaction available for the liquidation of the Entities to a third party that is acceptable to the Shareholders;
 - c. the Liquidation Process is expected to identify any prospective bidders for the DAFC Structure; and
 - d. the Liquidation Process allows for the Shareholders' outstanding issues to be addressed by the Court at a subsequent distribution motion.
67. If the proposed process is approved by the Court, the Receiver will at a future date seek the Court's approval for a distribution of funds, which may require a formal claims process

STATEMENT OF RECEIPTS AND DISBURSEMENTS

68. The Receiver has prepared an interim statement of receipts and disbursements (the "**R&D**") showing all receipts and disbursements from the date of its appointment through to April 24, 2024 indicating that the Receiver holds a total of \$4,968,949.85 in two trust accounts. \$128,743.73 in one trust account represents initial asset recoveries net of disbursements and \$4,840,206.12 in a second trust account for the Master Fund representing the 3iQ dividends paid, the 3iQ share sale proceeds, interest earned less the Receiver's direct disbursements related to the Master Fund. A copy of the R&D is attached as **Appendix E**".

THIRD PARTY INVESTORS

69. Apart from investments by the Shareholders, the 3rd Party Investors directly purchased equity units in DAFC through FrontFundr ("**3rd Party Investors**") and/or received equity units in DAFC. By the date of the Receiver's appointment, \$190,500.00 had been raised through FrontFundr and invested by 3rd Party Investors, representing the purchase of 38,100 units in DAFC at \$5.00 per unit. This resulted in a net total of \$189,244.00 being received from 3rd Party Investors, after applicable trade, bank and other fees of \$1,256.00.
70. The Receiver was able to recover \$186,976.37 of the aforesaid amount, comprised of \$136,561.51 and \$50,414.50 from DAFC's accounts at HSBC and Prime Trust, respectively.

71. During the course of this proceeding, several 3rd Party Investors have contacted the Receiver to enquire on the status of their investment and the likelihood of their recovering their DAFC investment. Enquiries have generally centered around clarification on the timing and quantum of a distribution to assist with their personal or other income tax filings. Almost all 3rd Party Investors advised that they would be satisfied with the return of their initial investment regardless of whether or not DAFC was profitable in the interim period.
72. Of the approximately \$5.1 million held by the Receiver, \$190,500 (representing less than 4% of the funds on hand) would satisfy the 3rd Party Investors' request for the return of their initial investment.
73. The Liquidation Process proposed by the Receiver does not provide any certainty that the ultimate distribution to all of the DAFC shareholders would fully repay their initial investments. Further, the estimated timeline to complete the Liquidation Process followed by an orderly wind up of the DAFC Structure could take between an additional 9 months to 12 months or more to complete.
74. Based on the above, the Receiver is proposing a distribution to all 3rd Party Investors for the full amount of their initial investment in DAFC totaling \$190,500 (the "**3rd Party Distribution**").
75. The funds held by the Receiver for the Master Fund after allocation of the Receiver's direct costs totaling \$80,750.89 are less than the initial paid-up capital of approximately \$4.5 million. Consequently, the distribution would be a return of capital and should not have any Canadian tax implications to the 3rd Party Investors. The Receiver is not providing any advice or assurances to the 3rd Party Investors regarding tax or other issues. The Receiver will be providing a copy of this report and its notice of motion to each of the 3rd Party Investors prior to the hearing date for the Receiver's motion.
76. The funds flow for the 3rd Party Distribution would be deemed to be from the Master Fund to the Ontario LP to DAFC to the individual 3rd Party Investors.

77. The Receiver is of the view that the Shareholders will be the beneficiary of substantially all of the funds available from the net liquidation proceeds of the Master Fund. The 3rd Party Investors, although likely knowing their investment was classified as “high risk”, are bystanders in the dispute between the Shareholders. The proposed distribution of \$190,500 to the 3rd Party Investors is expected to only have a marginal impact on the Shareholders’ overall recovery, if any, and is otherwise neutral to the Entities. As such, the Receiver’s view is that the 3rd Party Distribution is fair and reasonable in the circumstances.

RECOMMENDATIONS

78. Based on the foregoing, the Receiver respectfully recommends that the Court make an order providing the relief set out above in paragraph 12.g) and any relief ancillary thereto requested by the Receiver.

All of which is respectfully submitted this 5th day of June, 2024.

MNP LTD. in its capacity as the Court-appointed Receiver of ExV Inc., Exponential Digital Trading Inc., Exponential Capital & Markets Inc., Exponential Advisors inc., Digital Asset Fund Corp., tribe inc., Digital Venture Fund GP Inc. and Digital Venture Fund LP, and not in its personal or corporate capacities

Per:



Jerry Henechowicz, CPA CA, CIRP, LIT
Senior Vice President

TAB A

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE) WEDNESDAY, THE 4TH
JUSTICE KOEHNEN) DAY OF NOVEMBER, 2020

2444467 ONTARIO INC. and JAMES TONN

Applicants

and

**EXV INC., EXPONENTIAL DIGITAL TRADING INC.,
EXPONENTIAL CAPITAL & MARKETS INC.,
EXPONENTIAL ADVISORS CORP., DIGITAL ASSET FUND CORP.,
TRIBE INC., DIGITAL VENTURE FUND GP INC.,
DIGITAL VENTURE FUND LP and JAMES WALLACE MCCREARY**

Respondents

ORDER
(appointing Receiver)

