



**NFT TECHNOLOGIES INC.**

**Annual Information Form  
For the Year Ended December 31, 2022**

**Dated May 15, 2023**

## TABLE OF CONTENTS

<b>INTRODUCTORY NOTES.....</b>	<b>1</b>
<b>NOTE REGARDING FORWARD-LOOKING STATEMENTS.....</b>	<b>1</b>
<b>MARKET AND INDUSTRY DATA.....</b>	<b>3</b>
<b>GLOSSARY OF TERMS.....</b>	<b>4</b>
<b>CORPORATE STRUCTURE.....</b>	<b>7</b>
<b>INTERCORPORATE RELATIONSHIPS.....</b>	<b>7</b>
<b>GENERAL DEVELOPMENT OF THE BUSINESS.....</b>	<b>7</b>
<b>DESCRIPTION OF THE BUSINESS.....</b>	<b>13</b>
<b>RISK FACTORS.....</b>	<b>17</b>
<b>DIVIDENDS AND DISTRIBUTIONS.....</b>	<b>32</b>
<b>DESCRIPTION OF CAPITAL STRUCTURE.....</b>	<b>32</b>
<b>MARKET FOR SECURITIES.....</b>	<b>34</b>
<b>ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER.....</b>	<b>35</b>
<b>PRINCIPAL SECURITYHOLDERS.....</b>	<b>37</b>
<b>DIRECTORS AND EXECUTIVE OFFICERS.....</b>	<b>37</b>
<b>PROMOTERS.....</b>	<b>41</b>
<b>LEGAL PROCEEDINGS AND REGULATORY ACTIONS.....</b>	<b>42</b>
<b>INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.....</b>	<b>42</b>
<b>TRANSFER AGENTS AND REGISTRARS.....</b>	<b>42</b>
<b>MATERIAL CONTRACTS.....</b>	<b>42</b>
<b>NAMES OF EXPERTS.....</b>	<b>42</b>
<b>INTERESTS OF EXPERTS.....</b>	<b>42</b>
<b>AUDIT COMMITTEE.....</b>	<b>42</b>
<b>ADDITIONAL INFORMATION.....</b>	<b>44</b>
<b>SCHEDULE A.....</b>	<b>1</b>

## INTRODUCTORY NOTES

In this annual information form (this "**AIF**"), unless otherwise noted or the context indicates otherwise, references to the "**Company**", "**NFT Tech**", "we", "us" and "our" refer to NFT Technologies Inc.

The information in this AIF applies to the business activities and operations of the Company for the year ended December 31, 2022, but is updated to May 15, 2023, unless otherwise stated.

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

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

## NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Annual Information Form contain "forward-looking statements" within the meaning of applicable securities legislation. These forward-looking statements are made as of the date of this Annual Information Form and do not assume any obligation, to update these forward-looking statements. All statements other than statements of historical fact are forward-looking statements. In certain cases, forward-looking statements can be identified by the use of words such as "anticipate", "plan", "contemplate", "continue", "estimate", "expect", "intend", "propose", "might", "may", "will", "shall", "project", "should", "could", "would", "believe", "predict", "forecast", "target", "aim", "pursue", "potential", "objective" and "capable" and the negative of these terms or other similar expressions. Forward-looking statements may include, but are not limited to, statements with respect to: investing and creating new technologies connected to NFTs; strategy for short and long term digital purchases; expected transparency of high profile wallets; expected data collection with respect to social media trends; expected value of individual digital assets; importance of various factors in the Company's anticipated valuation metrics; expected direction and success of the business of the Company; expected market shift towards acceptance and demand for digital assets, including NFTs; expected benefits of complimentary launch platforms; anticipated growth of the Company, including marketing, research and management; anticipated cash needs and needs for additional financing; future operations and performance; the Company's business plans and strategies; development of the Company's technology and products; anticipated partnerships; expectations regarding attracting new and high profile clientele; proposed use of available funds; and achieving stated business milestones and objectives.

Forward-looking statements are based on a number of material assumptions, including those listed here, which could prove to be significantly incorrect. No assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied on. These statements speak only as of the date hereof. Such assumptions include:

- expectation of gross profits below reported levels in future periods;
- volatility in trading price;
- supply chain disruption;
- the economic impacts of the COVID-19 pandemic;
- the Company's ability to obtain qualified staff and equipment in a timely and cost-effective manner;
- predictability and consistency of the legislative and regulatory regime governing taxes and cryptocurrencies;

- the value of cryptocurrencies potentially being subject to momentum pricing;
- the exposure of digital asset exchanges and other trading venues to fraud and potential failure;
- the impact of geopolitical events on the supply and demand for digital assets;
- uncertainty of the acceptance and/or widespread use of digital assets;
- future cash flows;
- future sources of funding and the Company's ability to obtain external financing when required and on acceptable terms;
- future debt levels;
- the timely receipt of regulatory approvals; and
- the impact of industry competition.

These statements relate to the expectations of management about future events, results of operations, and the Company's future performance (both operational and financial) and business prospects. These statements involve known and unknown risks, uncertainties, and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such factors may include, without limitation, those referred to in this Annual Information Form under the heading "*Risk Factors*", among others, and include risks related to:

- reliance on Blockchain technology service providers;
- the continuing development and acceptance of digital assets and distributed ledger technology;
- regulatory changes or actions may alter the nature of an investment in NFT Tech or restrict the use of digital assets in a manner that adversely affects NFT Tech's operations;
- a decline in the adoption and use of digital assets;
- volatility of the prices of digital assets;
- the loss or destruction of a private key required to access certain cryptocurrencies or digital assets;
- irrevocable nature of digital asset transactions;
- custodians of cryptocurrencies and other digital assets;
- the unregulated nature and lack of transparency surrounding the operations of digital asset exchanges;
- the failure of client demand for the Company's services and solutions to materialize or future reduction in such demand or an inability to respond to the evolving technological environment;
- limited operating history of the Company;
- financial projections, which may prove materially inaccurate or incorrect;
- general competition in the NFT market and other related Blockchain markets, including those under development;
- reliance on management;
- conflicts of interest;
- negative cash flow;
- requirements for further financing;
- prioritization of client growth and engagement;
- evolving security risks;
- liquidity concerns;
- dilution;
- volatility of the price of common shares in the capital of the Company (the "**Common Shares**");
- NFT Tech's use of proprietary and non-proprietary software, data and intellectual property;
- heavy dependence on internet infrastructure by the Company and Blockchain networks, digital assets and the exchanges on which these assets are traded, and potential system failures, security risks and rapid technological change;
- proposed Ethereum upgrades to enhance the network's scalability and throughput may not be delivered, and network congestion could cause users to migrate to other Blockchains;
- proposed amendments to the network protocols and software for these digital assets that, if accepted and authorized by the network for these digital assets, could adversely affect an investment in NFT Tech;

- risks associated with DeFi;
- risks related to NFTs generally;
- digital assets may be subject to hold periods;
- potential misuse of digital assets and malicious actors;
- political or economic crises, which may motivate large-scale sales of digital assets, which would result in a reduction in values;
- potential decline in the adoption and use of digital assets;
- the value of digital assets may be subject to momentum pricing risk;
- banks may not provide banking services, or may cut off banking services, to businesses that provide digital asset-related services;
- market adoption of cryptoassets has been limited to date and further adoption is uncertain;
- NFT projects and DeFi teams present difficulties to diligence which could limit growth, business opportunities and financing;
- transaction fees in SWAP protocols;
- reliance on Uniswap and Uniswap-like decentralized exchanges;
- risks related to employee trust and increased risk of employee fraud;
- risks related to the permanent nature of cryptocurrency transactions and inability to correct a transaction inadvertently made to an incorrect recipient;
- risk of "rugging";
- introduction of new standards, potential for incompatibility, non-listing on platforms and obsolescence;
- vulnerability of DAOs
- risks related to the Company's inability to perform Token audits on all projects in which it participates;
- ability to obtain adequate insurance to insure operations;
- cybersecurity risks;
- litigation;
- global economic risks; and
- COVID-19 risk.

Although the Company has attempted to identify important factors that could cause actual actions, events, or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events, or results not to be as anticipated, estimated, or intended. The forward-looking statements contained in this Annual Information Form are based on the beliefs, expectations, and opinions of management as of the date hereof. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers and investors should not place undue reliance on forward-looking statements. The Company does not intend to update forward-looking statements, except as required by law.

## MARKET AND INDUSTRY DATA

Market and industry data presented throughout this Annual Information Form was obtained from independent third-party sources such as nonfungible.com, etherscan.io, dune.com, coingecko.com, industry reports and publications, websites, and other publicly available information (collectively, the "**Third Party Market Data**"), as well as industry and other data prepared by us or on our behalf on the basis of our knowledge of the non-fungible Token ecosystem and digital asset market and economy (including our estimates and assumptions relating to the non-fungible Token ecosystem and digital asset market and economy based on that knowledge) (the "**Company Market Data**" and, together with the Third Party Market Data, the "**Market and Economic Data**"). We believe that the market and economic data presented throughout this Annual Information Form are accurate and, with respect to Company Market Data prepared by us or on our behalf, our estimates and assumptions are currently appropriate and reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the third-party market data presented throughout this Annual Information Form are not guaranteed, and we do not make any representation as to the accuracy of such data. Actual outcomes may

vary materially from those forecast in such reports or publications, and the prospect for material variation can be expected to increase as the length of the forecast period increases. Although we believe it to be reliable, we have not independently verified any of the data from third-party sources referred to in this Annual Information Form, analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying market, economic and other assumptions relied upon by such sources. Market and Economic Data are subject to variations and cannot be verified due to limits on the availability and reliability of data inputs, the voluntary nature of the data-gathering process, and other limitations and uncertainties inherent in any statistical survey. Finally, information in this Annual Information Form on the non-fungible Token ecosystem and digital asset market from independent market research and monitoring carried out by nonfungible.com should not be relied upon in making, or refraining from making, any investment decision.

## GLOSSARY OF TERMS

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

**"Bitcoin"** or **"BTC"** is a cryptocurrency that is created, distributed, traded, and stored with the use of DLT on the bitcoin system;

**"Blockchain"** is a type of DLT in which transactions are recorded with an immutable cryptographic signature called a hash;

**"DAO"** means a decentralized autonomous organization, represented by rules encoded as a computer program that is transparent;

**"DeFi"** or **"Decentralized Finance"** refers to a variety of financial applications in cryptocurrency or Blockchain geared toward disrupting financial intermediaries;

**"DEX"** means decentralized exchange, and is a peer-to-peer marketplace where transactions occur directly between crypto traders;

**"DLT"** means distributed ledger technology and refers to ledger technology using a consensus of replicated, shared, and synchronized digital data geographically spread across multiple sites, countries, or institutions and, unlike with a centralized database, for which there is no central administrator;

**"Ethereum"** or **"ETH"** is a decentralized, open-source Blockchain with Smart Contract functionality for which Ether is the native cryptocurrency of the platform;

**"Ethereum 2.0"** or **"ETH2"** is a proposed upgrade to the Ethereum, planned to be launched in several phases, that aims to enhance the speed, efficiency and scalability of the Ethereum network through use of the PoS consensus mechanism as opposed to the PoW consensus mechanism;

**"Fuku Assets"** means all right, title and interest to the protocol and source code associated with the development of the Fuku Marketplace, together with all intellectual property rights associated therewith;

**"Fuku Marketplace"** means the decentralized digital marketplace, consisting of the client-facing store front, instance-routing vault registry and registry vault wrapper;

**"Fuku Purchase Agreement"** means the asset purchase agreement dated March 17, 2022, between the Company and the vendor of the Fuku Assets;

**"Metaverse"** means a hypothesized iteration of the Internet, supporting persistent online 3-D virtual environments through conventional personal computing, as well as virtual and augmented reality headsets;

**"NFT"** means non-fungible Token, being a unit of data stored on a Blockchain that is designed to certify a digital asset to be unique and therefore not interchangeable;

**"P2E" or "Play to Earn"** means Blockchain-based games whose business models involve the incentivization of players through monetary rewards, allowing them to earn money in an open economy;

**"PoS" or "Proof-of-Stake"** means a class of consensus mechanisms for Blockchains that work by selecting validators in proportion to their quantity of holdings in the associated cryptocurrency and which, unlike a proof of work protocol, PoS systems do not incentivize extreme amounts of energy consumption;

**"PoW" or "proof-of-work"** means a form of cryptographic zero-knowledge proof in which one party proves to others that a certain amount of a specific computational effort has been expended, and which verifier(s) can subsequently confirm with minimal effort on their part;

**"Run it Wild"** means Run it Wild Pty Ltd., a company organized under the laws of Australia, with a multidisciplinary Blockchain, Metaverse and NFT development studio. Run it Wild was acquired by NFT Tech on February 23, 2023;

**"Smart Contract"** means a self-executing contract with the terms of the agreement between buyer and seller being directly written into lines of code that exists across a distributed, decentralized Blockchain network;

**"Token"** means an asset that allows information and value to be transferred, stored and verified in an efficient and secure manner; a particular asset or utility; and

**"Web3"** means the third generation of the World Wide Web, which refers to the use of Blockchain technology and decentralized protocols to build applications and services on the internet.

## CORPORATE STRUCTURE

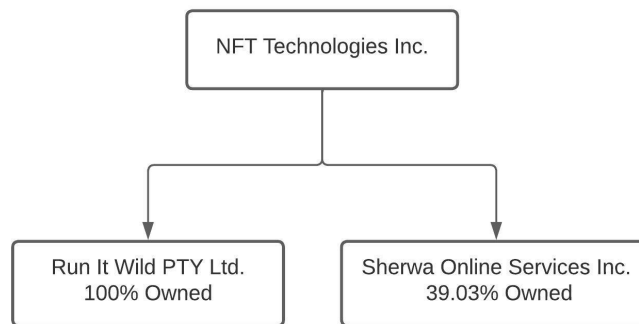
### Name, Address, and Incorporation

The Company was incorporated on March 1, 2016, pursuant to the *Business Corporations Act* (British Columbia), SBC 2002, c 57 ("**BCBCA**") under the name "1066666 B.C. Ltd." in the Province of British Columbia under the BCBCA. On March 18, 2021, the Company changed its name to "NFT Technologies Inc."

The head office of the Company is located at 1965 West 4th Ave., Suite 202, Vancouver, BC, V6J 1M8. The address of the registered office of the Company is 1000 Cathedral Place, 925 West Georgia Street, Vancouver, BC V6C 3L2, Canada.

## INTERCORPORATE RELATIONSHIPS

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



## GENERAL DEVELOPMENT OF THE BUSINESS

### Three-Year History

The following summarized the material developments of the business of the Company over the period from March 18, 2021, when it began activity in the NFT industry, to the date hereof, and includes the fiscal years ended December 301, 2021 and 2022. The Company had no corporate activity in the years following incorporation until it changed its name to NFT Technologies Inc. on March 18, 2021.

### 2023

- On March 31, 2023, the Company completed a non-brokered private placement of 7,000,000 units of the Company at the price of \$0.05 per unit for gross proceeds of \$350,000. Each unit consists of one Common Share and one-half of a warrant to purchase one Common Share (each whole warrant, a "**Warrant**"). Each Warrant is exercisable into one Share at the price of \$0.10 per share for a period of six months following the closing of the private placement.
- On February 24, 2023
  - the Company completed a non-brokered private placement for a total of 1,170,299 units at the price of \$0.15 per unit for gross proceeds of \$175,544.95. Each unit is comprised of one Common Share and one Warrant under the terms and conditions of a warrant indenture between the



Company and Odyssey Trust Company. Each Warrant is exercisable into one Common Share at the price of \$0.30 per share for a period of two years following the closing of the private placement. The Warrants are subject to acceleration provisions contained in the warrant indenture.

- o the Company completed its acquisition of Run it Wild. On closing of this transaction, NFT Tech issued 10,000,000 Common Shares and a cash payment of \$50,000 in exchange for acquiring all of the issued and outstanding shares of Run it Wild.
- On February 17, 2023, the Company appointed Mark Leung as its Chief Financial Officer of the Company, replacing Frank Guo.
- On February 2, 2023, through a series of transactions Sheldon Inwentash ("**Inwentash**") involving ThreeD Capital Inc. (the "**Joint Actor**") disposed of ownership and control of an aggregate 1,873,500 Common Shares (the "**Subject Shares**"). The Subject Shares represented approximately 2.1% of all issued and outstanding Common Shares. As a result of the dispositions, the percentage ownership held by Inwentash and the Joint Actor decreased by 2.2% from the last early warning report filed in which Inwentash, along with the Joint Actor, reported an 11.8% ownership on a partially diluted basis assuming the exercise of Warrants and options to purchase Common Shares ("**Options**") held. The Subject Shares were disposed of at an average price of \$0.04 per Subject Share for total consideration paid of \$75,372.

Immediately prior to the above dispositions, Inwentash and the Joint Actor owned and controlled approximately 7.1% of all issued and outstanding Common Shares (or approximately 11.6% on a partially diluted basis, assuming exercise of the Warrants and Options held).