THIS MOTION made by the Applicants for an Order pursuant to section 101 of the *Courts of Justice Act*, RSO 1990, c C43, as amended (the "CJA") appointing MNP Ltd. as receiver (the "Receiver") without security, of all of the assets, undertakings and properties of ExV Inc., Exponential Digital Trading Inc., Exponential Capital & Markets Inc., Exponential Advisors Inc., Digital Asset Fund Corp., tribe inc., Digital Venture Fund GP Inc. and Digital Venture Fund LP (collectively, the "Entities") acquired for, or used in relation to a business carried on by the Entities, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of James Tonn, affirmed October 30, 2020, and the Exhibits thereto and on hearing the submissions of counsel for the Applicants, for the Respondent, James Wallace McCreary ("McCreary"), and for the Receiver, no one appearing for the Entities although duly served as appears from the acceptance of service of Tim Heneghan dated October 30, 2020, and on reading the consent of MNP Ltd. to act as the Receiver, as well as the consents of the Entities and of McCreary,

APPOINTMENT

1. THIS COURT ORDERS that pursuant to section 101 of the CJA, MNP Ltd. is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Entities acquired for, or used in relation to a business carried on by the Entities, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

2. THIS COURT ORDERS that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

- (c) to manage, operate, and carry on the business of the Entities, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Entities;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Entities or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Entities and to exercise all remedies of the Entities in collecting such monies, including, without limitation, to enforce any security held by the Entities;
- (g) to settle, extend or compromise any indebtedness owing to the Entities;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Entities, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Entities, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or

applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$25,000, provided that the aggregate consideration for all such transactions does not exceed \$100,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act* shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share

information, subject to such terms as to confidentiality as the Receiver deems advisable;

- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of any of the Entities;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of any of the Entities, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Entities;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Entities may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations;

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Entities, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

3. THIS COURT ORDERS that (i) each of the Entities, (ii) all of their current and former directors, officers, employees, independent contractors, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the

existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

4. THIS COURT ORDERS that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Entities, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

5. THIS COURT ORDERS that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

6. THIS COURT ORDERS that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

7. NO PROCEEDINGS AGAINST THE RECEIVER

8. THIS COURT ORDERS that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE ENTITIES OR THE PROPERTY

9. THIS COURT ORDERS that no Proceeding against or in respect of any of the Entities or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of any of the Entities or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

10. THIS COURT ORDERS that all rights and remedies against any of the Entities, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided that nothing in this paragraph shall (i) empower the Receiver or the Entities to carry on any business which the Entities are not lawfully entitled to carry on, (ii) exempt the Receiver or the Entities from compliance with statutory or regulatory provisions relating to health, safety or the

environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. THIS COURT ORDERS that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by any of the Entities, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. THIS COURT ORDERS that all Persons having oral or written agreements with any of the Entities or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to any of the Entities are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of any of the Entities' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Entities or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. THIS COURT ORDERS that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "Post Receivership Accounts") and the monies standing to the credit of such Post

Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

14. THIS COURT ORDERS that all employees of any of the Entities shall remain the employees of any of the Entities until such time as the Receiver, on any of the Entities' behalves, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities, other than such amounts as the Receiver may specifically agree in writing to pay, or i under the *Wage Earner Protection Program Act*.

PIPEDA

15. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "Sale"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Entities, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. THIS COURT ORDERS that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally

contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the Ontario *Environmental Protection Act*, the *Ontario Water Resources Act*, or the Ontario *Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

17. THIS COURT ORDERS that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by applicable legislation.

RECEIVER'S ACCOUNTS

18. THIS COURT ORDERS that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "Receiver's Charge") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person.

19. THIS COURT ORDERS that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

20. THIS COURT ORDERS that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$_50,000_____ (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge.

22. THIS COURT ORDERS that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. THIS COURT ORDERS that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

24. THIS COURT ORDERS that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

25. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL www.mnpdebt.ca/exponentialgroup.

26. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to any of the Entities' creditors or other interested parties at their respective addresses as last shown on the records of the Entities and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day

following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

27. THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

28. THIS COURT ORDERS that the Receiver shall report its preliminary findings and make initial recommendations to the Court within 60 days of this Order.

29. THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Entities.

30. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, in the United States, in the Cayman Islands, in Belize or in Gibraltar to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

31. THIS COURT ORDERS that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

32. THIS COURT ORDERS that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

33. THIS COURT ORDERS that the Receiver may apply for a discharge Order upon providing two weeks' notice to the applicant and to those parties who have filed a Notice of Appearance and after passing its accounts in accordance with paragraph 18 hereof.



A handwritten signature in blue ink, consisting of stylized initials, positioned above a horizontal line.

SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

34. THIS IS TO CERTIFY that [RECEIVER'S NAME], the receiver (the "Receiver") of the assets, undertakings and properties [DEBTOR'S NAME] acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ___ day of _____, 20__ (the "Order") made in an action having Court file number __-CL-_____, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

35. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

36. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

37. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario.

38. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

39. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

40. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

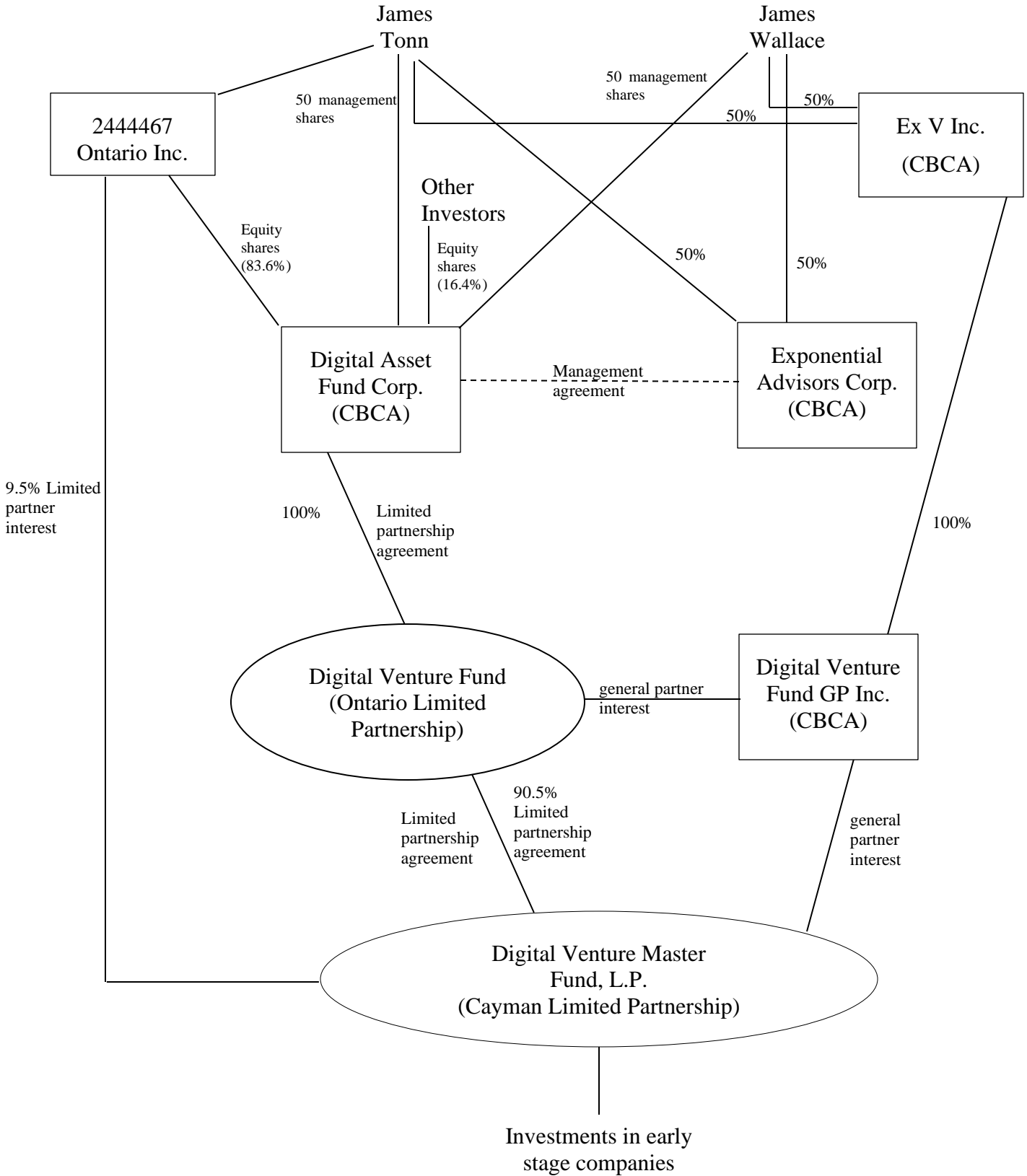
DATED the ____ day of _____, 20__.

[RECEIVER'S NAME], solely in its capacity
as Receiver of the Property, and not in its
personal capacity

Per: _____
Name:
Title:

TAB B

DIGITAL ASSET FUND CORP. AND RELATED ENTITIES



TAB C

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

2444467 ONTARIO INC. and JAMES TONN

Applicants

and

**EXV INC., EXPONENTIAL DIGITAL TRADING INC.,
EXPONENTIAL CAPITAL & MARKETS INC.,
EXPONENTIAL ADVISORS CORP., DIGITAL ASSET FUND CORP.,
TRIBE INC., DIGITAL VENTURE FUND GP INC.,
DIGITAL VENTURE FUND LP and JAMES WALLACE MCCREARY**

Respondents

**FIRST REPORT OF MNP LTD. IN ITS CAPACITY AS COURT-APPOINTED
RECEIVER**

January 4, 2021

TABLE OF CONTENTS

INTRODUCTION
PURPOSES OF THE REPORT
TERMS OF REFERENCE
BACKGROUND
RECEIVER’S ACTIVITIES
ASSETS
EMPLOYEES AND CONTRACTORS
OTHER CREDITORS
FORMATION OF THE FUNDS
INVESTMENT PORTFOLIO AND VALUATION
3IQ INVESTORS
OFFERS FOR PORTFOLIO ASSETS
INVESTORS IN DAFC
RECOMMENDATIONS

APPENDICES

Appendix “A” - Appointment Order
Appendix “B” - Corporate Organization Chart
Appendix “C” - Temporary Layoff Notice
Appendix “D” - Updated Corporate Organization Chart
Appendix “E” - Description of Investment Portfolio
Confidential Appendix “1” - Listing of DAFC Shareholders

INTRODUCTION

1. This first report (the “**First Report**”) is filed by MNP Ltd. (“**MNP**” or the “**Receiver**”) in its capacity as Receiver without security of all of the assets, undertakings and properties of ExV Inc. (“**ExV**”), Exponential Digital Trading Inc., Exponential Capital & Markets Inc. (“**Exp Capital**”), Exponential Advisors Inc. (“**Exp Advisors**”), Digital Asset Fund Corp. (“**DAFC**”), tribe inc. (“**Tribe**”), Digital Venture Fund GP Inc. (the “**Digital GP**”) and Digital Venture Fund LP (the “**Ontario LP**”, and collectively with the foregoing corporations, the “**Exponential Group**” or the “**Entities**”) acquired for, or used in relation to a business carried on by the Entities, including all proceeds thereof, pursuant to the Order of the Honourable Justice Koehnen dated November 4, 2020 (the “**Appointment Order**”). A copy of the Appointment Order is attached hereto as **Appendix “A”**.

PURPOSES OF THIS REPORT

2. This First Report is filed in accordance with paragraph 28 of the Appointment Order for the purpose of:
 - a. providing preliminary information to the Court regarding this receivership proceeding including:
 - i. background information regarding the Entities’ financial position, their operations and assets, their current organizational structure and the circumstances leading to the Receiver’s appointment;
 - ii. the Receiver’s activities since its appointment;
 - iii. information regarding the investments made by the Entities;
 - iv. information regarding the investments made by arm’s length parties in DAFC;
 - v. information regarding matters identified by the Receiver and others that are unresolved or are still to be determined through this proceeding; and

- b. providing the Court with the Receiver's initial conclusions and recommendations regarding the Entities and the Receiver's continued mandate.