Immediately following the above dispositions, Inwentash and the Joint Actor own and control an aggregate of 4,284,000 Common Shares, 4,000,000 Warrants, and 500,000 Options, representing approximately 4.9% of all issued and outstanding Common Shares of the Company (or approximately 9.6% on a partially diluted basis, assuming exercise of the Warrants and Options held).

- On January 30, 2023, the Company announced that it had joined the Sandbox Metaverse, a leading decentralized gaming virtual world, a subsidiary of Animoca Brands.
- On January 23, 2023, the Company announced expanding into strategic focus on golf and collaborating with certain golf championships.
- On January 19, 2023, the Company announced that it had engaged Hillside Media and Consulting Ltd. for strategic digital media services, marketing, and data analytics services on an ongoing basis effective December 21, 2022. The services rendered by Hillside Media and Consulting Ltd. under the initial term of three months of its engagement total in the aggregate of \$250,000 and the parties had agreed that such fees may be satisfied by the issuance of Common Shares. The price per share was fixed by the board of directors of the Company (the "**Board**") and under the agreement as \$0.15 per share and, as a result, the Company issued 1,666,666 Common Shares.
- On January 11, 2023, the Company and its project with Tennis Australia, AO Metaverse, announced the mint schedule for ArtBall 2023, with a starting price of 0.5 ETH (US\$645 equivalent).

## 2022

- On November 28, 2022, the Company announced that it would continue sport innovation and the second year of the AO ArtBall, a token-gated NFT experience for Tennis Australia.

- On November 15, 2022, the Company announced its successful upgrade from the OTC Pink Markets to the OTCQB® Venture Market.
- On November 10, 2022, the Company advanced an additional \$350,000 to Sherwa, evidenced by a promissory note issued by Sherwa to the Company in the amount of \$950,000, bearing interest at 1.0% per annum and secured by a founding shareholder's guarantee and pledge of 5,000,000 Sherwa shares, representing approximately 39.03% of the total Sherwa Shares.
- On October 5, 2022, the Company completed a non-brokered private placement of units for gross proceeds of \$1,005,000 through the sale of 6,699,999 units at a price of \$0.15 per unit, which is comprised of one Common Share and one Warrant. Each Warrant is exercisable at a price of \$0.30 per share at any time for a period of two years. A consultant's agreement was terminated and, as a result thereof, 800,000 unvested Options were cancelled.
- On September 26, 2022, the Company issued 1,500,000 Common Shares for gross proceeds of \$225,000. \$67,105 was related to the fair value of 1,500,000 Warrants issued and reclassified to Warrant reserve.
- On September 15, 2022, the Company appointed Frank Guo as its Chief Financial Officer, replacing Inar Kamaletdinov. The Company granted 280,000 stock Options at an exercise price of \$0.35 per Common Shares to Mr. Guo. Following Mr. Guo's resignation, the Options' expiration accelerated to May 17, 2023.
- On August 9, 2022, the Company advanced an additional \$480,000 to Sherwa, evidenced by a promissory note issued by Sherwa to the Company in the amount of \$600,000, bearing interest at 1.0% per annum and secured by a founding shareholder's guarantee and pledge of 5,000,000 Sherwa shares, representing approximately 39.03% of the total Sherwa Shares.
- On August 5, 2022, the Company granted 800,000 stock Options to a consultant for services.
- On August 2, 2022, the Company expanded access to Common Shares for international investors through eligibility for electronic clearing and settlement through the Depository Trust Company in the United States.
- On July 27, 2022, the Company granted 10,000 stock Options to an employee of the Company.
- On July 22, 2022, the Company listed its Common Shares for trading on the OTC Pink Markets under the trading symbol "NFTFF".
- On July 7, 2022, the Company and Run it Wild, a multidisciplinary Blockchain, Metaverse and NFT development studio, entered into a definitive agreement for the acquisition of Run it Wild ("**RIW Transaction**"). The Company appointed Adam De Cata as its Chief Executive Officer of the Company. Adam replaced Mario Nawfal, who now serves as a strategic advisor to NFT Tech. The RIW Transaction closed on February 23, 2023.
- On June 3, 2022, the Company listed its Common Shares for trading in Europe. The trading symbol for the Common Shares on the Frankfurt Stock Exchange (FSE) is "8LO" and the WKN identification number is A3DM5Z.
- On May 25, 2022, the Company listed its Common Shares on the Neo Exchange Inc. ("**NEO Exchange**") under the symbol "NFT".

- On May 13, 2022, the Company filed its non-offering (final) long-form prospectus with the British Columbia Securities Commission.
- On April 22, 2022, the Company issued 333,333 Common Shares to Mario Nawfal upon vesting of 333,333 RSUs (as defined herein).
- On March 24, 2022, the Company advanced \$120,000 to Sherwa, evidenced by a promissory note issued by Sherwa to the Company in the amount of \$120,000, bearing interest at 1.0% per annum, and secured by a founding shareholder's guarantee and pledge of 5,000,000 Sherwa Shares, representing approximately 39.03% of the total Sherwa Shares.
- On March 18, 2022, the Company entered into a non-binding letter of intent with Sherwa Online Services Inc. ("Sherwa") and certain of the founding shareholders of Sherwa, setting forth the terms and conditions of the proposed acquisition by the Company of all of the issued and outstanding shares of Sherwa (the "Sherwa Shares") in consideration for 2,000,000 Common Shares of the Company, at a deemed price per share of \$2.00, for total consideration of \$4,000,000.
- On March 17, 2022, the Company entered the Fuku Purchase Agreement pursuant to which the Company acquired from the vendor thereunder, all of such vendor's right, title, and interest to the Fuku Assets. The total purchase price for the Fuku Assets was agreed between the Company and vendor as 1,212,122 Common Shares of the Company at \$1.00 per common share. The Company elected to defer the launch of the Fuku Marketplace in light of recent uncertainty in crypto markets and current economic volatility.
- On March 4, 2022, the Company granted an aggregate of 150,000 Options to new consultants of the Company.
- Between March 3 and 8, 2022, the Company completed a non-brokered private placement offering of 1,495,000 Common Shares at the price of \$1.00 per Common Share which closed in tranches between March 3, 2022 and March 8, 2022, pursuant to which the Company raised aggregate gross proceeds of \$1,495,000.
- On February 21, 2022, the Company granted 250,000 Options to a new consultant of the Company. The Options expire on February 21, 2027.
- On February 18, 2022, the Company granted 280,000 stock Options at an exercise price of \$0.60 per Common Share to the former CFO of the Company. The Options expire on February 18, 2027.
- On January 15, 2022, the Company engaged Inar Kamaletdinov to act as Chief Financial Officer of the Company. The last day of the former Chief Financial Officer, Nicole Chan was January 30, 2022.

## 2021

- On December 6, 2021, the Company purchased 2,000,000 common shares of Rev3al, representing approximately 2.0% of the issued and outstanding capital of Rev3al in exchange for the sale and issuance by NFT of 687,785 Common Shares, and entered into an additional Token purchase agreement to purchase 66,700,000 non-fungible Tokens on the Rev3al Blockchain from Rev3al in exchange for providing ongoing consulting services. The Company provided consulting services primarily in November and December of 2021 in connection with Rev3al's project launch.
- On November 16, 2021, the Company issued to certain consultants an aggregate of 220,000 Options.

- On November 5, 2021, the Company entered into an advisory services agreement (the "**ECMB Agreement**") with ECMB Capital Partners Inc. ("**ECMB**"), pursuant to which the Company agreed to pay to ECMB, in exchange for investor relation services provided by ECMB during the term: (i) a corporate finance fee in amounts equal to one percent (1%) of the gross proceeds of the placement of equity or debt received by the Company as a result of introductions made by or transactions managed by ECMB; (ii) a strategic transaction fee in amounts equal to six percent (6%) of the gross proceeds received by the Company in connection to any strategic transaction initiated by ECMB, including, but not limited to, mergers, acquisitions, and strategic agreements; and (iii) an option (the "**ECMB Option**") to purchase up to 51,000 Common Shares in the Company following any public offering by the Company ("**Potential Offering**"). The exercise price of the ECMB Option shall be the lesser of either the published common share offering price under a Potential Offering or \$0.60. The ECMB Option is payable to ECMB within thirty (30) days of any public offering, exercisable for a period of a two-year, and shall be issued in thirds (17,000 units per issuance) with six (6) month periods between issuances. The term of the ECMB Agreement is for twelve months, with an automatic renewal for an additional twelve months.
- On October 29, 2021, the Company appointed Kelly Allin as a director and, in connection with such appointment, issued to Mr. Allin 166,000 Options.
- On October 15, 2021, the Company entered into a binding letter of intent with Mario Nawfal for the purchase of his holdings in Fantasy Revolution, S.A., a Portuguese company ("**Realfevr**"), for a total of 173,710 common shares of Realfevr for the sale and issuance by NFT of 833,333 Common Shares at a deemed price per share of \$0.60 for total consideration value of \$500,000. The parties entered into the share exchange agreement in relation to this transaction on January 11, 2022, at which time the 833,333 Common Shares were issued and the Company received an undertaking from Mr. Nawfal for the delivery of the Realfevr upon completion of Realfevr's corporate reorganization. The Company entered into a trust agreement with Mario Nawfal to hold those shares on behalf of the Company.
- On October 14, 2021, the Company awarded to SCP Series, LLC 200,000 Warrants (the "**Compensation Warrants**") in connection with their services and assistance in finding subscribers for the Third Round of Financing (defined below). The Compensation Warrants are exercisable at \$0.01 per Common Share for a period of three years.
- On October 14, 2021, the Company entered into a consulting agreement with a consultant, pursuant to which it awarded such consultant 1,100,000 performance share units, with such units vesting upon successful completion of a "going public transaction", as defined therein.
- On October 12, 2021, the Company entered into a consulting services agreement with a consultant of the Company, pursuant to which the Company issued 300,000 Common Shares in recognition and satisfaction for services already received.
- On October 7, 2021, the Company issued to a consultant of the Company 50,000 Options.
- On October 5, 2021, the Company granted SCP Series, LLC 93,750 Warrants (the "**SCP Warrants**"). The SCP Warrants are exercisable at \$1.50 per Common Share for a period of twenty-four months.
- On October 5, 2021, pursuant to a finder's agreement dated August 18, 2021, between the Company and Canaccord Genuity Corp. ("**Canaccord**"), the Company granted Canaccord 23,204 Warrants (the "**Canaccord Warrants**"). The Canaccord Warrants are exercisable at \$1.50 per Common Share for a period of twenty-four months.

- On October 5, 2021, pursuant to a finder's agreement dated August 26, 2021, between the Company and Echelon Wealth Partners Inc. ("**Echelon**") in connection with the Third Round Financing, the Company granted Echelon 39,800 Warrants (the "**Echelon Warrants**"). The Echelon Warrants are exercisable at \$0.60 per Common Share for a period of twenty-four months.
- On October 5, 2021, the Company awarded 105,000 Warrants (the "**Third Round Financing Warrants**") to certain individuals in connection with their services and assistance in finding subscribers for the Third Round Financing. The Third Round Financing Warrants are exercisable at \$0.60 per Common Share for a period of three years.
- On or about October 5, 2021, the Company completed a non-brokered private placement offering of 7,450,663 Common Shares at a price of \$0.60 per Common Share that closed on or about October 5, 2021, pursuant to which the Company raised aggregate gross proceeds of \$4,470,397.80 (the "**Third Round Financing**").
- On October 5, 2021, the Company issued to its directors an aggregate of 498,000 Options.
- On September 24, 2021, the Company entered into consulting services agreements with certain consultants of the Company, pursuant to which the Company issued 725,000 Common Shares in recognition and satisfaction for services already received.
- On or about September 13, 2021, the Company completed a non-brokered private placement offering of 14,375,500 Common Shares at a price of \$0.20 per Common Share, which closed in tranches on or about August 13, 2021, and September 13, 2021, and a non-brokered private placement offering of 500,000 Common Shares at a price of \$0.20 per Common Share that closed September 24, 2021 (collectively, the "**Second Round Financing**"), pursuant to which the Company raised aggregate gross proceeds of \$2,975,100. The Company awarded an aggregate of 2,000,000 Warrants dated August 20, 2021 (the "**Second Round Financing Warrants**") to certain individuals in connection with their services and assistance in finding subscribers for the Second Round Financing. The Second Round Financing Warrants are exercisable at \$0.20 per Common Share for a period of three years.
- On August 31, 2021, the Company entered into an advertising agreement with GRIT Capital Corp., an Ontario company, for the provision of media advertising services in the crypto space, in exchange for the payment of fees in the amount of US\$50,000, satisfied by the Company by the issuance of 105,141 Common Shares on October 5, 2021.
- On August 17, 2021, the Company entered into an agreement with 2821840 Ontario Inc. d.b.a. Rare.store ("**Rareco**"), for the purchase of 40,000 common shares of Rare.store in exchange for the sale and issuance by NFT Tech of up to 1,787,634 Common Shares (the "**Rare.store Investment**"), the first half of which was issued upon signing. The performance milestone was not met and the remaining 893,816 Common Shares reserved for issuance were returned to the treasury. In connection with a private agreement among the Company, Rareco and shareholders of Rareco dated December 9, 2022, 446,909 Common Shares were surrendered by Rareco to the Company, which shares were subsequently cancelled and returned to treasury.
- On July 26, 2021, the Company entered into a consulting agreement (the "**De Cata Agreement**") with Run it Wild, for the provision of marketing and digital platform evaluation services in connection with the Company's planned growth and growth of its partnership network. In exchange for the services received under the De Cata Agreement, the Company agreed to pay advisory fees in the amount of \$25,000, satisfied by the issuance of Common Shares at a deemed price per share of \$0.05 for a total of 500,000 Common Shares. The De Cata Agreement also provided for an unspecified fee for services per annum.

Such fees are to be determined at the Board's discretion for ongoing services provided under such agreement, as it deems advisable and appropriate.

- On July 20, 2021, the Company issued to certain consultants and management of the Company an aggregate of 2,213,000 Options. On December 13, 2021, one such consultant resigned and entered into a voluntary option cancellation agreement with the Company, pursuant to which 25,000 Options were cancelled. On January 31, 2022, Ms. Chan's employment was terminated and, as a result thereof, 20,000 unvested Options were cancelled.
- On or about July 12, 2021, the Company completed the non-brokered private placement offering of 26,770,000 Common Shares at a price of \$0.05 per Common Share that closed on or about July 12, 2021, pursuant to which the Company raised aggregate gross proceeds of \$1,338,500 (the "**First Round Financing**").
- On or about April 28, 2021, the Company completed a non-brokered private placement offering of 20,483,334 Common Shares to certain management, founders, and others that closed in various tranches.
- On April 22, 2021, the Company engaged Mario Nawfal to act as Chief Executive Officer of the Company and, in connection with his engagement, the Company issued to Mr. Nawfal 2,000,000 RSUs of which 1,000,000 vested immediately and 333,333 vested on April 22, 2022, the anniversary of the grant.
- On April 12, 2021, the Company engaged Nicole Chan to act as Chief Financial Officer of the Company.

### ***Expected Changes***

**The Company anticipates that it will focus significant resources on securing intellectual property that can be monetized in Web3.**

**The Company will reduce exposure to new allocations of capital related to ecosystem or partner platforms in the Web3 space as this is well addressed by venture capital firms.**

**The Company anticipates completion of its acquisition of Sherwa in the current fiscal year.**

## **DESCRIPTION OF THE BUSINESS**

### **General Overview**

NFT Tech builds products that accelerate Web3 adoption by infusing utility into digital assets. The company's technology is designed to increase consumer engagement, enable digital asset ownership, and discover new business models, making NFT Tech a trusted partner to global brands across many industries, including sports, entertainment, and art. NFT Tech's award-winning studio is the recipient of the first-ever Cannes Lion Award for an NFT Activation, of the most respected and well-known awards in the industry.

The Company is a reporting issuer in the Provinces of British Columbia and Ontario and the Common Shares are traded on the NEO Exchange under the symbol "NFT".

### **Production and Services**

NFT Tech provides Web3-, NFT- and other Blockchain- related consulting services with a focus on three core verticals: technology development, Brand, and IP holder activation. In the fiscal years ended December 31 2021 and 2022, the Company has earned \$nil and \$94,879 in revenue, respectively.

The Company deploys capital and resources to build and launch innovative technology to move the industry forward. The Company starts new and builds upon existing partnerships to maintain the first mover advantage in an industry that moves quickly.

NFT Tech's offering spans the complete lifecycle of Web3 activating, from ideation and strategy to product development and success management. The company is delivering a variety of Web3 activation services, including art direction, legal advisory, Smart Contract and minting development, 3D design, Augmented Reality development, and Metaverse and community management.

The following is an overview of select ongoing projects of the Company that highlight expanded brand and IP applications through Web3 and related technologies:

#### *AO METAVERSE*

Australian Open Metaverse is a rich ecosystem of IRL and digital experiences spanning sport, art, community, utility, and the Metaverse, serving a new way to experience sport. The activation is heavily built upon the Company's Fieldvision 3D product, developed in collaboration with Sony Sports.