TERMS OF REFERENCE

3. In preparing this First Report, and making the comments herein, the Receiver has been provided with, and has relied upon, information (the "**Information**") contained in or obtained from:
 - a. the affidavit of James Tonn ("**Tonn**") affirmed October 30, 2020 in support of the application for the Receiver's appointment;
 - b. Paliare Roland Rosenberg Rothstein LLP ("**PRRR**") in its capacity as counsel to the Applicants;
 - c. Bennett Jones LLP ("**BJ**")¹ in its capacity as counsel to James Wallace McCreary ("**McCreary**");
 - d. discussions and consultations with Tonn and McCreary including their respective counsel;
 - e. Fasken Martineau DuMoulin LLP ("**Fasken**") in its capacity as counsel to certain of the Entities;
 - f. Harney Westwood & Riegels LP ("**Harneys**") in its capacity as Cayman Islands counsel to certain of the Entities;
 - g. HSBC Bank Canada ("**HSBC**") in connection with the Entities' banking activities;
 - h. FrontFundr Financial Services Inc. ("**FrontFundr**"), who the Receiver understands sourced third-party investors for DAFC;

¹ The partner at BJ with carriage of this matter on behalf of McCreary moved his practice to Miller Thomson LLP effective January 1, 2021.

- i. the Entities' books and records and certain available unaudited, draft and/or internal financial information obtained by the Receiver;
 - j. discussions with and information provided by the Entities' directors, management, employees and contractors;
 - k. the Entities' external accounting and related service providers;
 - l. various entities in which the Entities hold investments;
 - m. individual investors who invested in DAFC; and
 - n. other publicly available information sources.
4. The Receiver has not audited, reviewed or otherwise verified the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Professional Accountants Handbook and, accordingly, the Receiver expresses no opinion or other form of assurance in respect of the Information.
5. The Receiver will make a copy of this First Report available on the Receiver's website at www.mnpdebt.ca/exponentialgroup.
6. Unless otherwise stated all monetary amounts contained herein are expressed in Canadian Dollars.
7. Capitalized terms not defined in the First Report have the meaning ascribed to them in the Appointment Order.

BACKGROUND

8. In or about July 2017, Tonn and McCreary began to create the enterprise which has now become the Exponential Group, with the business objectives to, among other things:
 - a. identify and invest in start-up companies, primarily in the financial technology sector (the "**Portfolio Companies**");

- b. provide consulting and other advisory services to the Portfolio Companies;
 - c. assist the Portfolio Companies with financing; and
 - d. direct investments through two funds that were initially contemplated to be open to third party investors.
9. Tonn has affirmed that to date through his wholly owned holding corporation, 2444467 Ontario Inc. (“**JT Holdco**”), he has advanced funds directly and indirectly to certain of the Entities, as follows:
- a. \$3,070,097.64 paid to ExV to fund the Entities’ operations and investments;
 - b. \$1.5 million deposited in an HSBC bank account belonging to ExV; and
 - c. approximately \$10,269,572.78 loaned to ExV and a Gibraltar company, Exponential Limited, to be used for specific investments, which, through a series of transactions, was repaid to JT Holdco through the issuance of:
 - i. 1,800,000 equity shares in DAFC at a fair market value of \$9,000,000; and
 - ii. units in Digital Venture Master Fund LP (the “**Cayman LP**”), a Cayman Islands limited partnership, at a fair market value of US\$673,908.72.
10. McCreary claims to also have contributed funds to the Entities’ operations between July 2017 and November 2018 by way of advances to fund the operations of Tribe.
11. The Receiver has not independently confirmed or otherwise assessed the alleged purpose or quantum of either of Tonn or McCreary’s direct or indirect investments in the Entities.
12. A copy of the Entities’ organization chart prior to the formation of DAFC, the Ontario LP and the Master Fund (described in more detail below), is attached hereto as **Appendix “B”**.
13. In late 2019, the Entities in consultation with Faskens and Harneys began the formation of digital asset funds (the “**Funds**”) that would provide a platform for third parties to invest in the Portfolio Companies and other digital assets. The proposed structure would provide

investors with the opportunity to invest through DAFC and Ontario LP, a Canadian limited partnership, or directly into the Cayman LP, a Cayman Islands limited partnership. In this way, the Funds could attract retail on-shore investors as well as off-shore investors. Additional information regarding the formation of the Funds is set out below.

14. In or about February 2020, McCreary and Tonn's relationship began to break down. Among other things, Tonn disputed McCreary's position that the funds JT Holdco had advanced to ExV could be used to fund all the Entities' operations. Tonn alleged these funds were to be used solely for investment purposes.
15. On June 29, 2020, PRRR on behalf of Tonn wrote to HSBC to advise of the dispute between the parties. In response, on July 7, 2020 HSBC changed the status of all the Entities' accounts to "deposit only", until both principals agreed otherwise or there was a court order. Since the Entities had very limited operational funding, on or about July 15, 2020, most of the Entities' employees were advised that they had been laid off, and the Entities' contractors were advised their contracts would be suspended, effective immediately. Certain of the Entities' executives and staff continued operations on a very reduced basis up to the time the Receiver was appointed.