AO Metaverse exists at the intersection of sport and innovation, a membership that unlocks a new arena to keep fans in the game – on and off the court. Membership is accessible via AO ArtBall, a collection of 6776 NFTs from the '22 collection and 9230 NFTs from '23 collection, providing holders with an unprecedented level of tickets from premier tennis, sport, and entertainment events as well as unique rewards from leading Web3 projects, covering Blockchain-related virtual worlds. Each ArtBall is linked to a plot on a real tennis court. If the winning shot from any of the ~400 AO matches lands on that plot, the ArtBall is updated in near real-time to highlight the match information, provide 3D visualization of the Match Point, and attach a holographic sticker to the ball casing showing it's a Match Point ArtBall.

In 2022, the activation won the Cannes Lions Award in the Entertainment for Sports category for the most "innovative use of tech and platforms in sport." The Cannes Lions Awards is the world's most respected benchmark for creative excellence. Creative companies from over 90 countries enter more than 30,000 pieces of work across 28 Lions every year. They are judged by world-class members of the creative community from over 50 countries. Their sole purpose is to recognize the best work that pushes not just one business, but the whole industry forward. Companies like Apple, Coinbase, and Unilever have also won awards at the 2022 festival.

AO Metaverse is a perfect example of the way a brand can use Web3 to deliver a unique experience to its fans and encourage loyalty and real-life purchases. AO 2023 is the next phase of the AO ArtBall. This time, holders will receive access to live sport and entertainment events that cover both virtual and real worlds, Australian and international events. This new frontier of Token-gated experiences breaks new ground in rewarding holders with experiences-at-scale, they may not ordinarily have access to.

Every ArtBall holder will be able to claim a pair of complimentary seven-day Ground Passes to finals week of AO23 as part of the ArtBall Ground Pass to live events. Given the 6,776 collection size, this will be the largest release of tickets to an AO membership program in the history of the event. Holders of multiple ArtBalls will be able to claim multiple pairs of Ground Passes based on the quantity they own. For example, if someone owns three ArtBalls, they can claim six tickets, allowing them to treat their family and friends to an unforgettable finals week (23-29 January) at AO23.

### *ELVIS LEGACY COUNCIL*

NFT Tech and The Estate of Elvis Presley are extending Elvis's rich legacy and cementing it on the Blockchain for future generations. The principles Elvis stood for – rebellious creativity, artistic freedom, and prioritizing the fans – are still as relevant today. It is our mission to honor Elvis's legacy through a community-owned and governed project, built to be 100% immutable. Project highlights include a limited NFT collection, officially licensed digital wearables and collectibles, unique Metaverse experiences, exclusive in-person Graceland tours, and Memphis experiences.

The Elvis Legacy Council is the governing body (built with the ethos of a DAO model) that will make key decisions on the future of Elvis' digital estate, both on the Blockchain and in the physical realm. NFT Tech's agreement with Elvis Presley Enterprises, Inc. grants the Company the ability to showcase licensed content globally and access to Sony Music, Universal Music Publishing Group, and Warner Bros. Pictures, amongst others. The Elvis project is a perfect example of brands monetizing some of their archived IP to engage the existing community and reach new audiences.

### *WORLD TABLE TENNIS*

After a 15-month selection for partners, World Table Tennis ("WTT") signed an exclusive multi-year deal with NFT Tech, announced in August 2022. NFT Tech is developing and will executive a Web3 strategy that is set to engage the global fan base and reach the frontier of emerging Web3 technologies. WTT reported an outstanding global fanbase of 519 million while it runs over 50 global events annually and attracts hundreds of millions of unique viewers.

With a diverse portfolio that includes blue-chip brands such as Australian Open, Linktree, and Elvis Presley, and creators such as Kelly Wearstler, Alex Trochut, and David McLeod, NFT Tech believes it has found product-market fit in partnering with recognized brands, creatives, and IP holders to help them navigate the possibilities of Web3.

## **Specialized Skill and Knowledge**

Some areas of required skill and knowledge include crypto-finance and Tokenomics, NFT/P2E ecosystems, gaming, and software development. NFT Tech has team members who excel in these areas.

## **Competitive Conditions**

Given the global span of the segment, there is not as much of an emphasis on geographic competition. NFT Tech's competitive advantage is tied to its team's existing networks and specialized skills and knowledge of the market segment.

NFT Tech has a core team and group of external collaborators working on the interactivity of Blockchains and art, and creativity and helping to unlock creativity. We are creating technologies and tools that will be deployed in the NFT Tech toolkit. NFT Tech will be performing research and deploying projects around Smart Contracts. For example, NFT Tech is looking into creating a compiler in a Smart Contract that will give artists more latitude and creativity in their digital creations. As we are building the functionalities and tools of the Company's technology suite, NFT Tech may have or create functionalities that may indirectly compete with other market platforms (for example, a minting tool will be in competition with those who offer minting tools). There may be other attributes of NFT Tech that evolve and may compete directly or indirectly with trading platforms that offer similar attributes in the NFT market. NFT Tech views such parties as potential partners and not direct competition given the fringe overlap of NFT Tech's functionalities and not its core, integrated services model. Other competitors may include gaming guilds operating in the same P2E games as NFT Tech. Such guilds include YGG and MAO DAO. We consider the greatest competitive advantage that NFT Tech holds to be its connection with community; relating to the drive of consumers wishing to be associated with and gain access to projects that have providence or pedigree.



We believe this sense of community or belonging to an "in" or "cool" group is a significant driver in the current NFT market. Thought of differently, this factor is comparable to price inelasticity, where the scarcity of a product/service makes it more desirable and in turn, increases the price consumers are willing to pay for it. Within the NFT market, the scarcity vs. availability of the digital asset, the previous ownership of the digital asset (or proof of ownership) and the marketability of the digital asset and NFT are some of the critical competitive factors of the digital assets themselves. To remain competitive and successful in this market, NFT Tech's platforms must ensure the success of each of the factors mentioned above. NFT Tech has hired experts in each of the subject areas to address any and all issues that may arise and assist NFT Tech in bringing the best technologies to the table.

## **Intangible Properties**

The Company's intellectual property and proprietary rights are important to its business. In the Company's efforts to safeguard them, it relies on a combination of copyright, trade secret, patents, domain names, trademarks, and other rights in Canada, the United States, and other jurisdictions in which it conducts its business. Additionally, the Company has entered into a number of confidentiality agreements, assignment agreements, and license agreements with employees, contractors, merchants, distributors, and other third parties, which limit access to and use of its proprietary and intellectual property. Though the Company relies upon, in part, these legal and contractual protections, it believes that factors such as the skills and ingenuity of its employees, as well as the functionality and frequent enhancements to its platform, make its intellectual property difficult to replicate. The Company is subject to certain risks related to its intellectual property. For more information, see "*Risk Factors – Risks Related to the Company's Business and Industry*".

In addition, the Company entered the Fuku Purchase Agreement on March 17, 2022, pursuant to which the Company acquired from the vendor thereunder, the Fuku Assets that are intangible properties. The total purchase price for the Fuku Assets was agreed between the Company and vendor as 1,212,122 Common Shares of the Company at \$1.00 per Common Share. The management concluded that this acquisition does not constitute a business combination, therefore an asset acquisition accounting was applied accordingly. The Company incurred \$20,000 in transaction costs which were capitalized. Given the recent high volatility of crypto markets, the Company has deferred the launch of Fuku Tokens. Pursuant to the Fuku Purchase Agreement, the vendor of the Fuku Assets has agreed and will contribute, for nine months following the closing of such transaction, transitional managerial support for the Fuku Marketplace and strategic consulting services to the Company for running the Fuku Marketplace.

## **Cycles**

While cryptocurrency as a segment has been cyclical to a notable extent, as a newer sub-segment of the broader cryptocurrency markets, it is not yet clear how cyclical patterns will impact the NFT/P2E space specifically.

## **Employees**

As at the date of this AIF, NFT Tech has six employees of which four are full-time employees in Canada, and two are full-time employees in Australia. The Company's business is growing, and we expect to continue to supplement the Company's team with additional new hires. The Company also relies on service providers and independent contractors and consultants for various aspects of operations, including the use of marketing and freelance service providers.

## **Bankruptcy and Similar Procedures**

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

## RISK FACTORS

Potential investors in the Company should be aware that investing in its securities involves a high degree of risk. The risk factors outlined in this section and elsewhere in this Annual Information Form should be carefully considered by investors when evaluating an investment in the Company. These risk factors list some, but not all, of the risks and uncertainties that may have a material adverse effect on the Company's securities. Additional risks and uncertainties not currently known to the Company or that the Company currently deems to be immaterial may also impair the Company's business operations. If the Company is unable to prevent events that have a negative effect from occurring, then its business, results of operations, financial condition, cash flows, and the market price of its securities could be materially and adversely affected.

### **Risks Related to the Company**

#### *Loss of Confidence in Crypto assets*

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

#### *Prioritization of Client Growth and Engagement*

The Company may in the future make service and investment decisions that may not prioritize its short-term financial results if it believes that the decisions are consistent with its mission and long-term goals to benefit the aggregate client experience, improve its financial performance and maximize shareholder value. These decisions may not produce the benefits that the Company expects, in which case its client growth and engagement, its relationships with third parties, and its business and results of operations could be harmed.

#### *NFT Tech will have to adapt to respond to evolving security risks*

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

#### *The business of NFT Tech will be exposed to cybersecurity risks*

Cyber incidents can result from deliberate attacks or unintentional events and may arise from internal sources (e.g., employees, contractors, service providers, suppliers, and operational risks) or external sources (e.g., nation states, terrorists, hackers, competitors and acts of nature). Cyber incidents include unauthorized access to information systems and data (e.g., through hacking or malicious software) for purposes of misappropriating or corrupting data or causing operational disruption. Cyber incidents also may be caused in a manner that does not

require unauthorized access, such as causing denial-of-service attacks on websites (e.g., efforts to make network services unavailable to intended users). The information and technology systems used by the Company and its service providers are vulnerable to damage or interruption from, among other things: hacking, ransomware, malware, and other computer viruses; denial of service attacks; network failures; computer and telecommunication failures; phishing attacks; infiltration by unauthorized persons; security breaches; usage errors by their respective professionals; power outages; terrorism; and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes.

A cyber incident that affects NFT Tech or its service providers might cause disruptions and adversely affect their respective business operations, and might also result in violations of applicable law (e.g., personal information protection laws), each of which might result in potentially significant financial losses and liabilities, regulatory fines and penalties, reputational harm, and reimbursement and other compensation costs. In addition, substantial costs might be incurred to investigate, remediate and prevent cyber incidents.

While the Company will deploy a range of defenses, it is possible the Company could suffer an impact or disruption that could materially and adversely affect the Company. The operational infrastructure of the Company may be breached due to the actions of outside parties, error or malfeasance of an employee of the Company, or otherwise, and, as a result, an unauthorized party may obtain access to the Company accounts, private keys, data or digital assets. Additionally, outside parties may attempt to fraudulently induce employees of the Company to disclose sensitive information in order to gain access to the Company's infrastructure. As the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, or may be designed to remain dormant until a predetermined event, and often are not recognized until launched against a target, the Company may be unable to anticipate these techniques or implement adequate preventative measures. If an actual or perceived breach of any of the Company's digital asset accounts occurs, the market perception of the effectiveness of the Company could be harmed.

#### *Limited Operating History*

The Company has not generated income as of the Annual Financial Statements and has a limited operating history. The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources, and lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

#### *Client Demand*

The success of the Company's NFT advisory and launching services business will depend on generating and maintaining ongoing, profitable client demand for its services and solutions, and the failure of that demand to materialize or any future significant reduction in such demand or an inability to respond to the evolving technological environment could materially negatively affect NFT Tech.

The success of the Company's NFT advisory and services business depends on creating and maintaining demand for its services and solutions with favorable margins. The ability to realize or maintain this demand could be negatively affected by numerous factors, many of which will be beyond the control of the Company and unrelated to its future work product.

Developments in the digital asset industry, which are expected to be rapid, could shift demand to new services and solutions. If, as a result of new technologies or changes in the industries the Company serves, or clients demand new services that the Company does not or is unable to provide, the Company may be less competitive in these new areas or need to make significant a investment to meet that demand. The Company's strategy for developing its NFT advisory and launching business focuses on responding to these types of developments by driving

innovation that will enable NFT Tech to expand its NFT advisory and launch business into new growth areas. If the Company does not sufficiently invest in new technology and adapt to industry developments or evolve and expand the business of the Company at sufficient speed and scale, the success or even the viability of the Company's NFT advisory and launching services business would be negatively affected.

The Company may become involved in advisory projects that are not directly related to the digital asset or Blockchain industry. These projects are likely to relate to industries and clients that the Company believes will benefit in the future from Blockchain technology and the Company's experience and network in the digital assets industry.

#### *Global Economic Risk*

Economic slowdown and downturn of global capital markets would make raising of capital through equity or debt financing more difficult. The Company will be dependent upon capital markets to raise additional financing in the future. The Company is subject to liquidity risks in meeting developmental and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Company's ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to the Company and its management. If uncertain market conditions persist, the Company's ability to raise capital could be jeopardized resulting in an adverse impact on the Company's operations and the price of the Company's Common Shares.

#### *Financial Projections May Prove Materially Inaccurate or Incorrect*

The Company's financial estimates, projections, and other forward-looking information accompanying this document were prepared by the Company without the benefit of reliable historical industry information or other information customarily used in preparing such estimates, projections, and other forward-looking information. Such forward-looking information is based on assumptions of future events that may or may not occur, which assumptions may not be disclosed in such documents. Investors should inquire about the Company and become familiar with the assumptions underlying any estimates, projections, or other forward-looking information. Projections are inherently subject to varying degrees of uncertainty and their achievability depends on the timing and probability of a complex series of future events.

There is no assurance that the assumptions upon which these projections are based will be realized. Actual results may differ materially from projected results for a number of reasons including increases in operational expenses, changes or shifts in regulatory rules, undiscovered and unanticipated adverse industry and economic conditions, and unanticipated competition. Accordingly, investors should not rely on any projections to indicate the actual results the Company might achieve.

#### *General Competition*

There is potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and marketing experience than the Company. Increased competition by larger and better-financed competitors could materially and adversely affect the business, financial condition, and results of operations of the Company. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales, and client support.

#### *Reliance on Management*

The success of the Company is dependent upon the ability, expertise, judgment, discretion, and good faith of its key executives, including the directors and officers of the Company and a small number of highly skilled and

experienced executives and personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot ensure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results, or financial condition. The competition for highly skilled technical, research and development, management, and other employees is high and there can be no assurance that the Company will be able to engage or retain the services of such qualified personnel in the future.

Furthermore, equity-based awards comprise a key component of executive and senior management compensation, and if the Common Share price or trading price declines or is volatile, it may be difficult to retain such individuals. The Company's retention and recruiting may require significant increases in compensation expense, which may adversely affect its results of operation.

#### *Growth and Development of Management Team*

The Company's success has and continues to depend upon its ability to attract and retain qualified and experienced management. As we grow, we will review our management team to ensure it possesses the requisite skills and experience and based on such ongoing review, we may need to onboard more experienced members of management. There is no guarantee we will be able to find an appropriate candidate or that we will be able to retain such a candidate if found. The Company will attempt to enhance its management and technical expertise by continuing to recruit qualified individuals who possess desired skills and experience in certain targeted areas. The Company's inability to retain employees and attract and retain sufficient additional employees could have a material adverse effect on the Company's business, results of operations, sales, cash flow, or financial condition. Shortages in qualified personnel could adversely affect the financial condition of the Company and the results of the operations of the business.

#### *Conflicts of Interest*

Certain of the directors and officers of the Company are, or may become directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies.

#### *Negative Cash Flow*

The Company has had negative operating cash flow since the Company's inception, and the Company will continue to have negative operating cash flow for the foreseeable future. No assurance can be given that the Company will ever attain positive cash flow or profitability or that additional funding will be available for operations.

#### *NFT Tech may be subject to litigation*

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

#### *COVID-19 Risk*

The Company's business is based primarily online and through digital media and has not been materially affected by the COVID-19 pandemic. The Company does not rule out the possibility, however, that it could be adversely

affected by the effects of any widespread global outbreak of contagious disease. A significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn and cancellation of social events that could affect demand for the Company's services and likely impact operating results. In particular, the outbreak of COVID-19 has had a negative impact on global financial conditions.

## **Risks Related to the Common Shares**

### *Liquidity Concerns and Future Financing Requirements*

The Company may require additional financing in order to fund its business plan. The Company's ability to arrange such financing in the future will depend in part on prevailing capital market conditions, as well as the Company's business success. There can be no assurance that it will be successful in its efforts to arrange additional financing on satisfactory terms, or at all. If additional financing is raised by the issuance of Common Shares or securities exchangeable for or convertible into Common Shares, control of the Company may change and its shareholders may suffer additional dilution. If adequate funds are not available or are not available on acceptable terms, the Company may not be able to operate its businesses at its maximum potential, to expand, to take advantage of other opportunities, or to otherwise remain in business.

### *Dilution*

Issuances of additional securities will result in a dilution of the equity interests of the Company's shareholders. The Company may issue additional Common Shares or securities exchangeable for or convertible into Common Shares in the future in connection with acquisitions of interests, if further capital is required and/or as the result of grants under the LTIP (as defined herein) or other rights to acquire Common Shares that the Company may, in the future, issue. If additional Common Shares or securities exchangeable for or convertible into Common Shares are sold or issued, such sales or issuances may substantially dilute the interests of the shareholders.

### *Volatility of Common Share Price*

Securities markets have a high level of price and volume volatility and the market prices of the securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values, or prospects of such companies. Factors unrelated to the financial performance or prospects of the Company include global macroeconomic developments and market perceptions of the attractiveness of particular industries. There can be no assurance that continued fluctuations in the price of NFTs will not occur. As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect the long-term value of the Company.

At times, following periods of volatility in the market price of a company's securities, shareholders have instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial costs and diversion of management attention and resources, which could significantly harm profitability and the reputation of the Company.

## **Risks Related to Digital Assets**

### *NFT Tech's business is reliant on Blockchain technology service providers*

NFT Tech relies on Blockchain technology service providers, including service providers that provide services to NFT Tech pursuant to services agreements, to carry out its operations (the "**Service Providers**"). The Service Providers provide NFT Tech access to platforms that power the critical infrastructure required to operate, bid on, trade, and hold NFTs. In the event that agreements with the Service Providers are terminated for any reason, NFT

Tech would need to find replacement service providers. While NFT Tech believes there are a number of other service providers capable of providing replacement services on terms and conditions that would be commercially reasonable, there is no guarantee NFT Tech would be able to find such service providers and enter into similar agreements on similar terms, or at all. Failure to find suitable replacement service providers could cause NFT Tech to reduce or terminate its operations.

*The continuing development and acceptance of digital assets and distributed ledger technology*

NFTs involve a new and rapidly evolving industry of which Blockchain technology is a prominent, but not unique, part. The growth of the digital asset industry in general, and distributed ledger technology that supports digital assets, is subject to a high degree of uncertainty. The factors affecting the further development of the digital asset industry, as well as distributed ledger technology, include: continued worldwide growth in the adoption and use of digital assets; government and quasi-government regulation of digital assets and their use, or restrictions on or regulation of access to and operation of applicable distributed ledger technology or systems that facilitate their issuance and secondary trading; the maintenance and development of the open-source software protocols of certain Blockchain networks used to support digital assets; advancements in technology, including computing power, that may render existing distributed ledger technology obsolete or inefficient; the use of the networks supporting digital assets for developing Smart Contracts and distributed applications; changes in consumer demographics and public tastes and preferences; the availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies; and general economic conditions and the regulatory environment relating to digital assets.

Many digital asset networks, including Bitcoin and Ethereum, operate on open-source protocols maintained by groups of core developers. The open-source structure of these network protocols means that certain core developers and other contributors may not be compensated, either directly or indirectly, for their contributions to maintaining and developing the network protocol. A failure to properly monitor and upgrade network protocol could damage digital asset networks. As these network protocols are not sold and their use does not generate revenues for development teams, core developers may not be directly compensated for maintaining and updating the network protocols. Consequently, developers may lack a financial incentive to maintain or develop the network, and the core developers may lack the resources to adequately address emerging issues with the networks. There can be no guarantee that developer support will continue or be sufficient in the future. To the extent that material issues arise with certain digital asset network protocols and the core developers and open-source contributors are unable or unwilling to address the issues adequately or in a timely manner, such digital asset networks and any corresponding digital assets held may be adversely affected.

*Regulatory changes or actions may alter the nature of an investment in NFT Tech or restrict the use of digital assets*

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

### *A decline in the adoption and use of digital assets*

Digital assets are a new asset class and represent a technological innovation and they are subject to a high degree of uncertainty. The adoption of digital assets will require growth in usage and in the Blockchain technology generally for various applications. The adoption of digital assets will also require greater regulatory clarity. A lack of expansion in the use of digital assets and Blockchain technologies would adversely affect the financial performance of the Company. In addition, there is no assurance that digital assets generally will maintain their value over the long term. The value of digital assets is subject to risks related to their use. If growth in the use of digital assets generally occurs in the near or medium term, there is no assurance that such use will continue to grow over the long term. A contraction in the use of digital assets may result in increased volatility or a reduction in digital asset prices, which would materially and adversely affect the Company's investment and trading strategies, the value of its assets, and the value of any investment in the Company.

### *The prices of digital assets are extraordinarily volatile*

Values of digital assets have historically been highly volatile. A decline in digital assets that the Company holds would negatively impact its financial position. A significant portion of demand for digital assets is generated by speculators and investors seeking to profit from the short- or long-term holding of these assets. Speculation regarding future appreciation in the value of a digital asset may inflate and make more volatile the price of that digital asset.

Several factors may affect the price of digital assets, particularly cryptocurrencies, including, but not limited to supply and demand, investors' expectations with respect to the rate of inflation, interest rates, currency exchange rates, or future regulatory measures (if any) that restrict the trading of cryptocurrencies or the use of cryptocurrencies as a form of payment. Additionally, some purportedly decentralized digital assets may be more centralized than widely believed or may become more centralized over time, increasing the risk that an adverse event impacting an individual personality or entity could result in a reduction in the price of digital assets. While digital assets networks are typically decentralized and do not need to rely on any single government or institution to create, transmit and determine value, in reality, a single personality or entity may have the ability to exert centralized authority over a network. Additionally, for digital assets that rely on miners, sophisticated miner groups may become unduly influential over time if the system or bandwidth requirements become too high. Where a single personality or entity exerts an outsize influence, an adverse event impacting that individual or entity, such as an insolvency proceeding, could result in a reduction in the price of digital assets.

A lack of expansion by cryptocurrencies into retail and commercial markets, or a contraction of such limited use as has developed to date, may result in increased volatility or a reduction in the value of that cryptocurrency or cryptocurrencies generally, either of which could materially and adversely affect the Company's investment and trading strategies, the value of its assets and the value of any investment in the Company.

### *The loss or destruction of a private key required to access cryptocurrencies or digital assets*

NFT Tech's loss of access to its private keys or its experience of a data loss relating to its digital asset investments could adversely affect the Company. Cryptocurrencies and, by extension, NFTs, are controllable only by the possessor of the private key or keys relating to the "digital wallet" in which the digital asset is held. Private keys must be safeguarded and kept private in order to prevent a third party from accessing the cryptocurrencies while held in such wallet. To the extent, a private key is lost, destroyed, or otherwise compromised and no backup of the private key is accessible, the Company will be unable to access the cryptocurrencies or NFTs held in the related digital wallet. Any loss of private keys relating to digital wallets used to store the Company's or its affiliates' cryptocurrencies and NFTs could adversely affect its business and financial position. Any loss of private keys relating to digital wallets used to store the Company's cryptocurrencies and digital assets could materially and adversely affect the Company's investment and trading strategies, the value of its assets, and the value of any



investment in the Company. If the Company's cryptocurrency or other digital assets are lost, stolen, or destroyed under circumstances rendering a party liable to the Company, the responsible party may not have the financial resources sufficient to satisfy the Company's claims, which could lead to a material adverse effect on the Company. Access to the Company's cryptocurrencies or other digital assets could also be restricted or prevented by natural events (such as an earthquake or flood) or human actions (such as a terrorist attack).

*Digital asset transactions are irrevocable and losses may occur*

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

NFT Tech holds the majority of its digital assets in an array of Ethereum wallets, centralized exchanges, and custodians, including, among others Etana, Kraken, and Binance, ISO/IEC 27001 digital asset custodians (collectively, the "**Custodian**"). The Custodian is responsible for the safekeeping of NFT Tech's digital assets and currencies. If NFT Tech's crypto assets are lost, stolen, or destroyed under circumstances rendering a party liable to NFT Tech, the responsible party may not have the financial resources sufficient to satisfy NFT Tech's claim. Also, although the Custodian uses security procedures with various elements such as redundancy, segregation, and cold storage to minimize the risk of loss, damage, and theft, neither the Custodian nor NFT Tech can guarantee the prevention of such loss, damage or theft, whether caused intentionally, accidentally or by an act of God. Access to NFT Tech's account could also be restricted by natural events, such as an earthquake or flood, or human actions, such as a terrorist attack.

*Custodians of cryptocurrencies and other digital assets*

The Company uses custodians, exchanges, and third-party wallet providers to hold its cryptocurrencies and other digital assets. Such parties may or may not be subject to regulation by federal or non-governmental agencies or other regulatory or self-regulatory organizations. While not currently anticipated, the Company could have a high concentration of its digital assets in one location or with one custodian, exchange, or wallet provider, which may be prone to losses arising out of hacking, loss of passwords, compromised access credentials, malware, or cyberattacks. Certain custodians, exchanges, or third-party wallet providers may not indemnify the Company against any losses of digital assets or may not have full insurance over the assets under custody. Digital assets held by certain custodians, exchanges, or third-party wallet providers may be transferred into "cold storage" in which case there could be a delay in retrieving such digital assets.

The Company may also incur costs related to the third-party custody and storage of its digital assets. Any security breach, incurred cost, or loss of digital assets associated with the use of a custodian could materially and adversely affect the Company's investment and trading strategies, the value of its assets, and the value of any investment in the Company.

*Proprietary and non-proprietary software, data, and intellectual property*

NFT Tech's crypto Token selection strategy may rely heavily on the use of proprietary and non-proprietary software, data, and intellectual property of third parties in the digital asset sector. The operation of any element of a digital asset network, or any other electronic platform, may be severely and adversely affected by the malfunction of technology. For example, an unforeseen software or hardware malfunction could occur as a result of a virus or other outside force, or as a result of a design flaw in the design and operation of the network or

platform. In addition, the technology of the Service Providers, or the crypto Tokens themselves, may be inactive for periods of time, known as "downtime". While NFT Tech has no obligation to pay any penalties to any third party in connection with any such downtime, NFT Tech's business could be temporarily interrupted. Further, if NFT Tech's software, hardware, data, or other intellectual property is found to infringe on the rights of any third party, the underlying value of the assets of NFT Tech could be materially and adversely affected. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in a digital asset network's long-term viability or the ability of end-users to hold and transfer digital assets may adversely affect the value of these assets. Additionally, a meritorious intellectual property claim could prevent NFT Tech and other end-users from accessing various networks or holding or transferring their digital assets.

#### *Internet infrastructure, security risks, and rapid technological change*

Blockchain networks, digital assets, and the exchanges on which these assets are traded are dependent on internet infrastructure and susceptible to system failures, security risks, and rapid technological change. The success of cryptocurrency-based Blockchain and other digital asset platforms will depend on the continued development of a stable public infrastructure, with the necessary speed, data capacity, and security, and the timely development of complementary products such as high-speed modems for providing reliable internet access and services. Digital assets have experienced, and are expected to continue to experience, significant growth in the number of users and amount of content. There is no assurance that the relevant digital asset infrastructure will continue to be able to support the demands placed on it by this continued growth or that the performance or reliability of the technology will not be adversely affected by this continued growth. There is also no assurance that the infrastructure or complementary products or services necessary to make digital assets a viable product for their intended use will be developed in a timely manner, or that such development will not result in the requirement of incurring substantial costs to adapt to changing technologies. The failure of these technologies or platforms or their development could materially and adversely affect NFT Tech's investment and trading strategies, the value of its assets, and the value of any investment in the Company. Cryptocurrencies are created, issued, transmitted, and stored according to protocols run by computers in the cryptocurrency network. It is possible these protocols have undiscovered flaws or could be subject to network-scale attacks which could result in losses to the Company. Advancements in quantum computing could break the cryptographic rules of protocols that support certain of NFT Tech's assets.

#### *Proposed Ethereum upgrades to enhance the network's scalability*

Proposed Ethereum upgrades to enhance the network's scalability and throughput may not be delivered, and network congestion could cause users to migrate to other Blockchains, which could materially and adversely affect several of the Company's investments and trading strategies.

Like all Blockchain networks, rising adoption leads to network congestion, as space on decentralized ledgers is inherently scarce. From a design standpoint, striking a balance between security, decentralization, and scalability (or transactional throughput) is the subject of great debate among innovators and has led to the creation of a variety of networks that take/make different trade-offs to achieve different outcomes. Pragmatically speaking, if network congestion rises to the point where transaction fees make it prohibitively expensive for average users to operate on the network, those users may stop using the network, and application developers may seek to build on other networks where users can afford to transact.

While no challenger networks have yet offered meaningful competition to Ethereum for either users or application developers, there is pressure on Ethereum protocol developers to deploy "Ethereum 2.0", which promises significant scaling improvements and ease network congestion. If Ethereum 2.0 takes too long to launch, or doesn't launch at all, an alternative Blockchain network may attract users and developers, challenging Ethereum's position as the most valuable and widely used Smart Contracting platform. Even if Ethereum 2.0 does launch, major protocol changes and upgrades are risky and there could be design flaws or bugs that could be exploited in

ways that are difficult to anticipate. A reduction in Ethereum's adoption or usage relative to challenger Smart Contracting networks could materially and adversely affect several of NFT Tech's investments and trading strategies.

#### *Network protocols and software for digital assets*

The network contributors for certain digital assets could propose amendments to the network protocols and software for these digital assets that, if accepted and authorized by the network for these digital assets, could adversely affect an investment in NFT Tech.

The networks for certain digital assets are based on a protocol governing the peer-to-peer interactions between computers connected to each other within that network. The development team for a network (if any) might propose and implement amendments to a network's source code through software upgrades altering the original protocol, including fundamental ideas such as the irreversibility of transactions and limitations on the validation of Blockchain software distributed ledgers. Such changes to original protocols and software could materially and adversely affect NFT Tech's investment and trading strategies, the value of its assets, and the value of any investment in NFT Tech.

#### *Risks associated with DeFi*

DeFi refers to a variety of Blockchain-based applications or protocols that provide for peer-to-peer financial services using Smart Contracts and other technology rather than such services being offered by central intermediaries. Common DeFi applications include borrowing/lending digital assets and providing liquidity or market making in digital assets. DeFi applications and ecosystems, mostly built on Ethereum, are demonstrating how public Blockchains and Smart Contracts can revolutionize financial services, but the nascent technology comes with several risks that could materially and adversely affect the Company's investments and trading strategies. It is difficult to quantify the amount of leverage that exists within the DeFi ecosystem and price volatility can result in deleveraging that moves asset prices dramatically. In addition, Smart Contracts may contain bugs that put funds at risk of theft or loss. Furthermore, in certain decentralized protocols, it may be difficult or impossible to verify the identity of a transaction counterparty necessary to comply with any applicable anti-money laundering, countering the financing of terrorism, or sanctions regulations or controls.

The complexity and interconnectedness of digital asset networks, applications, and economic systems enable new forms of malicious attacks that leverage a feature or vulnerability of one system to attack another. Such an attack may take the form of a temporary manipulation of the price of certain digital assets that trigger second-order behaviors, such as automatic collateral liquidations on decentralized applications or digital asset trading platforms. Such an attack could adversely affect investments. A malicious actor can exploit the structure of one or a series of Smart Contracts or applications in ways that do not technically constitute exploitation of a "bug" or flaw in the Smart Contract or application. For example, such an exploit has occurred repeatedly in the Ethereum DeFi ecosystem, whereby a decentralized exchange or lending application is designed to reference an external pricing source of a particular digital asset to determine when to liquidate collateral. By manipulating the price of the particular digital asset on a third-party platform (such as a digital asset trading platform), the pricing source used by the decentralized trading platform or application is consequently manipulated, which then leads to uneconomic collateral liquidations on the decentralized trading platform or application. Such liquidations may be processed automatically and could have a material adverse effect on NFT Tech's investments and trading strategies.

#### *Risks related to NFTs generally*

Simply put, NFTs are unique, one-of-a-kind digital assets made possible by certain digital asset network protocols. Because of their non-fungible nature, NFTs introduce digital scarcity and have become popular as online "collectibles", similar to physical rare collectible items, such as trading cards or art. Like real-world

collectibles, the value of NFTs may be prone to "boom and bust" cycles as popularity increases and subsequently subsides. Certain metadata pertaining to NFTs may be stored "offchain", i.e., not on a decentralized digital asset network. If the entity behind an NFT project ceases hosting relevant metadata relating to NFTs, such NFTs may become worthless. If any of these events were to occur, it could adversely affect the value of certain of NFT Tech's future investments and strategies.

#### *Risks related to P2E NFTs*

A new P2E game may fail to attract and retain sufficient users/player base. A small player base may result in an illiquid market for P2E-based NFTs and related Tokens and a substantial drop in the price of in-game assets. Holding P2E Token currency, rather than immediately liquidating it, may subject P2E revenues to increased volatility. By immediately liquidating P2E Token currency, the Company may miss out on the potential upside of appreciating value, however, the Company believes that selling currency on each payday results in a more secure and predictable return on investment.

#### *Digital assets may be subject to hold periods*

Crypto Tokens used for staking are intended to be able to be withdrawn from their respective wallet at the request of NFT Tech, however, this process may take up to 30 days depending on the time of withdrawal and staking provider. In addition, several digital assets require validators to commit to securing the network, and locking up their crypto Tokens, for an extended period of time. In particular, Ethereum 2.0 requires that validators commit to securing the network for a period of 12 to 18 months. The validator still controls the crypto Tokens during this period, but is not able to liquidate the Tokens being staked. An inability to withdraw digital assets in the time desired or at all may adversely affect NFT Tech's business and liquidity, and the value of the Common Shares.