RECEIVER'S ACTIVITIES

16. Following its appointment, the Receiver's activities included:
 - a. preparing and sending notice of the Receiver's appointment to all known creditors, employees, contractors and other stakeholders;
 - b. preparing and sending notice of the Receiver's appointment to third party investors in DAFC;
 - c. discussions and consultations with Tonn and McCreary and their respective counsel, along with the Receiver's counsel, Chaitons LLP ("**Chaitons**");
 - d. discussions and consultations with the Entities' external accounting service, Growth Partners Inc. to take possession of the Entities' digital financial and other records;

- e. arranging for the transfer of the Entities' digital and other cloud-based services to the account of the Receiver;
- f. convening a virtual town hall meeting with the Entities' former employees and contractors;
- g. discussions and correspondence with executives of certain of the Portfolio Companies;
- h. discussions and correspondence with HSBC to arrange remittance to the Receiver of the Entities' funds held in their accounts at HSBC;
- i. discussions and video conferences with Faskens and Harneys regarding the status of the formation and governance structure of the Exponential Group and the Funds;
- j. discussions and correspondence with FrontFundr regarding investment funds it obtained and advanced to DAFC as well as the disposition of investors' funds it currently holds; and
- k. preparing this First Report.

ASSETS

17. On December 11, 2020, HSBC remitted \$1,209,438.40 to the Receiver comprised of \$136,561.51, \$1,047,596.88 and \$25,280.01 from the accounts of DAFC, ExV and Exp Capital, respectively. These funds were deposited to the Receiver's trust account of which \$1.0 million was placed into interest-bearing investment certificates. The Receiver is in the process of reviewing the Company's bank statements recently received from HSBC in order to bring the Company's financial records up to date and as necessary, trace the flow of funds in and out of the HSBC accounts.
18. Other than minor amounts of office furniture and equipment, the Entities' assets essentially consist of the underlying investments held by the Funds.

EMPLOYEES AND CONTRACTORS

19. In early July 2020, the Entities had a total of 21 employees and independent contractors (collectively the “**Staff**”), the majority of which worked remotely from their homes located across Canada and the United States. The Entities also utilized temporary shared office space in Toronto, Ontario.
20. On July 15, 2020, the Entities’ Chief Operating Officer, Chris Seguin, provided temporary lay-off notices to Staff and information on next steps to safeguard the Entities’ assets and other transition issues. A copy of the temporary lay-off notice is attached hereto as **Appendix “C”**.
21. Following its appointment, the Receiver notified all known current and former Staff of this proceeding and that their employment or contracts were formally terminated effective the date of the Receiver’s appointment, November 4, 2020. In addition, the Receiver requested that all Staff provide the Receiver with their estimated claim for amounts due to them for unpaid salary, vacation pay, termination pay and any other amounts they considered due to them.
22. On December 3, 2020, the Receiver convened a video conference call with Staff to discuss the Receivership proceeding and respond to any questions or other concerns the Staff wished to address.
23. To date, 10 Staff have provided their estimated claims totaling approximately \$455,846 comprised of outstanding salary and professional fees of \$363,667, vacation pay of \$44,487 and termination pay or contract termination claims of \$47,692. These claims do not include the potential claim of McCreary.
24. The Receiver has not yet vetted the Staff claims submitted to it.
25. The Receiver is still in the process of determining which of the Staff may be eligible for making a claim under the Wage Earner Protection Program.

OTHER CREDITORS

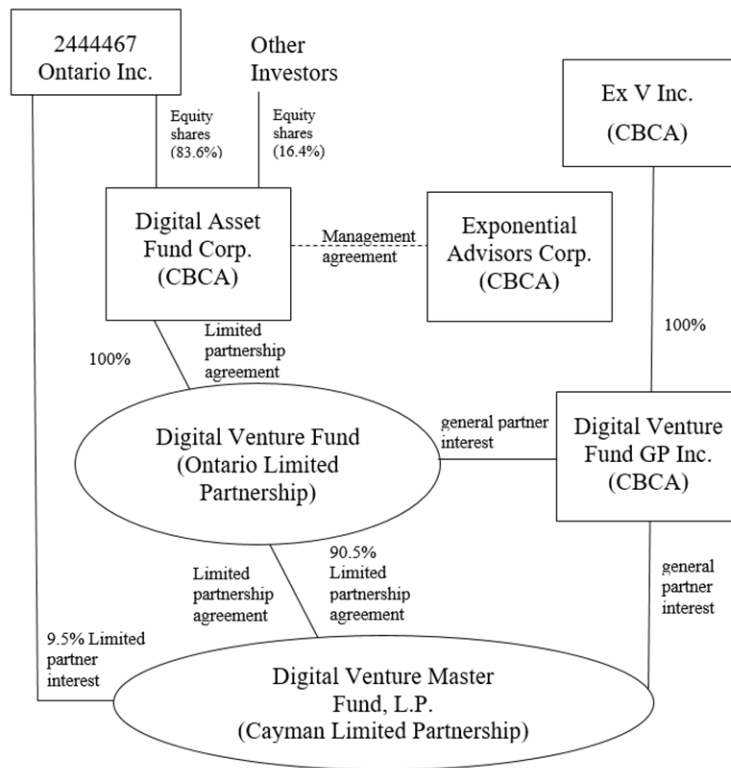
26. Based on the Receiver's investigations to date, the Entities' other creditors comprise:

- a. Harneys, Faskens and Morrison & Forester LLP in respect of accounts submitted prior to the Receiver's appointment;
- b. service providers such as Growth Partners;
- c. JT Holdco in respect of shareholder and other loans as described above;
- d. McCreary for reimbursements of amounts paid to Entities' key service providers as well as a claim for deferred compensation (all of which are still subject to review by the Receiver in respect of their validity and quantum); and
- e. landlords where the Entities had rented temporary office space.

FORMATION OF THE FUNDS

27. As noted above, beginning in December 2019, with the advice of Faskens and Harneys, the Entities commenced the structuring and formation of the Funds. The ultimate objective was that the Cayman LP would act as an open-ended mini-master investment fund structure (the "**Master Fund**") and would be registered as such with the Cayman Islands Monetary Authority ("**CIMA**").