#### *NFT Tech's business is exposed to the potential misuse of digital assets and malicious actors*

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

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

#### *Political or economic crises*

Cryptocurrencies, as an alternative to fiat currencies that are backed by central governments, are subject to supply and demand forces based upon the desirability of an alternative, decentralized means of buying and selling goods and services, and it is unclear how such supply and demand will be impacted by geopolitical events. For example, political or economic crises could motivate large-scale acquisitions or sales of digital assets either globally, regionally, or locally. Large-scale sales of certain digital assets would result in a reduction in their value and could materially and adversely affect NFT Tech's investment and trading strategies, the value of its assets, and the value of NFT Tech.

*A decline in the adoption and use of digital assets*

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

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

Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the investing public, accounts for anticipated future appreciation in value. Market prices of digital assets are determined primarily using data from various exchanges, over-the-counter markets, and derivative platforms. Momentum pricing may have resulted and may continue to result, in speculation regarding future appreciation in the value of digital assets, inflating and making their market prices more volatile. As a result, they may be more likely to fluctuate in value due to changing investor confidence in future appreciation (or depreciation) in their market prices, which could adversely affect the value of NFT Tech's digital asset inventory and the value of Common Shares.

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

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

*Market adoption of crypto assets has been limited to date and further adoption is uncertain*

Currently, there is a relatively small use of crypto assets in the retail and commercial marketplace in comparison to relatively large use by speculators, thus contributing to price volatility that could adversely affect an investment in Common Shares. Crypto assets have only recently become accepted as a means of payment for goods and services by certain major retail and commercial outlets, and the use of crypto assets by consumers to pay such retail and commercial outlets remains limited. Conversely, a significant portion of crypto asset demand is generated by speculators and investors seeking to profit from the short- or long-term holding of crypto assets. A lack of expansion by crypto assets into the retail and commercial markets, or a contraction of such use, may result in increased volatility or a reduction in the market price of these assets. Further, if fees increase for recording transactions on these Blockchains, demand for crypto assets may be reduced and prevent the expansion of the networks to retail merchants and commercial businesses, resulting in a reduction in the price of these assets.

#### *NFT Projects and Decentralized Finance Teams present difficulties to diligence*

Companies and individuals operating in the Defi space often present challenges in performing due diligence reviews given their tendency towards pseudonymous identities and monikers, which may lead to increases for potential for fraud and abuse, abandonment of identity and other counterparty risks.

#### *Transaction Fees in SWAP Protocols*

Transaction fees in SWAP protocols, such as Uniswap, vary depending on demand and other factors, and may reduce returns on sales of Tokens. The contract owners may not want liquidity available for the purchaser to successfully exit a position.

#### *Reliance on Uniswap and Uniswap-like decentralized exchanges*

We rely on Uniswap and Uniswap-like decentralized exchanges in the day-to-day activities of the Company. These decentralized exchanges have very low regulation or none at all and could be subject to government intervention depending on their jurisdiction. We could also face geo restrictions based on our locations/jurisdiction from using centralized or decentralized exchanges.

#### *Risks related to Employee Trust and Increased risk of Employee Fraud*

Given the permanent nature of transactions on the Blockchain, as discussed elsewhere in these Risk Factors, the level of trust in employee conduct presents an additional layer of risk, for example, in trusting employees with cryptocurrency and wallet keys, to direct toward objectives. We operate minting teams purchasing NFT artwork and in the Guild whereby we engage in regular ETH and other crypto-based transactions, carried out by employees on behalf of the Company.

#### *Transaction to Correct Recipient*

Given the permanent nature of transactions on the Blockchain, as discussed elsewhere in these Risk Factors, the importance of inputting recipient information (such as public key information) and verification of having received correct information from recipient in the first instance, which may be beyond control of the Company, may result in the loss of cryptocurrencies or digital assets, such as NFTs.

#### *Risk of Rugging*

"Rugging" or a "rug pull" is a malicious maneuver in the cryptocurrency industry where crypto developers abandon a project and escape with investors' funds. Rug pulls usually happen in the DeFi ecosystem, particularly on DEXs, where malicious individuals create a Token and list it on a DEX, then pair it with a leading cryptocurrency like Ethereum. Once a significant amount of investors swap their ETH for the listed Token, the

creators then withdraw everything from the liquidity pool, driving the coin's price to zero. The coin's creators may also create a temporary hype around social media platforms and initially inject a substantial amount of liquidity into their pool to cultivate investor confidence.

DEXs such as Uniswap algorithmically determine the prices of Tokens in a pool depending on the available balances. To help detect and avoid these risks, the Company checks the liquidity in a pool as well as if there is a lock on the Token's pool. Most reputable projects lock pooled liquidity for a certain period.

#### *Introduction of new standards, potential for incompatibility, non-listing on platforms, and obsolescence*

ETH or other protocols could come up with new standards that make the existing EIP-721 standard<sup>1</sup> inoperable or outdated. EIP-1155 and EIP-2981 and ones yet to be created or ones that have been invested prior but not yet exploited, may not be operable with the old standards. Interoperability, the ability to share information across different Blockchain networks, without restrictions, could be impacted or entirely prevented by new protocols and affect the current holdings of the Company.

#### *Vulnerability of Decentralized Autonomous Organizations (DAO)*

DAO, is an entity with no central leadership, represented by rules encoded as a computer program that is transparent, and controlled by the organization members. Decisions get made from the bottom up, governed by a community organized around a specific set of rules enforced on a Blockchain. A DAO's financial transaction record and program rules are maintained on a Blockchain. They have built-in treasuries that are only accessible with the approval of their members. Decisions are made via proposals the group votes on during a specified period.

Given their reliance on programming with no central leadership, DAOs could come under scrutiny from regulators and may be vulnerable to inside actors and others who wish to disrupt their normal operations, thus impacting NFT Tech's access to the monetary value of crypto assets.

#### *Token Audits*

NFT Tech is not able to provide technical audits for the projects in which we participate. Technical audits would help mitigate the risks involved in investing in low regulation environments, an audit that cannot be done for every project given the speed of the DeFi industry and NFT space, in order to remain competitive and maximize value to shareholders.

## **DIVIDENDS AND DISTRIBUTIONS**

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

## **DESCRIPTION OF CAPITAL STRUCTURE**

### **General Description of Capital Structure**

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<sup>1</sup> <https://eips.ethereum.org/EIPS/eip-721>

The following describes material terms of the Company's share capital. The following description may not be complete, and is subject to, and qualified in its entirety by reference to, the terms and provisions of the Company's articles ("**Articles**").

## **Common Shares**

The Common Shares are not subject to any future call or assessment, do not have any pre-emptive, conversion or redemption rights, and all have equal voting rights. There are no special rights or restrictions of any nature attached to any of the Common Shares, all of which rank equally as to all benefits which might accrue to the holders of the Common Shares. All shareholders are entitled to receive a notice of, attend and vote at any meeting to be convened by the Company. At any meeting, subject to the restrictions on joint registered owners of Common Shares, every shareholder has one vote for each Common Share of which such holder is the registered owner. Voting rights may be exercised in person or by proxy.

As at the date of this AIF, the Company is authorized to issue an unlimited number of Common Shares, of which 85,481,694 Common Shares were issued and outstanding at December 31, 2022 and 105,318,659 Common Shares were issued and outstanding as at the date hereof. The Company is also authorized to issue an unlimited number of preference shares, none of which are issued and outstanding.

The Company is also authorized to award Options, deferred share units ("**DSUs**"), restricted share units ("**RSUs**"), performance share units ("**PSUs**") and stock appreciation rights ("**SARs**") under the Long-Term Incentive Plan (the "**LTIP**"). Awards may be granted alone, in addition to, or in tandem with any other Award. Awards granted in addition to, or in tandem with, other awards may be granted either at the same time or at different times. The date of grant, the number of Common Shares, the vesting period and any other terms and conditions of awards granted pursuant to the LTIP are subject to the express provisions of the LTIP and any applicable award agreement. A complete description of the terms of the LTIP is available on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") under the Company's profile at [www.sedar.com](http://www.sedar.com).

## **Preferred Shares**

The Preferred Shares may, at any time and from time to time, be issued in one or more series, each series to consist of such number of shares as may, before the issue thereof, be determined by resolution of the Board. Holders of Preferred Shares shall not be entitled to receive notice of and attend any meetings of holders of Common Shares or to vote at any such meetings, except meetings at which only holders of Preferred Shares are entitled to vote. Holders of Preferred Shares are entitled to: (a) the right to receive, subject to the prior rights and privileges attaching to any other class of the Company's shares, any dividend declared by us; and (b) the right to receive subject to the prior rights and privileges attaching to any other class of shares, the Company's remaining property and assets upon dissolution. Subject to the provisions of the *Business Corporations Act* (British Columbia), the Company may by special resolution fix, from time to time before the issue thereof, the designation, rights, privileges, restrictions and conditions attaching to each series of the Preferred Shares including, without limiting the generality of the foregoing, any voting rights, the rate or amount of dividends or the method of calculating dividends, the dates of payment thereof, the terms and conditions of redemption, purchase and conversion if any, and any sinking fund or other provisions. No special right or restriction attached to any issued shares shall be prejudiced or interfered with unless all shareholders holding shares of each class whose special right or restriction is so prejudiced or interfered with consent thereto in writing, or unless a resolution consenting thereto is passed at a separate class meeting of the holders of the shares of each such class by the majority required to pass a special resolution, or such greater majority as may be specified by the special rights attached to the class of shares of the issued shares of such class.

## **Options**



The Company has entered into a series of individual option agreements with certain of its directors, officers, employees and consultants (the "**Option Agreements**"), pursuant to which the recipient thereunder (each, an "**Optionee**") is granted the option to subscribe for and purchase (the "**Option**") Common Shares of the Company at a purchase price per such Common Share as set out in the individual Option Agreement. At a special meeting of shareholders held on May 12, 2022, the shareholders of the Company approved the adoption of the LTIP and, pursuant to the LTIP, the Options granted under individual awards were subsumed under the LTIP and deemed to have been issued and governed in accordance thereunder.

Subject to the terms of the LTIP and Option Agreement, the Optionee may exercise the Option, in whole or in part, to the extent vested, on more than one occasion during a "vesting period". The vesting period for Options granted to date permit one-third of the Options to vest immediately, with one-third to vest on the first anniversary of the Option Agreement and the balance to vest on the second anniversary of the Option Agreement. Once vested, such portion of the Option remains vested during the currency of the Option prior to the close of business on the fifth anniversary of the Option Agreement (the "**Expiry Date**").

If the Optionee shall cease to be a director, officer, employee or consultant of the Company for any reason (other than death), he or she may, but only within 90 days next succeeding such termination, exercise the Option in whole or in part to the extent the Optionee was entitled to exercise the Option at the date of Termination.

As of the date of this Annual Information Form, 5,732,000 Common Shares are issuable upon the exercise of outstanding Options. The number of Options outstanding as of the date of this Annual Information Form represents approximately 5.44% of the total issued and outstanding Common Shares of the Company.

## Warrants

The following is a summary of certain terms and provisions of the Warrants and is not complete and is subject to, and qualified in its entirety by, the provisions of the applicable warrant certificate and warrant indenture. Each Warrant is exercisable into one Common Share.

Issue Date	Exercise Price (\$)	Number Issued	Expiry Date
March 31, 2023	\$0.10	3,500,000	September 30, 2023
February 24, 2023	\$0.30 <sup>(1)</sup>	1,170,299	February 24, 2025
October 5, 2022	\$0.30 <sup>(1)</sup>	6,699,999	October 5, 2025
October 14, 2021 <sup>(2)</sup>	\$0.01	200,000	October 14, 2024
October 5, 2021 <sup>(2)</sup>	\$1.50	116,954	October 5, 2023
October 5, 2021 <sup>(2)</sup>	\$0.60	39,800	October 5, 2023
October 5, 2021 <sup>(2)</sup>	\$0.60	105,000	October 5, 2024
August 20, 2021	\$0.20	2,000,000	August 20, 2024
	<b>TOTAL</b>	<b>13,832,052</b>	

Notes:

- (1) Pursuant to the warrant indenture, if the volume-weighted average price of the Common Shares listed for trade on the NEO Exchange trades over 10 consecutive days at or more than \$0.60, the Company has the option to accelerate the expiration date of the Warrants to a date that is 30 days from the date of written notice in the form of a press release or other form of notice permitted.
- (2) Issued in connection with the Third Round Financing for broker fees and compensation for finders.

As of the date of this AIF, there are 13,832,052 Warrants issued and outstanding exercisable into 13,832,052 Common Shares.

## Other Equity Awards

The Company is also authorized to award RSUs, PSUs, DSUs and SARs under its LTIP. A copy of the Company's LTIP was filed on SEDAR on August 19, 2022 and sets out the specific provisions governing each type of award. As of the date of this Annual Information Form, there are no RSUs, no PSUs, no DSUs and no SARs outstanding.

## MARKET FOR SECURITIES

### Trading Price and Volume

The Common Shares commenced trading on the NEO Exchange on May 25, 2022 under the symbol "NFT".

The following table sets out the high and low prices and aggregate volume of the Common Shares traded on the NEO Exchange on a monthly basis during the Company's most recently completed financial year ended December 31, 2022, as reported by NEO Exchange for the periods indicated:

	Trading Summary		
	High (C\$)	Low (C\$)	Volume Traded (#)
<b>2022</b>			
May	0.70	0.28	4,150,173
June	0.59	0.27	5,855,210
July	0.38	0.275	3,798,577
August	0.35	0.245	4,409,794
September	0.30	0.10	4,576,616
October	0.15	0.085	2,509,197
November	0.15	0.095	3,842,189
December	0.135	0.065	2,506,281

### Prior Sales

In addition to the information provided under "*Description of Capital Structure – Warrants*", the following table sets forth details regarding all issuances of unlisted securities of the Company, including securities convertible or exchangeable into Common Shares, during the year ended December 31, 2022:

Date	Issue/Exercise Price per Security	Number of Securities	Type of Security
January 13, 2022	\$0.60	833,333	Common Shares
February 18, 2022	\$0.60	280,000	Options
February 21, 2022	\$0.60	250,000	Options
March 3, 2022	\$1.00	300,000	Common Shares
March 4, 2022	\$1.00	150,000	Options
March 8, 2022	\$1.00	1,195,000	Common Shares

March 28, 2022	\$0.60	1,212,122	Common Shares
April 22, 2022	n/a <sup>(1)</sup>	333,333	Common Shares
July 27, 2022	\$0.60	10,000	Options
August 5, 2022	\$0.31	800,000	Options
September 15, 2022	\$0.35	280,000	Options
September 26, 2022	\$0.15	1,500,000	Common Shares
October 5, 2022	\$0.15	6,699,999	Units (1 Common Share and 1 Warrant per Unit)

Notes:

<sup>(1)</sup> Common Shares issued upon vesting of RSUs.

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

The following table sets forth escrowed securities and securities subject to contractual restrictions on transfer:

Designation of Class	Number of Securities Subject to Escrow or a Contractual Restriction on Transfer	Percentage of Class*
Common Shares	29,877,421 <sup>(1)</sup>	28.37%
Options	2,539,346 <sup>(1)</sup>	44.30%
Common Shares	4,787,500 <sup>(2)</sup>	4.55%
Common Shares	3,020,625 <sup>(3)</sup>	2.87%
<b>TOTAL:</b>	<b>37,685,546 Common Shares</b> <b>2,539,346 Options</b>	<b>35.78%</b> <b>44.30%</b>

Notes:

\* Based on 105,318,659 Common Shares and 5,732,000 Options issued and outstanding.

<sup>(1)</sup> Common Shares and Options subject to escrow restrictions, as described below under "*Escrowed Securities and Securities Subject to Contractual Restrictions on Transfer – Escrow*".

<sup>(2)</sup> Common Shares issued in connection with the First Round Financing which are subject to voluntary contractual restrictions on transfer, excluding Common Shares held by a Promoter of the Company subject to escrow, and including 1,410,000 Common Shares acquired on sale and transfer of previously issued Common Shares. Each Common Share is subject to a timed release from such restrictions in accordance with the following: (i) 25% of the Common Shares in the First Round Financing shall be free from any voluntary trading restriction, (ii) 25% of the Common Shares will be restricted from trading for a period of four (4) months commencing on the date of completion of the going public transaction, (iii) 25% of the Common Shares will be restricted from trading for a period of eight (8) months commencing on the date of completion of the going public transaction and (iv) the remaining 25% of the Common Shares will be restricted from trading for a period of twelve (12) months commencing on the date of completion of the going public transaction. Accordingly, of the 26,770,000 Common Shares issued in connection with the First Round Financing, 4,787,500 are subject to timed release.

<sup>(3)</sup> Common Shares issued in connection with the Second Round Financing and are subject to voluntary contractual restrictions on transfer. Each Common Share issued thereunder is subject to a timed release from such restrictions in accordance with the following: (i) 25% of the Common Shares in the Second Round Financing shall be free from any voluntary trading restriction, (ii) 25% of the Common Shares will be restricted from trading for a period of four (4) months commencing on the date of completion of the going public transaction, (iii) 25% of the Common Shares will be restricted from trading for a period of eight (8) months commencing on the date of completion of the going public transaction and (iv) the remaining 25% of the Common Shares will be restricted from trading for a period of twelve (12) months commencing on the date of completion of the going public transaction. Accordingly, of the 14,875,500 Common Shares issued in connection with the Second Round Financing, 3,020,625 are subject to timed release.

## Escrow

The Common Shares subject to the Form 46-201F1 escrow agreement dated May 25, 2022 among the Company, Odyssey Trust Company, as escrow agent, and certain shareholders (the "**Escrow Agreement**") are subject to the following release schedule, as further detailed in the Escrow Agreement.

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

Pursuant to NP 46-201 and the Escrow Agreement, the Escrow Securities may not be sold, transferred, assigned, mortgaged or entered into a derivative transaction, or be otherwise dealt with unless permitted under the Escrow Agreement. Notwithstanding this restriction on transfer, a holder of Escrowed Securities may (a) pledge, mortgage or charge the Escrowed Securities to a financial institution as collateral for a loan provided that no Escrow Securities will be delivered by the escrow agent to the financial institution; (b) exercise any voting rights attached to the Escrow Securities; (c) receive dividends or other distributions on the Escrow Securities; and (d) exercise any rights to exchange or convert the Escrow Securities in accordance with the Escrow Agreement.

The Escrowed Securities may be transferred within escrow to: (a) subject to approval of the Corporation's Board of Directors, an individual who is an existing or newly appointed director or senior officer of the Corporation or of a material operating subsidiary of the Corporation; (b) subject to the approval of the Corporation's Board of Directors, a person that before the proposed transfer holds more than 20% of the voting rights attached to the Corporation's outstanding securities; (c) subject to the approval of the Corporation's Board of Directors, a person that after the proposed transfer will hold more than 10% of the voting rights attached to the Corporation's outstanding securities and that has the right to elect or appoint one or more directors or senior officers of the Corporation or any of its material operating subsidiaries; (d) upon the bankruptcy of a holder of escrowed securities, the securities held in escrow may be transferred within escrow to the trustee in bankruptcy or other person legally entitled to such securities; (e) upon the death of a holder of escrowed securities, all securities of the deceased holder will be released from escrow to the deceased holder's legal representative; (f) a financial institution that the holder pledged, mortgaged or charges to a financial institution as collateral for a loan on realization of such loan; and (g) a registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**") or similar registered plan or fund with a trustee, where the annuitant of the RRSP or RRIF, or the beneficiaries of another plan or fund are limited to the holders spouse, children or parents, or if the holder is the trustee of such registered plan or fund, to the annuitant of the RRSP or RRIF, or a beneficiary of the other registered plan or fund or his or her spouse, children or parents.

In addition, tenders of Escrowed Securities pursuant to a business combination, which includes a take-over bid, issuer bid, statutory arrangement, amalgamation, merger or other reorganization similar to an amalgamation or merger, are permitted. Escrowed Securities subject to a business combination will continue to be escrowed if the successor entity is not an "exempt issuer", the holder is a principal of the successor entity; and the holder holds more than 1% of the voting rights of the successor entities' outstanding securities.

## PRINCIPAL SECURITYHOLDERS

NI 41-101 defines a "principal securityholder" of an issuer as a person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the issuer.

As of the date of this prospectus, Inwentash is no longer considered a "principal securityholder" of the Company. On February 2, 2023, through a series of transactions Inwentash and the Joint Actor collectively disposed of ownership and control of an aggregate 1,873,500 Subject Shares. The Subject Shares represented approximately 2.1% of all issued and outstanding Common Shares. As a result of the dispositions, the percentage ownership held by Inwentash and the Joint Actor decreased by 2.2% from the last early warning report filed in which Inwentash, along with the Joint Actor, and, immediately following the above dispositions, Inwentash and the Joint Actor owned and controlled an aggregate of 4,284,000 Common Shares, 4,000,000 Warrants, and 500,000 Options, representing approximately 4.9% of all issued and outstanding Common Shares of the Company (or approximately 9.6% on a partially diluted basis, assuming exercise of the Warrants and Options held).

## DIRECTORS AND EXECUTIVE OFFICERS

### Name, Occupation and Security Holding

The term of office of each of the Company's directors expires at the Company's next annual general meeting at which directors are elected for the upcoming year or when his or her successor is duly elected.

As at the date of this Annual Information Form, the directors and executive officers of the Corporation, as a group, beneficially owned, or exercised control or direction over, directly or indirectly, an aggregate of: (i) 19,591,668 Common Shares, representing approximately 18.60% of the issued and outstanding Common Shares as of such date; and (ii) an aggregate of 1,784,000 Options of the Company, representing approximately 31.12% of the issued and outstanding Options of the Company as of such date.

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

<b>Name Province/State Country of Residence and Position(s) with the Company</b>	<b>Principal Occupation, Business or Employment for the Last Five Years</b>	<b>Periods during which Director has Served</b>	<b>Number and Percentage of Common Shares Owned</b>
Adam De Cata <i>Dubai, UAE</i>  Chief Executive Officer <sup>(1)</sup>	Mr. De Cata is the Chief Executive Officer of NFT Tech since July 2022; Mr. De Cata was the co-founder and director of Run it Wild since July 2016; he was the Head of Partnerships at Decentraland, the world's first fully decentralized, 3D virtual reality platform built on the Ethereum. As a recognized leader in the Blockchain, NFT and Metaverse spaces, he brings a strong pedigree in licensing and brand	since July 7, 2022	Common Shares: 10,500,000  Options: nil

	management, having spent his early career managing iconic brands such as Batman, Harry Potter, Looney Tunes, Scooby-Doo, Superman, and The Big Bang Theory for Warner Bros.		
Mark Leung <i>Burnaby, BC, Canada</i>  Chief Financial Officer <sup>(2)</sup>	Mr. Leung is the Chief Financial Officer of NFT Tech since February 2023 and Chief Financial Officer of ShiftCarbon Inc. since March 9, 2022; CFO of East Side Games Group (formerly LEAF Mobile Inc.) from November 2018 to March 2021; Director of Finance of Pacific Blue Cross from March 2019 to October 2021; VP Finance of Growthworks Capital Ltd. from July 2017 to March 2019; Manager, Decision Support of BC Lottery Corporation, from June 2013 to June 2016.	February 17, 2023	Common Shares: nil  Options: nil
Wayne Lloyd <i>Vancouver, BC, Canada</i>  Executive Chairman	President of Vindemy Advisors since February 2001; CEO of ShiftCarbon Inc. since March 2020; Chief Executive Officer at Shiftcarbon Inc. (CSE:SHFT) from January 2018 to present. Shiftcarbon Inc. is a technology company offering decarbonization technology solutions. Founder and Chief Executive Officer at Consensus Core Technologies Inc. from November 2017 to present. Consensus Core Technologies Inc. is a technology company offering integrated datacenter infrastructure solutions. Director at Airbeam Wireless Technologies Inc. from March 2019 to present. Airbeam Wireless Technologies Inc. is a information technology company with a focus on 5G infrastructure. President of Vindemy Advisors since February 2001. Active investor, advisor and board member to fintech and technology startups.	March 18, 2021	Common Shares: 7,591,668  Options: 446,000
Curt Marvis <i>Los Angeles, CA, USA</i>	CEO and co-founder of QYOU Media Inc. (TSXV:QYOU) since January 2014. QYOU is a creator-media	June 21, 2021	Common Shares: nil

Director and member of the Audit Committee	company headquartered in Toronto, Canada. They operate in India and the United States producing, distributing and monetizing content created by social media influencers and digital content stars. Mr. Marvis is President and Founder of Next Level Entertainment since January 2012; President of Digital Media at Lionsgate from April 2008 to December 2011.		Options: 446,000
Jeremy Gardner <i>Los Angeles, CA, USA</i>  Director and member of the Audit Committee	Co-founder of Ausum Ventures since November 2017; Chief Executive Officer of MadeMan, a cosmetic company offering skincare products, since January 2019; Co-founder and managing partner of Mystic Ventures, a venture firm investing in psychedelic medicine since October 2021; Co-founder and managing partner of Ausum Ventures, a venture firm investing in Blockchain technology, since January 1, 2018; Co-founder of Augur, a decentralized prediction market platform, since August 15, 2014.	June 21, 2021	Common Shares: 1,500,000  Options: 446,000
Kelly Allin <i>Oakville, ON</i>  Director and Chair of the Audit Committee	Independent consultant since June 2020; partner at Deloitte from June 2006 to May 2020.  From June 2020 to present, Mr. Allin is a freelance financial adviser. Prior to that he was a Deloitte Audit Partner for 15 years, where he was the Independence Leader, and lead partner for many large complex audits, including projects subject to Sarbanes-Oxley requirements.	October 29, 2021	Common Shares: nil  Options: 446,000

Notes:

- (1) Adam De Cata replaced Mario Nawfal as the Company's Chief Executive Officer on July 7, 2022 in connection with the Company's entry into the share purchase agreement for the acquisition of Run It Wild. Prior to joining the Company as its Chief Executive Officer, Mr. De Cata provided consulting services as an advisor through Run It Wild. Following his step-down from the position, Mr. Nawfal continued with the Company in the capacity of a consultant. Mr. Nawfal owns 1,218,750 Common Shares and 409,000 Options.
- (2) Mark Leung replaced Frank Guo as the Company's Chief Financial Officer on February 17, 2023. Mr. Guo initially replaced Inar Kamaletdinov as the Company's Chief Financial Officer and provided his services as interim Chief Financial Officer from September 15, 2022 through to February 17, 2023. Mr. Kamaletdinov acted as the Company's Chief Financial Officer from January 15, 2022 through to September 15, 2022. Mr. Guo was granted 280,000

Options upon joining the Company and, following his resignation, all of such Options shall terminate on May 17, 2023, according to their terms.

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

### **Corporate Cease Trade Orders**

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

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

### **Bankruptcies**

To the best of management's knowledge, no director or executive officer of the Company has: (i) within ten years before the date of this AIF, been a director or officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) within ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver manager or trustee appointed to hold the assets of the director or executive officer.

### **Penalties and Sanctions**

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

### **Conflicts of Interest**

To the best of the Company's knowledge, the Company is not aware of any existing or potential material conflicts of interest between the Company and any of its directors or officers as of the date hereof. However, certain of the Company's directors and officers are, or may become, directors or officers of other companies with businesses which may conflict with its business. Accordingly, conflicts of interest may arise which could influence these individuals in evaluating possible acquisitions or in generally acting on the Company's behalf.

Pursuant to the BCBCA, directors and officers of the Company are required to act honestly and in good faith with a view to the best interests of the Company. Generally, as a matter of practice, directors who have disclosed a material interest in any contract or transaction that the Board is considering will not take part in any board



discussion respecting that contract or transaction. If on occasion such directors do participate in the discussions, they will refrain from voting on any matters relating to matters in which they have disclosed a material interest. In appropriate cases, the Company will establish a special committee of independent directors to review a matter in which directors or officers may have a conflict.

## **PROMOTERS**

The Company does not presently consider any person or company to be a promoter of the Company, as defined in National Instrument 51-102.

In the two most recently completed financial years, the Company has identified the following individuals as having been a promoter of the Company: Mario Nawfal, the Company's former Chief Executive Officer, Wayne Lloyd, the Company's Executive Director and Corporate Secretary, and Jason Coles, co-founder and advisor to the Company.

At the time of determination, the Company found Mr. Nawfal to be a promoter on the basis of introductions made to key persons in the NFT industry and his material contributions to the Company under certain share exchange agreements. Mr. Nawfal owns 1,218,750 Common Shares, representing 1.16% of the Common Shares outstanding as of the date hereof, and 409,000 Options.

At the time of determination, the Company found Mr. Lloyd to be a promoter on the basis that he took the initiative in the primary organization of the business of the Company. Mr. Lloyd owns 7,591,668 Common Shares representing 7.21% of the Common Shares outstanding as of the date hereof, and 446,000 Options.

At the time of determination, the Company found Mr. Coles to be a promoter on the basis that he took the initiative, together with Mr. Lloyd, in much of the primary organization of the business of the Company. Mr. Coles owns 5,905,500 Common Shares representing 5.61% of the Common Shares outstanding as of the date hereof, and 280,000 Options.

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

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

There have been no penalties or sanctions imposed against the Company by a court or regulatory authority, and the Company has not entered into any settlement agreements before any court relating to provincial or territorial securities legislation or with any securities regulatory authority, since its incorporation.

## **INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than as described in this Annual Information Form, no director, executive officer, promoter or shareholder that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the issued Common Shares, or any of their respective associates or affiliates, has any material interest, direct or indirect, in any transaction within the three years before the date of this AIF which has materially affected or is reasonably expected to materially affect the Company or any subsidiary of the Company.

## **TRANSFER AGENTS AND REGISTRARS**

The registrar and transfer agent for the Company is Odyssey Trust Company having its principal office at 409 Granville St, Vancouver, British Columbia, V6C 1T2.

## **MATERIAL CONTRACTS**

The Company's material contracts as of the date of this AIF are the Escrow Agreement and the warrant indentures between the Company and Odyssey Trust Company.

## **NAMES OF EXPERTS**

Kingston Ross Pasnak LLP, Chartered Professional Accountants, the current auditor of the Company, has advised the Company that it is independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

## **INTERESTS OF EXPERTS**

None of the foregoing experts, nor any partner, employee or consultant of such an expert who participated in and who was in a position to directly influence the preparation of the applicable statement, report or valuation, has received, or is expected to receive, registered or beneficial interests, direct or indirect, in Common Shares or other property of the Company or any of its associates or affiliates representing 1% or more of the outstanding Common Shares.

## **AUDIT COMMITTEE**

The Audit Committee provides assistance to the Board in fulfilling its obligations relating to the integrity of the internal financial controls and financial reporting of the Company. The external auditors of the Company report directly to the Audit Committee. The Audit Committee operates under a written charter that sets out its responsibilities and composition requirements. The full text of the Charter of the audit committee of the Board (the "**Audit Committee**") is attached to this AIF as Schedule "A".

The Audit Committee's duties, which are specified in our Audit Committee Charter, include, but are not limited to:

- appointing the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management's response;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any steps taken to monitor and control major financial risk exposures;
- reviewing and approving all proposed related party transactions;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- meeting separately and periodically with management and the independent auditors; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

The Board has determined that each member of our audit committee meets the independence requirements under NI 52-110.

The audit committee will at all times be composed exclusively of "independent directors", as defined for Audit Committee members under NI 52-110, who are "financially literate". "Financially literate" generally means

having past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual's being able to read, understand and prepare fundamental financial statements, including a company's balance sheet, income statement and cash flow statement. A description of the education and experience of each Audit Committee member may be found above under the heading "Directors and Executive Officers – Backgrounds – Directors and Executive Officers".

The Audit Committee is comprised of three directors, Messrs. Kelly Allin (Chair), Curt Marvis and Jeremy Gardner, each of whom is financially literate as such term is defined in NI 52-110 and each of whom are considered independent pursuant to NI 52-110.

The following relevant education and experience of the members of the Audit Committee have been used in assessing their financial literacy:

### **Kelly Allin**

Mr. Allin is an experienced advisor, consultant and commercial leader with experience in finance and risk management, combining a track record of leadership success, business management and corporate governance. Mr. Allin spent 15 years as a Deloitte Audit Partner, where he was the Independence Leader, and lead partner for many large complex audits, including projects subject to Sarbanes-Oxley requirements. He spent much of his time overseeing teams in emerging markets of Baku, Azerbaijan and Moscow, Russia. In addition, Mr. Allin has served as CFO and Finance Director for both public and private companies. He graduated with a Bachelor of Commerce from the University of Calgary in 1992, and earned his Chartered Accountant designation with the Canadian Institute of Chartered Professional Accountants in 1995, and is currently a member of CPA Ontario and CPA Alberta.

### **Curt Marvis**

Mr. Marvis is a Los Angeles-based, internationally-recognized digital media pioneer and entrepreneur. He is a recipient of the MTV lifetime achievement award and has served on numerous boards including CinemaNow, JumpTV (formerly NeuLion, TSX:NLN, OTC:NEUL), and QYOU (TSXV:QYOU, OTC:QYOUF). He is presently the CEO and Co-Founder of QYOU Media, Inc., a creator-media company, operating in India and the United States producing, distributing and monetizing content created by social media influencers and digital content stars. Headquartered in Toronto, Canada, the company was founded and created by industry veterans from Lionsgate, MTV, Disney and Sony. QYOU Media's millennial and Gen Z-focused content reaches more than one billion consumers around the world every month. Mr. Marvis previously served as President of Digital Media at Lionsgate Entertainment (NYSE:LGF.A) from April 2008 to December 2011, where he helped guide the Corporation's broad spectrum of digital distribution agreements. Additionally, while at Lionsgate Mr. Marvis successfully launched original content channels, series and games in partnership with YouTube and Hulu. Prior to joining Lionsgate, Mr. Marvis was Co-Founder and CEO of CinemaNow from June 1999 to March 2008, a recognized innovator in streaming entertainment technology and distribution. Mr. Marvis also served as President of publicly-held game developer 7th Level from January 1997 to April 1999 where he helped lead their successful restructuring into delivery of web-based technology applications with partners including Microsoft and Bandai. Mr. Marvis also co-founded and served as CEO of The Company from 1984 to 1994, an award winning and highly successful production company for music videos, concerts and commercials. He graduated with honors from UCLA in 1979 with a BFA in Motion Picture and Television Production.