28. An abridged organizational chart limited to the active Entities and parties associated with the Funds is as follows:



Attached hereto as **Appendix “D”**, is a full organization chart associated with the Funds that was prepared by Faskens.

29. Details on the Entities described above associated with the Funds and their relevance in the structure of the Funds are as follows.

a. DAFC

- i. DAFC is a company incorporated under the *Canada Business Corporations Act* (“CBCA”) on January 22, 2020. DAFC was established to receive investment funds from third party accredited investors and retail investors.
- ii. Tonn through JT Holdco controls 83.6% of the equity shares, McCreary indirectly through his interest in tribeOS Corp and Oracle Media Corp² controls 14% and third parties own the remaining 2.4%. DAFC entered into

² More information on these companies is provided below.

a Management Agreement with Exp Advisors³ dated March 25, 2020 pursuant to which DAFC engaged Exp Advisors to manage various aspects of its day-to-day operations and other activities, and to provide investment management advice for the portfolio of investments of DAFC from time to time.

- iii. Except for the investments in DAFC created from the transfer of assets into the Funds, DAFC primarily sourced investment funds through the crowd funding investment services provided by Frontfundr. These funds were to be invested in DAFC, which would own the investments in the Portfolio Companies directly through the Ontario LP and/or indirectly through the Cayman LP or otherwise in accordance with the terms of DAFC's Offering Memorandum issued on April 8, 2020.

b. The Digital GP

- i. The Digital GP is a CBCA corporation, which was also registered in the Cayman Islands as a foreign company on February 25, 2020. It is presently the general partner of both the Ontario LP and the Cayman LP. The Digital GP holds in trust all the investments beneficially owned by the Cayman LP.

c. The Ontario LP

- i. The Ontario LP was formed on March 9, 2020 with its current investment holdings being limited to its 90.5% ownership interest in the Master Fund. DAFC is the sole limited partner of the Ontario LP. Its purpose was to act as a feeder fund between DAFC and the Master Fund, but it was contemplated that it would also invest in and hold other digital assets unrelated to the Master Fund.

³ Exp Advisors is co-owned equally by Tonn and McCreary.

d. The Cayman LP

i. The Cayman LP was formed and registered as a Cayman Islands exempted limited partnership on March 19, 2020. As noted above, the Cayman LP was established to attract on-shore and off-shore retail investors as an open-ended mini-master investment fund structure to be registered as such with CIMA.

ii. The Cayman LP was formed pursuant to an initial limited partnership agreement dated 19 March 2020 with the Canadian GP as the general partner and the Ontario LP as the initial limited partner. Tonn through JT Holdco owns a 9.5 % limited partner interest in the Cayman LP, with the balance of 90.5% owned by the Ontario LP.

e. Digital Venture Master GP Ltd. (the “Cayman GP”)

i. The Cayman GP was incorporated as a Cayman Islands exempted company on March 23, 2020. The directors of the Cayman GP are McCreary and Tonn. The sole shareholder of the Cayman GP is ExV. It was contemplated that the Cayman GP would replace the Canadian GP as the general partner of the Cayman LP, but this had not occurred at the date of the Receivership. Accordingly, the Cayman GP is not reflected in the above organizational chart.

30. As a preliminary step to launching the Cayman LP as an investment fund, the following steps were taken to transfer the Entities’ investment portfolio to the Cayman LP:

a. pursuant to an Asset Transfer Agreement effective March 25, 2020, Exp Ltd. transferred its 2,378,258 Ordinary B shares of GSX Group Limited (“GSX”) having an agreed fair market value of USD\$2,776,045.24 for which Exp Ltd. obtained an equivalent limited partnership interest in the Cayman LP;

b. pursuant to an Asset Transfer Agreement effective March 25, 2020, ExV transferred its interest in certain Portfolio Companies at an agreed fair market value

of USD\$4,310,817.49, for which ExV obtained an equivalent limited partnership interest in the Cayman LP;

- c. pursuant to an Asset Transfer Agreement effective April 8, 2020, TribeOS Corp., a Belize company beneficially owned by McCreary (“**Tribe Belize**”) transferred 33,333,333.33 Preferred Shares in the capital of tribeOS Ltd. (“**TribeOS Bermuda**”) to the Cayman LP at an agreed fair market value of USD\$1,000,000, for which Tribe Belize obtained an equivalent limited partnership interest in the Cayman LP; and
 - d. pursuant to an Asset Transfer Agreement effective April 8, 2020 Oracle Media Corp., a Belize company beneficially owned by McCreary (“**Oracle**”), transferred 6,666,666.67 Preferred Shares in the capital of TribeOS Bermuda to the Cayman LP at an agreed fair market value of USD\$200,000, for which Oracle obtained an equivalent limited partnership interest in the Cayman LP.
31. Although the agreements listed above refer to assets being transferred to the Cayman LP, in fact the assets referenced in these agreements were transferred to the Digital GP as general partner in trust for and on behalf of the Cayman LP.
32. In summary and as a result of the above transactions, a total of approximately USD\$8,286,862 of agreed upon fair market value of the assets previously owned indirectly by ExV, Exp Ltd., Tribe Belize and Oracle were transferred to the Cayman LP. The Receiver has not made any assessment regarding the fair market value at which any of these assets were transferred.
33. Apart from the foregoing transfers of the Entities’ investment portfolio to the Cayman LP, the following transactions took place resulting in JT Holdco currently directly and indirectly (through DAFC and the Ontario LP) owning and controlling 84.4% of the Cayman LP:
- a. effective on April 8, 2020, (a) ExV transferred its interest in the Cayman LP in the amount of US\$4,310,817.49 to the Ontario LP, and (b) Exp Ltd. transferred a portion of its interest in the Cayman LP in the amount of US\$2,102,136.52 to

the Ontario LP, leaving Exp Ltd. holding a partnership interest of US\$673,908.72; and

- b. pursuant to two separate Asset Transfer Agreement effective June 1, 2020, ExV and Exp Ltd. each transferred their equity share interests in DAFC, totaling 1,800,000 shares and valued at US\$6,412,954.01 (US\$4,310,817.49 + US\$2,102,136.52), to JT Holdco, and Exp Ltd. transferred its remaining US\$673,908.72 interest in the Cayman LP to JT Holdco.