### *Jeremy Gardner*

Mr. Gardner is currently CEO of MadeMan since January 2019, a men's skincare startup; the managing partner and co-founder at Ausum Ventures since November 2017, the only hybrid venture and hedge fund comprised of early-stage start-ups and crypto-assets for social good; and founder and managing partner at Mystic Ventures since

August 2012, a fund focused on psychedelic medicine. Mr. Gardner founded Blockchain Education Network in 2014 while attending the University of Michigan, which has become a renowned global educational nonprofit organization. He left his studies at the University of Michigan to co-found Augur in 2014, the decentralized prediction market platform, and led their initial coin offering, the first ever on Ethereum and first "utility token" and "DeFi" application. In 2016, he founded SAAVHA, a corporate cybersecurity company, while working as an entrepreneur-in-residence at Blockchain Capital, where he sourced over a half dozen investments for their Fund II and helped structure the firm's landmark security token initial coin offering (ticker: BCAP). Mr. Gardner has served as the founding editor-in-chief of Distributed magazine since August 2016. He advises startups in the industry and is often cited in the press surrounding blockchain technology.

### **Audit Committee Oversight**

At no time since the commencement of NFT Tech's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

### **Pre-Approval Policies and Procedures**

The Audit Committee Charter provides that the Audit Committee shall pre-approve all non-audit services to be provided by the external auditors of NFT Tech.

### **External Auditor Service Fees**

The following table sets out the fees for all services rendered by Kingston Ross Pasnak LLP, the Company's external auditor for the financial year ended December 31, 2022, and by Saturna Group Chartered Professional Accountants LLP, the Company's former external auditor for the financial year ended December 31, 2021:

Year Ending	Audit Fees <sup>(1)</sup>	Audit Related Fees	Tax Fees <sup>(2)</sup>	Other Fees	Total <sup>(3)</sup>
December 31, 2022					
December 31, 2021	30,975	Nil	Nil	Nil	<b>30,975</b>

Notes:

- (1) Audit fees were for professional services rendered by the auditors for the audit of the Company's financial statements and their involvement in statutory and regulatory filings.
- (2) Tax fees were for tax compliance.
- (3) Total fees represent professional services rendered and do not include any out-of-pocket disbursements or fees associated with filings made on NFT Technologies' behalf. These additional costs are not material as compared to the total professional services fees for each year.

## **ADDITIONAL CORPORATE GOVERNANCE INFORMATION**

Corporate governance refers to the policies and structure of the board of directors of a corporation, whose members are elected by and are accountable to the shareholders of the Company. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and adoption of policies to ensure the board of directors recognizes the principles of good management. The Board is committed to sound corporate governance practices, as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

The Board believes that good corporate governance improves corporate performance and benefits all shareholders and, accordingly, we have adopted, or will be adopting in connection with the Listing. The Canadian Securities Administrators (the "CSA") have adopted National Policy 58-201 – *Corporate Governance Guidelines*, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. The Corporate Governance Guidelines are recommended as "best practices" for issuers to follow. In addition, the CSA have implemented National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**"), which prescribes certain disclosure by the Company of its corporate governance practices. This section sets out the Company's approach to corporate governance and addresses the Company's compliance with NI 58-101.

### ***Board Composition and Election of Directors***

The Board currently consists of four directors: Wayne Lloyd (Executive Chairman of the Board), Curt Marvis, Jeremy Gardner and Kelly Allin. The Board has adopted a board mandate on January 24, 2022 (the "**Board Mandate**"). The Board Mandate requires that the Board meet as required, but at least once a quarter. Depending on the level of activity, the Board will meet on an *ad hoc* basis where necessary to provide input and guidance to management. In general, management consults with the Board frequently and the Board is well informed regarding the Company's affairs. The Board Mandate requires that the Board be comprised of a majority of "independent" directors, Curt Marvis, Jeremy Gardner and Kelly Allin are independent directors as defined in NI 58-101 and National Instrument 52-110 Audit Committees ("**NI 52-110**"). Wayne Lloyd (Executive Chairman of the Board) is deemed not to be an independent director of the Company by virtue of his position in the Company.

The Company's articles provide that the Board shall consist of not less than three, if a public company, and not more than 20 directors. The size of the Board is currently set at four directors and may be changed by resolution of the Board.

The directors are appointed at the annual general meeting of shareholders and the term of office for each of the directors will expire at the time of our next annual shareholders meeting. The Company's articles provide that, between annual general meetings of our shareholders, the directors may appoint one or more additional directors, but the number of additional directors may not at any time exceed one-third of the number of directors who held office at the expiration of the last meeting of our shareholders.

The Board is comprised of 75% independent directors. To enhance the ability of the Board to exercise independent judgment, it is anticipated that the independent members of the Board holds in-camera meetings with members of management and the non-independent directors not in attendance, as part of regularly scheduled Board meetings. Open and candid discussion among the independent directors is facilitated by the relatively small size of the Board and great weight will be attributed to the views and opinions of the independent directors.

The Board has not adopted director term limits or other automatic mechanisms of board renewal. Rather than adopting formal term limits, mandatory age-related retirement policies and other mechanisms of board renewal, the Board will develop a skills and competencies matrix for the Board as a whole and for individual directors. The independent directors of the Board will also conduct a process for the assessment of the Board, the Audit Committee and each director regarding his, her or its effectiveness and contribution, and will report evaluation results to our board of directors on a regular basis.

### ***The Board Mandate***

The Board Mandate requires that the independent directors meet at the conclusion of each meeting of the Board without non-independent directors and management. The Board Mandate requires that the Board maintain a supervisory role over management, and requires that the Board will shall have specific duties and responsibilities relating to:

- (a) Strategic Planning;
- (b) Risk Management (including monitoring of our financial performance, financial reporting, financial risk management);
- (c) Human Resource Matters;
- (d) Nomination Matters;
- (e) Corporate Governance Matters; and
- (f) Communications.

Composition of the Board is such that a majority of the independent directors have significant experience in corporate affairs. As a result, these Board members are able to provide significant and valuable independent supervision over management.

### ***Directorships***

Some of the directors of the Company serve or have served on the boards of directors of other reporting issuers (or the equivalent) in Canada or foreign jurisdictions. The following table lists the directors of the Company who serve or have served on boards of directors of other reporting issuers (or the equivalent) and the identities of such reporting issuers (or the equivalent).

Name of Director	Reporting Issuer	Exchange	Position
Wayne Lloyd	ShiftCarbon Inc.	CSE	Chief Executive Officer and director (2018 to present)
Jeremy Gardner	ShiftCarbon Inc.	CSE	Director (2018 to present)
Curt Marvis	QYOU Media Inc.	TSXV, OTCQB	Chief Executive Officer and director (2017 to present)
	The Tinley Beverage Company	CSE	Director

The Board has determined that these directorships do not adversely impact the effectiveness of these directors on the Board or create any potential for unmanageable conflicts of interest.

### ***Orientation and Continuing Education***

The Company relies on the advice of its professional advisors to update the knowledge of the directors in respect of changes in relevant policies and regulations. A number of directors are also directors and/or officers of other publicly traded companies and are benefiting from exposure to boards of directors of such companies. New directors are generally selected on the basis of their breadth of experience with respect to our industry, having regard to the requirements for appropriate skill sets required by the Company.

New members of the Board are provided with: (i) information respecting the functioning of the Board and its committees and a copy of the Company's corporate governance documents; (ii) access to all documents of the Company, including those that are confidential; and (iii) access to management.

As an ongoing process, the Board is to consider executive and management development (including training and monitoring of senior executives and management). Board members are encouraged to: (i) communicate with management and auditors; (ii) keep themselves current with industry trends and developments and changes in legislation with management's assistance; and (iii) attend related industry seminars. Directors have free and full access to company records at all times.

### ***Position Descriptions***

The Board has not developed a separate written position description for the chair, lead director and the chair of each board committee. The Audit Committee is comprised entirely of independent directors and decisions relating to compensation, nomination and corporate governance are decided on by only the independent directors of the board, which helps ensure that the views of the independent directors are effectively presented. The role of the chair of the board and the chair of each committee is to preside over all meetings of the Board, lead the Board or committee in regularly reviewing and assessing the adequacy of its mandate and its effectiveness in fulfilling its mandate, and in the case of the chairs of each committee, report to the board of directors with respect to the activities of the committee.

The Board and the Chief Executive Officer have not developed a written position description for the Chief Executive Officer. However, the Chief Executive Officer's principal duties and responsibilities are for planning our strategic direction, providing leadership to the Company, acting as our spokesperson, reporting to shareholders, and overseeing our executive management.

### ***Assessments***

The Board is required to establish appropriate practices for the regular evaluation of the effectiveness of the Board, its committees and its members. Such assessment considers, in the case of the Board or a committee thereof, its mandate or charter; and, in the case of an individual director, the applicable position description(s), if any, as well as the competencies and skills each individual director is expected to bring to the Board. The Board considers any changes that would enhance the performance of the Board based on a variety of assessment criteria.

### ***Diversity***

We have not adopted a formal policy with respect to the identification and nomination of women and of other diverse attributes on our board of directors. Establishing and implementing a policy regarding diversity and female representation on the Board will be an element that we will take into consideration going forward. There are currently no women on the Board. However, we are committed to increasing the level of female representation on the Board as board turnover occurs from time to time, taking into account the skills, background, experience and knowledge desired at a particular time by our board of directors and its committees. Accordingly, consideration of the number of women who are directors, along with consideration of whether other diverse attributes are sufficiently represented on the Board, will be an important component of the selection process for new directors going forward.

The Board is responsible to take diversity into consideration as part of the overall director selection and nomination processes and to make the identification of female candidates a search criterion. Gender diversity on the Board will be achieved by continuously monitoring the level of female representation and, where appropriate, recruiting qualified female candidates to fill positions, as the need arises, through vacancies, growth or otherwise.

The Board has not adopted a target regarding the number of women on the board as it has determined that a target would not be the most effective way of ensuring greater diversity. The Board will however consider the appropriateness of adopting such a target in the future.

In appointing individuals to executive officer positions, we weigh a number of factors, including skills, experience and personal attributes required for the position along with the level of female representation within the Company's senior management team. Currently none of our executive officers, representing 0% of the Company's executive officers, is a woman. The Company is, however, committed to increasing the gender diversity of the Company's executive officers going forward. The Company has not adopted a target for the number of women in executive officer positions, as it have determined that a target would not be the most effective way of ensuring greater diversity. The Company will however consider the appropriateness of adopting such a target in the future.

### ***Trading Restrictions***

All of the Company's executives, other employees and directors are subject to the Company's insider trading policy, which prohibits trading in Common Shares while in possession of material undisclosed information about the Company. Under this policy, such individuals are also prohibited from entering into hedging transactions involving our securities, such as short sales, puts and calls. Furthermore, the Company permits executives to trade in Common Shares only during prescribed trading windows.

### ***Code of Ethics***

NFT Tech has adopted a Code of Ethics (the "**Code**") that applies to all of its employees, officers and directors. This includes the Company's CEO, CFO and principal accounting officer or controller, or persons performing similar functions. The full text of NFT Tech's Code of Ethics is posted on its website at [www.nfttechnologies.com](http://www.nfttechnologies.com).

The Code of Ethics sets out our fundamental values and standards of behavior that are expected from our directors, officers and employees with respect to all aspects of our business. Its objective is to provide guidelines for maintaining our integrity, reputation and honesty with a goal of honoring others' trust in us at all times.

### ***Monitoring Compliance with the Code of Business Conduct and Ethics***

Our Audit Committee is responsible for reviewing and evaluating the Code of Conduct periodically and will recommend any necessary or appropriate changes thereto to our board of directors for consideration. The Audit Committee will also assist the Board with the monitoring of compliance with the Code of Conduct by, among other things, obtaining reports from the CEO regarding breaches of the Code, and will be responsible for considering any waivers of the Code of Conduct (other than waivers applicable to our directors or executive officers, which shall be subject to review by our board of directors as a whole).

The Board takes steps to ensure that directors, officers and other employees exercise independent judgment in considering transactions and agreements in respect of which a director, officer or other employee of the Company has a material interest, which include ensuring that directors, officers and other employees are thoroughly familiar with the Code and, in particular, the rules concerning reporting conflicts of interest and obtaining direction from their superior or manager or the Chief Financial Officer regarding any potential conflicts of interest.

The Board encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations; providing guidance to directors, officers and other employees to help them recognize and deal with ethical issues; promoting a culture of open communication, honesty and accountability; and ensuring awareness of disciplinary action for violations of ethical business conduct.



### ***Interests of Officers and Directors***

Our directors and officers may, from time to time, serve on the boards and/or as officers of other companies, which may compete in the same industry as us, giving rise to potential conflicts of interest. To the extent that such other companies may participate in ventures in which we may participate, or our directors may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation.

In the event that such conflicts of interest arise at a meeting of our directors, such conflicts of interest must be declared and the declaring parties may be required to abstain from voting for or against the approval of such participation. In such case, the remaining directors will determine whether we will participate in any such project or opportunity.

Our directors and officers are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosures by directors of conflicts of interest, and we will rely on such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of our directors or officers. Such directors or officers, in accordance with applicable laws and the Code of Conduct, will disclose all such conflicts and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed on them by law.

### ***Complaint Reporting and Whistleblower Policy***

In order to foster a climate of openness and honesty in which any concern or complaint pertaining to a suspected violation of the law, our Code of Ethics or any of our policies or any unethical or questionable act or behavior, the Board has adopted a whistleblower policy that requires that our employees promptly report such violation or suspected violation. In order to ensure that violations or suspected violations can be reported without fear of retaliation, harassment or an adverse employment consequence, our whistleblower policy will contain procedures that are aimed to facilitate confidential, anonymous submissions by our employees.

### ***Majority Voting Policy***

In accordance with the requirements of the NEO, the Board has adopted a "Majority Voting Policy" to the effect that a nominee for election as a director who does not receive a greater number of votes "for" than votes "withheld" with respect to the election of directors by shareholders shall tender his or her resignation to the Board promptly following the meeting of shareholders at which the director was elected. Each director of the Company must be elected by a majority of the votes cast with respect to his or her election, other than at contested meetings.

The Board will consider such offer and make a decision whether to accept it or not. The Board will promptly accept the resignation unless it determines that there are exceptional circumstances that should delay the acceptance of the resignation or justify rejecting it. The Board will make its decision and announce it in a press release within 90 days following the meeting of shareholders. A director who tenders a resignation pursuant to the Majority Voting Policy will not participate in any meeting of the Board at which the resignation is considered.

### ***Committees of the Board of Directors***

The Company does not have and does not intend to have a separate compensation committee or corporate governance and nominating committee.

The function and responsibilities of compensation, nomination and corporate governance will fall to the board of directors of the Company, in accordance with applicable NEO Exchange rules, with the non-independent director abstaining his vote on matters including, among other things:

(a) with respect to nomination and corporate governance:

- i. identifying individuals qualified to become new board members;
- ii. recommending nominees to the board for election by the shareholders, or for appointment to fill any vacancy on the board; and
- iii. in connection with the foregoing, consider: (a) the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess; (b) the diversity of the board composition, including whether targets have been adopted for women, visible minorities, Aboriginal people and people with disabilities on the board or in executive officer positions; (c) the competencies and skills that the board considers each existing director to possess; and (d) the competencies and skills each new nominee will bring to the boardroom; and

(b) with respect to compensation:

- i. reviewing and approving goals and objectives relevant to the Chief Executive Officer's compensation;
- ii. evaluating the Chief Executive Officer's performance with respect to those goals and objectives;
- iii. determining the Chief Executive Officer's compensation (both cash-based and equity-based);
- iv. reviewing and approving incentive compensation plans and equity-based plans and determines whether security holder approval should be obtained; and
- v. making recommendations to the board with respect to compensation of other senior officers and directors.

#### **ADDITIONAL INFORMATION**

Additional information about the Company, including additional financial information and information regarding directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans, if applicable, is contained in our Information Circular for our Annual General Meeting held on November 10, 2022, which is available on SEDAR at [www.sedar.com](http://www.sedar.com). Additional financial information is provided in the Company's audited consolidated financial statements and related management's discussion and analysis for the year ended December 31, 2022, which is available on SEDAR.

Additional information relating to NFT Tech may be found on SEDAR.

## SCHEDULE A

### CHARTER OF THE AUDIT COMMITTEE

#### 1. PURPOSE

This Charter has been adopted by the Board of Directors (the "**Board**") of the NFT Technologies Inc. (the "**Corporation**") to assist the Audit Committee (the "**Committee**") and the Board in exercising their responsibilities, particularly by defining the scope of the Committee's authority in respect of financial and audit related matters delegated to it by the Board. The primary function of the Committee is to assist the Board in fulfilling its oversight responsibilities.