34. Notwithstanding the aforesaid asset transfers and the various steps taken as described above in relation to the formation of the Funds, the Receiver understands from Harneys that final documents were never executed and related necessary steps have not to date been taken for the launch of the Master Fund. Also, as mentioned above, the Cayman GP has, so far as Harneys is aware, never been used.

35. The Receiver is continuing to engage with Harneys and with Tonn and McCreary (and their respective counsel) in order to determine what additional steps should be taken in respect of the Master Fund in light of the receivership of the Entities.

INVESTMENT PORTFOLIO AND VALUATION

36. As set out above, the Entities' investments in Portfolio Companies were previously owned by ExV, Exp Ltd., Tribe Belize and Oracle and were transferred to the Cayman LP as their initial capital contributions and to establish the Funds. Attached as **Appendix "E"** is an extract from the DAFC Offering Memorandum dated April 8, 2020 that provides additional information regarding certain of the Portfolio Companies.

37. Based on the Receiver's review of the available information⁴ regarding the Portfolio Companies including discussions with executives of certain of these entities, it appears that:

⁴ The Receiver has not yet obtained financial statements or other relevant financial information regarding each of the Portfolio Companies. This categorization is based solely on available public information regarding the Portfolio Companies

- a. 6 entities appear to be in the “seed stage” with annual revenue of between \$0 and \$1.0 million;
 - b. 5 entities appear to be in the “early stage” with annual revenue of between \$1.0 million and \$2.5 million; and
 - c. 4 entities appear to be in the “growth stage” with annual revenue over \$2.5 million.
38. In contrast to valuating established business enterprises based on EBITDA multiples, discounted normalized profitability and projected cash-flow, valuating start-ups, especially when those in the early stages, as is the case with the Portfolio Companies, presents challenges given the lack of historical data and many uncertain factors about the enterprises future. In such circumstances, the valuation of these early stage business could be based on a combination of factors such as: information in the companies business plan, discussions with the founders/management teams, development costs to date, implicit values from financing rounds and recent equity sales.
39. Prior to the Receiver’s appointment, in or about late May 2020, the Companies had engaged Redwood Valuations LLP (“**Redwood**”), a United States nationally well-known and respected valuations firm that specializes in the valuation of these types of asset portfolios, to value the Cayman LP portfolio, although, a final report was not issued by Redwood. The Receiver is in the process of re-engaging Redwood to prepare an update fair market valuation of the portfolio in order to assist it in developing a go-forward strategy for the Funds, as well as to determine if there should be upward or downward adjustments of the unit valuation of the Funds.
40. It is the Receiver’s understanding that the Portfolio Companies were each valued at their acquisition cost for the purpose of the Funds.

3IQ INVESTORS

41. The Receiver understands that the Cayman LP and Advisors entered into agreements with various employees of the Entities pursuant to which:

- a. the employees (the “**3iQ Investors**”) each subscribed for a fixed monetary amount in the Cayman LP (the “**3iQ Subscription Amount**”);
- b. Advisors agreed to apply the 3iQ Subscription Amount towards the Cayman LP’s subscription of additional common shares in 3iQ Corp. (the “**3iQ Investment Opportunity**”);
- c. Advisors agreed to provide the 3iQ Investors with a pro-rata share of returns generated from the 3iQ Investment Opportunity (minus Advisors’ standard fees and expenses); and
- d. the 3iQ Investors acknowledged that Advisors did not guarantee that any returns generated from the 3iQ Investment Opportunity will be able to be shared pro-rata solely with the 3iQ Investors.

OFFERS FOR PORTFOLIO ASSETS

42. The Receiver has received unsolicited offers for the Cayman LP’s interest in:
 - a. 3iQ Corp (“**3iQ**”), a regulator approved multi-crypto asset portfolio manager with principal registrations in Ontario and Quebec; and
 - b. Ledn Inc. (“**Ledn**”), which provides financing to Bitcoin cryptocurrency owners where the loan is collateralized by the borrower’s Bitcoin holdings.
43. In both cases, the offers were presented to and reviewed with counsel for Tonn and McCreary as they combined beneficially own directly and indirectly over 97% of the Cayman LP. Both Tonn and McCreary have advised that they believe the offers are substantially below market and would not support acceptance of these offers.
44. Accordingly, the Receiver has advised both 3iQ and Ledn that it is not accepting their offers. The Receiver is of the view that an independent valuation of the Portfolio Companies investment portfolio will assist in the overall management of the Funds and any necessary investment decisions.

INVESTORS IN DAFC

45. Based on a List of Shareholders dated December 7, 2020 (the “**DAFC Shareholder List**”) generated by Odyssey Trust Company (“**Odyssey**”), the current shareholders of DAFC can be summarized as follows:

HOLDER NAME/GROUP	NUMBER OF SECURITIES	INVESTMENT AMOUNT (Based on CAD\$5 per share value)	COMMENTS
2444467 Ontario Inc (AKA JT Holdco)	1,800,000	\$ 9,000,000	Asset Transfer Agreements, dated June 1, 2020 between Exv and Exp Ltd, and JT Holdco
TribeOS Corp (a McCreary controlled entity)	280,680	1,403,400	Asset Transfer Agreement, dated April 8, 2020 between TribeOS and DVMF
Oracle Media Corp (a McCreary controlled entity)	24,112	120,560	Asset Transfer Agreement, dated April 8, 2020 between Oracle and DVMF
Former Oracle Media Corp Employees and Investors	32,024	160,120	Allocation of Oracle's DAFC share allocation following Asset Transfer Agreement
52 Third Party/Retail Investors	38,100	190,500	Purchased through FrontFundr - April 30, 2020, May 29, 2020, June 30, 2020 and August 31, 2020
TOTALS	2,174,916	\$ 10,874,580	

Attached as **Confidential Appendix “1”** is a copy of the DAFC Shareholder List. The DAFC Shareholder List is being included as a confidential appendix as it contains personal information concerning the shareholders.

46. In addition to the above investments in DAFC, FrontFundr holds in escrow \$28,500 apparently received from parties who had wished to invest in DAFC through the purchase of shares. The Receiver understands that these monies have not be released to DAFC and no shares have been issued by DAFC to these parties.

47. On November 30, 2020, the Receiver wrote to all DAFC shareholders to advise of its appointment and to confirm their holdings. In response, the Receiver has received multiple requests from individual investors in DAFC to be repaid their original investment.

48. Frontfundr has requested authority to release the funds it holds in escrow to the respective investors.

RECOMMENDATIONS

49. The Receiver will continue to gather information for the purpose of furthering its mandate and proposes to issue its next report within 60 days (unless circumstances arise that require court intervention prior to then).
50. In the meantime, the Receiver intends to formulate recommendations to deal with various issues identified to date, including but not limited to:
- a. addressing third party claims against the Entities, including claims by former employees and contractors;
 - b. identifying alternatives for addressing the investments made by arm's length parties in DAFC; and
 - c. identifying alternatives for the future direction, management and/or operations of the Entities.

All of which is respectfully submitted this 4th day of January, 2021.

MNP LTD. in its capacity as the Court-appointed Receiver of ExV Inc., Exponential Digital Trading Inc., Exponential Capital & Markets Inc., Exponential Advisors inc., Digital Asset Fund Corp., tribe inc., Digital Venture Fund GP Inc. and Digital Venture Fund LP, and not in its personal or corporate capacities

Per:



Jerry Henechowicz, CPA CA, CIRP, LIT
Senior Vice President

TAB D



SUPERIOR COURT OF JUSTICE

ENDORSEMENT

COURT FILE NO.: CV-20-00649768-00CL DATE: April 12, 2023

NO. ON LIST: 1

TITLE OF PROCEEDING: 2444467 Ontario Inc. v. Exv Inc. et al.

BEFORE: JUSTICE STEELE

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
Michael Fenrick	James Tonn	michael.fenrick@paliareroland.com

For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info
George Benchetrit	Exv Inc.	George@chaitons.com
Gavin Finlayson	James McCreary	Gfinlayson@millerthomson.com

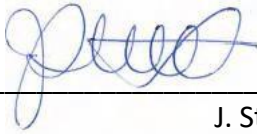
Other:

Name of Person Appearing	Name of Party	Contact Info

ENDORSEMENT OF JUSTICE STEELE:

[1] Scheduling appearance held on April 12, 2024 via Zoom.

[2] The Receiver is bringing a motion for approval of a process to sell the interests of the Exponential Group in each of the Portfolio Companies. The Applicants and Mr. McCreary will provide their comments to the Receiver by no later than April 19, 2024, regarding sale price, potential buyers and any other considerations they deem relevant on a company-by-company basis. The Receiver will then confer with counsel for the Applicants and Mr. McCreary on a timetable for its motion, and if necessary, schedule another case conference to schedule the motion.



J. Steele

Date: April 12, 2024

TAB E

RECEIVERSHIP OF EXV INC. AND CERTAIN OF ITS RELATED AND AFFILIATED ENTITIES
INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD NOVEMBER 4, 2020 TO APRIL 25, 2024
RECEIVERSHIP OF EXV INC. AND CERTAIN OF ITS RELATED AND AFFILIATED ENTITIES
INTERIM STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE PERIOD NOVEMBER 4, 2020 TO MAY 1, 2024

	NOTE	COMBINED	GENERAL ACCOUNT	DIGITAL VENTURE MASTER FUND
RECEIPTS				
Cash in bank				
ExV Inc.		\$ 1,047,596.88	\$ 1,047,596.88	\$ -
Digital Asset Fund Corp.		136,561.51	136,561.51	
Exponential Capital and Markets Inc.		25,280.01	25,280.01	
Digital Asset Fund Corp. (funds remitted by Prime Trust)		50,414.86	50,414.86	
Proceeds of 3iQ Side Agreement Shares		367,104.50	-	367,104.50
3iQ Corp. dividends		339,689.70	-	339,689.70
3iQ Corp. B Common Shares		4,556,958.84	-	4,556,958.84
Interest Earned		59,582.92	30,641.95	28,940.97
		4,968,949.85	1,290,495.21	5,292,694.01
DISBURSEMENTS				
Receiver fees and disbursements		445,707.48	445,707.48	
3iQ Investors distributions		371,737.00	-	371,737.00
Employee/Contractor arrears and termination pay		155,383.41	155,383.41	
Redwood Valuations LLP		128,977.37	128,977.37	
Legal fees and disbursements		141,889.94	133,115.44	
Computer software, services maintenance and arrears		164,715.26	164,715.26	
HST paid		95,049.19	95,049.17	
Cayman Islands Monetary Authority Annual Licence Fees and Expenses		80,750.89	-	80,750.89
Accounting services		21,418.50	21,418.50	
GSX Annual License Fees and Expenses		17,054.90	17,054.90	
Bank charges		258.41	258.41	
Filing fees		71.54	71.54	
		1,614,239.37	1,161,751.48	452,487.89
EXCESS OF CASH RECEIPTS OVER DISBURSEMENTS	1.	\$ 4,968,949.85	\$ 128,743.73	\$ 4,840,206.12

NOTES

1. Excludes accrued interest earned after May 1, 2024