Where used in this Charter, the term "Executive Management" has the meaning ascribed to it in the Corporation's Board Charter.

#### 2. RESPONSIBILITIES AND DUTIES

The Board has delegated to the Committee the responsibility for the following matters:

##### Independent Auditor

a) Selection and Compensation of Independent Auditor: recommending to the Board and shareholders:

- i) Independent Auditor to be retained for the purpose of conducting review engagements on a quarterly basis (in the event the Corporation become public) and an annual audit of the Corporation's financial statements (Independent Auditor);
- ii) The compensation of the Independent Auditor; and
- iii) Communication to the Independent Auditor that it is ultimately accountable to the Board and the Committee as the representative of the shareholders.

b) Oversight of Independent Auditor: overseeing the work of the Independent Auditor, which shall report directly to the Committee, including the resolution of disagreements between Executive Management and the Independent Auditor regarding financial reporting.

c) Pre-approval of Audit Fees: pre-approving or establishing procedures and policies for the pre-approval of the engagement and compensation of the Independent Auditor in respect of the provision of all audit, audit-related, review, or attest engagements required by applicable law.

d) Pre-approval of Non-Audit Fees: establishing policies and procedures for the pre-approval of Non-Audit services performed by the Independent Auditor, provided that they are detailed as to the particular services and designed to safeguard the independence of the Independent Auditor.

e) Audit Scope: reviewing and approving the objectives and general scope of the independent audit (including the overall audit plan, the proposed timing, and completion dates) and discussing the independent audit with the Independent Auditor.

f) Independent Auditor's Quality Control Procedures, Performance and Independence: evaluating the quality control procedures, performance (annual and comprehensive reviews) and independence of the Independent Auditor in carrying out its responsibilities, including by obtaining and reviewing, at least annually, a report by the Independent Auditor describing:

- i) The firm's internal quality control procedures;

- ii) Any material issues raised by the most recent internal quality control review of the firm, or by any inquiry or investigation by governmental or professional authorities (e.g., Canadian Public Accountability Board [Canada] and/or Public Company Accounting Oversight Board [US]), and all relationships between the Independent Auditor and the Corporation.
- g) Staffing of the Audit Team: reviewing the experience and qualifications of the Independent Auditor's audit team assigned to the audit of the Corporation each year and determining that all partner rotation requirements, as promulgated by applicable rules and regulations, are executed. The Audit Committee should present its conclusions to the Board.
- h) Required Disclosures: reviewing and discussing with the Independent Auditor all disclosures required by applicable accounting or other regulators to be reviewed with respect to the conduct of the audit and quarterly review of the interim financial results.
- i) Relationships between the Independent Auditor and Management: satisfying itself generally that there is a good working relationship between Executive Management and the Independent Auditor, and reviewing any material correspondence between the Independent Auditor and Executive Management, including but not limited to:
- i) Any management representation letters;
  - ii) The Independent Auditor's management letters and management's responses thereto;
  - iii) The Independent Auditor's schedule of unadjusted differences;
  - iv) Any material correspondence of the Independent Auditor;
  - v) As well as discussing any material differences of opinion between management and the Independent Auditor.
- j) Hiring the Independent Auditor: reviewing the hiring of the partners, employees and former partners and employees of the present and any former Independent Auditor who were engaged on the Corporation's account within the last three years prior to such hiring.

#### Internal Controls

- k) System of Internal Controls: satisfying itself that Executive Management has:
- i) Established and is maintaining an adequate and effective system of internal control over financial reporting and information technology general controls ("ITGCs"); and
  - ii) Is responding on a timely basis to any material weaknesses or significant deficiencies that have been identified, including by meeting with and reviewing reports of the Corporation's Internal Audit Department ("IAD") and the Independent Auditor relating to the Corporation's internal controls and ITGCs.
- l) Reports on Internal Controls: annually reviewing:
- i) Executive Management's report relating to the effectiveness of the Corporation's disclosure controls and procedures, internal control over financial reporting, changes in internal controls over financial reporting and ITGCs; and
  - ii) The Independent Auditor's report on internal controls over financial reporting under standards of the United States Public Company Accounting Oversight Board (if the issuer is a Securities and Exchange Commission (SEC) registrant).

### Internal Audit

m) Internal Audit Department (IAD): overseeing the appointment, termination, and replacement of the Chief Audit Executive of IAD, the scope of the IAD's work plan and budget, as well as the overall performance, staffing and resources of the IAD. The Committee shall also be responsible for coordinating the IAD and Independent Auditor. The Committee shall also review:

- i) Annually, the IAD Charter and recommend changes (if any) to the Charter;
- ii) Periodically, with the Chief Audit Executive, any significant difficulties, disagreements with management, or scope restrictions encountered in the course of the IAD's work.

### Accounting Matters

n) Critical Accounting Policies: reviewing and discussing with the Independent Auditor:

- i) The selection, use, and application of, as well as proposed material changes to, critical accounting policies, principles, practices, and related judgments;
- ii) Alternative accounting treatments for policies and practices relating to material items, including the ramifications of such alternative disclosures or treatments and any recommended treatment;
- iii) Review and approve all related party transactions and the Independent Auditor's evaluation of the Corporation's identification of, accounting for, and disclosure of its relationships with related parties;
- iv) Review and understand strategies, assumptions and estimates that management has made in preparing financial statements, budgets, and investment plans;
- v) To satisfy itself that the critical accounting policies and practices and GAAP treatments adopted are appropriate and consistent with the Corporation's needs and applicable requirements.

o) Critical audit matters (CAMs) / Key audit matters (KAMs): discussing the CAMs/KAMs and related disclosures with the independent auditor.

p) Disagreements: satisfying itself that there is an agreed upon course of action leading to the resolution of significant unsettled issues between Executive Management and the Independent Auditor that do not affect the audited financial statements (e.g., disagreements regarding correction of internal control deficiencies or the application of accounting principles to proposed transactions), if any.

q) Off-Balance Sheet Transactions: reviewing all material off-balance sheet transactions and the related accounting presentation and disclosure.

### Risk Oversight

r) Financial Risk Oversight: assessing with Executive Management the Corporation's material risk exposures relating to financial and financial reporting matters and the Corporation's actions to identify, monitor, and mitigate such exposures.

s) Litigation/Regulatory Actions Oversight: monitoring the status and potential impact of material litigation, regulatory proceedings, and any tax uncertainties.

t) Reviewing, monitoring, reporting and, where appropriate, providing recommendations to the Board on the Corporation's major legal obligations and compliance risks including regulatory, privacy and records management, environmental risks, and environment trends that may impact the Corporation's operations and business.

### Financial Disclosures

u) Disclosure Controls: satisfying itself that procedures are in place for the review of the Corporation's public disclosure of financial information and assessing the adequacy of those procedures annually.

v) Approval of Disclosures: meeting to review and discuss the Corporation's financial statements with Executive Management and the Independent Auditor and recommending to the Board, prior to release, all such financial statements of the Corporation, together with related MD&A, earnings press releases, the use of "pro forma" or non-GAAP financial information and all other public disclosure documents of the Corporation containing financial information of the Corporation. Also, discussing the impact of selecting one of several generally accepted accounting principles (GAAP) and/or non-GAAP measures on the financial statements when such a selection has been made in the current reporting period. Alternatively, the Board may delegate the quarterly approval of the interim financial statements of the Corporation, together with related MD&A, earnings press releases, and all other public disclosure documents of the Corporation containing financial information of the Corporation to the Committee. The annual financial statements and applicable reports must be approved by the Board.

w) The Committee will review, discuss with Management and with others, as it deems appropriate, and approve all related party transactions and the disclosure thereof.

### Financial Integrity and Whistleblowing

x) Financial Integrity: reviewing on behalf of the Board:

- i) Any actual or alleged illegal, improper, or fraudulent behaviour related to the Corporation's financial statements, or its accounting or auditing practices; and
- ii) The findings of any regulatory authorities in relation to the financial affairs of the Corporation.

y) Whistle-Blowing Procedures: overseeing the implementation, operation and effectiveness of the Corporation's mechanisms for:

- i) The receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal controls, and auditing matters; and
- ii) The confidential, anonymous submission of complaints by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

### Ethics and Legal Compliance

z) Compliance Culture and Training: reviewing Executive Management's implementation of systems and controls designed to promote compliance with applicable legal and regulatory requirements. In performing its oversight responsibilities, the Committee shall:

- i) Satisfy itself that Executive Management has established an appropriate tone and culture with respect to:
  - (1) Ethical business conduct by the Corporation's employees, agents, representatives, contractors, and suppliers; and
  - (2) Legal and regulatory compliance.
- ii) Review with Executive Management the design, implementation, and effectiveness of policies or programs that promote compliance with legal and regulatory requirements; and
- iii) Periodically meet with representatives of the Corporation's various functional departments and/or external advisors to discuss the Corporation's compliance with applicable legal and regulatory requirements, the results of internal compliance reviews and material non-compliance

with legal and/or regulatory requirements or internal policies, procedures and programs of the Corporation.

aa) Code of Conduct: monitoring the implementation, operation, and effectiveness of the Corporation's Code of Conduct, periodically reviewing and recommending to the Board changes to such Code, authorizing any waiver of compliance of such Code and overseeing the investigation of any alleged breach thereof. Reporting and Disclosure.

bb) Reporting to the Board: quarterly reporting to the Board with respect to the Committee's review of the Corporation's financial statements, MD&A, financial disclosures, earnings press releases, and related matters, and at least quarterly with respect to the Committee's other activities.

cc) Audit Committee Report: overseeing the preparation of the Audit Committee report for inclusion in the Corporation's management information circular/proxy statement, in the form and at the time required by the laws, rules, and regulations of applicable regulatory authorities.

### **3. SIZE, COMPOSITION, AND INDEPENDENCE**

a) Size: The Committee shall be composed of not less than three (3) nor more than five (5) members. The Board shall annually appoint the members of the Committee and a Chair from amongst those appointed, to hold office until the next annual meeting of the shareholders of the Corporation. The members of the Committee shall serve at the request of the Board and vacancies occurring from time to time shall be filled by the Corporate Governance, Compensation and Nominating Committee. Any member of the Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the Committee once the member is no longer a director of the Corporation.

b) Independence: All of the members of the Committee shall meet the independence standards specified by the applicable laws, which is currently Section 1.4 of National Instrument 52-110 of the Canadian Securities Administrators.

c) Financial Literacy and Expertise: All of the members of the Committee shall be "financially literate" as such term is defined in National Instrument 52-110 of the Canadian Securities Administrators, and at least one member of the Committee shall have such accounting or financial expertise as is required to comply with applicable rules and regulations of the Ontario Securities Commission ("OSC") and any other regulatory authority having jurisdiction.

d) Limit on outside audit committees: No director shall serve as a member of the Committee if that director is a member of the audit committees of more than three other boards of directors of other public companies. If the member of Committee can demonstrate financial expertise then that director shall serve no more than four other board of directors of other public companies.

e) Independent Advisors: The Committee may retain and compensate such outside financial, legal, and other advisors at the expense of the Corporation as it deems reasonably necessary to assist and advise the Committee in carrying out the Committee's duties and responsibilities.

f) Role of Chair: The Chair of the Committee shall generally provide leadership to enhance the effectiveness of the Committee and act as the liaison between the Committee and the Board as well as between the Committee and Executive Management. The Chair shall also manage the Committee's activities and meetings, manage any outside legal or other advisors retained by the Committee, and manage the process of reporting to the Board on the Committee's activities and related recommendations.

g) Secretary of the Committee: Unless otherwise determined or approved by the Committee, the Secretary or an Assistant Secretary of the Corporation shall act as the Secretary of the Committee. In the absence of the Secretary or an Assistant Secretary, the Committee shall select an individual to act as the Secretary of the Committee. The Secretary of the Committee shall keep minutes of the Committee and such minutes shall be retained in the corporate records of the Corporation. Minutes of Committee meetings shall be circulated promptly to all members of the Committee and, once approved, shall be made available to all members of the Board, unless a conflict of interest exists.

#### **4. COMMITTEE MEETING ADMINISTRATION**

a) Meetings: The Committee shall hold at least four scheduled meetings each year, consisting of quarterly meetings held within the timeframes set forth in Section 10 of this Charter. Other meetings shall be scheduled as required. Regular meetings of the Committee shall be called by the Chair of the Committee, and additional meetings may be called by any member of the Committee, the Chair of the Board, Chief Executive Officer, Chief Financial Officer, Chief Legal Officer or the Secretary of the Corporation. At each quarterly meeting, the Committee shall meet separately with the Independent Auditor (in the situation where the Corporation is a public company) and the Chief Audit Executive in the absence of Management, and Management in the absence of the Independent Auditor. At least annually, the Committee shall meet separately with the Corporation's Vice President responsible for legal, ethical matters without members of Management being present.

b) Quarterly Meetings: the Committee shall meet with Executive Management and the Independent Auditor of the Corporation within:

- i) Forty-five (45) days, or such lesser period as may be prescribed by applicable law, following the end of each of the first three financial quarters of the Corporation, but in any event prior to the release of the financial results for each such quarter and their filing with the applicable regulatory authorities, to review and discuss the financial results of the Corporation for the fiscal quarter and the related MD&A as well as the results of the Independent Auditor's review of the financial statements for such quarter and, if satisfied, report thereon to, and recommend their approval by, the Board and their inclusion in the Corporation's required regulatory filings for such quarter; and
- ii) Seventy-five (75) days, or such lesser period as may be prescribed by applicable law, following the financial year-end of the Corporation, but in any event prior to the release of the financial results for the financial year and their filing with the applicable regulatory authorities, to review and discuss the audited financial statements of the Corporation for the preceding fiscal year and the related MD&A, as well as the results of the Independent Auditor's audit of the financial statements for the year and, if satisfied, report thereon to, and recommend their approval by, the Board and the Corporation's shareholders as required by applicable law and their inclusion in the Corporation's Annual Report and other required regulatory filings.

In reviewing the quarterly and annual financial results, the Committee shall ensure that there are adequate procedures for the review of such financial results, including a timely review by the Independent Auditor.

c) Minimum Attendance: Each member of the Committee is expected to use all reasonable efforts to attend a minimum of 75% of all regularly scheduled Committee meetings, except to the extent that any absence is due to medical or other valid reasons.



d) Notice of Meeting: Unless otherwise determined or approved by the Committee, the Secretary of the Committee shall provide notice of each meeting of the Committee to the following persons, all of whom shall be entitled to attend each Committee meeting:

- i) the Committee Chair and each member of the Committee;
- ii) the Chief Executive Officer, the Chief Financial Officer, the Chief Legal Officer of the Corporation, the Senior Vice-President, Finance, and the Controller;
- iii) the Independent Auditor;
- iv) the Chief Audit Executive;
- v) the Chief Compliance Officer; and
- vi) any other person whose attendance is deemed necessary or advisable by the Chair of the Committee.

e) Committee Access to Employees and Others: For the purpose of performing their duties and responsibilities, the members of the Committee shall have full access to and the right to discuss any matters relating to such duties with any or all of:

- i) any employee of the Corporation;
- ii) the Independent Auditor; and/or
- iii) any advisors to the Corporation (including advisors retained by the Committee), as well as the right to inspect all applicable books, records, and facilities of the Corporation and its subsidiaries and shall be permitted to discuss such books, records and facilities and any other matters within the Committee's mandate with any of the foregoing.

f) Meeting Agendas: The Committee Chair shall establish a preliminary agenda for each Committee meeting with the assistance of the Secretary of the Corporation. Any director or other person entitled to call a meeting may request items to be included on the agenda for any meeting.

g) Meeting Materials: To the reasonably practicable extent, meeting materials shall be distributed sufficiently in advance of Committee meetings to permit members to properly review and consider such materials.

h) Quorum: A majority of the members of the Committee shall constitute a quorum and all actions of the Committee shall be taken by a majority of the members present at the meeting. If the Committee only has two members as a result of a vacancy on the Committee, both members shall constitute a quorum. The definition of quorum is usually disclosed in the by-laws of the Corporation.

## **5. DELEGATION OF RESPONSIBILITY**

a) Right of Delegation: Subject to applicable law, the Committee may, from time to time, delegate one or more of its duties and responsibilities under this Charter to the Chair of the Committee, any other member of the Committee or any sub-committee of the Committee.

## **6. REVIEW AND REVISION OF CHARTER**

a) Annual review: The Committee shall annually review this Charter and recommend to the Board such changes as it deems advisable.

## **7. OTHER MATTERS**

- a) Training of Committee Members: The Committee shall be provided with appropriate and timely training, both in the form of an induction program for new members and on an ongoing basis for all other members. The induction program for new members should cover this Charter and provide an overview of the Organization's internal controls and risk management systems. This induction should also include meeting the Independent Auditor and relevant employees of the Corporation.
- b) Performance of the Committee: The Committee shall review its own performance on a biennial basis to ensure that it is operating at maximum effectiveness and also recommend any changes it considers necessary to the Board for approval.
- c) Accountability: The minutes of all meetings of the Audit Committee will be made available for review by any member of the Board on request to the Chair of the Audit Committee.