



## FORM 7

### MONTHLY PROGRESS REPORT

Name of Listed Issuer: Tevano Systems Holdings Inc. (the "Issuer").

Trading Symbol: TEVO

Number of Outstanding Listed Securities: 91,794,224

Date: January 11, 2022

#### Definitions

- (a) The term "**Issuer**" includes the Issuer and any of its subsidiaries.
- (b) Terms used and not defined in this form are defined or interpreted in CSE Policy 1 – Interpretation and General Provisions.

#### Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. The roll-out of vaccines in

Canada and elsewhere has reduced the sense of urgency for individual screening technologies such as the Tevano Health Shield™. We expect to see more interest in our product as people return to the workplace and management realize vaccines alone won't stop the virus without measures such as screening and other health guidelines. We consider the Tevano Health Shield™ as the first line of defence in limiting the Covid-19 and similar viruses spreading in the workplace and protecting businesses from full closure.

In December 2021, the Issuer closed its acquisition of Illuria Security Inc. ("Illuria"), a privately held Nevada corporation that is pre-revenue whose software technology involves active cyber deception to protect critical network systems of enterprise systems of all sizes. See item 7 below for more details.

In December 2021, the Issuer entered into a Software Development

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Agreement with Caza LLC, a privately held company (the “**Developer**”) for the back-end design, development, testing and assistance with its go-to-market strategy for certain new products and services the Issuer is developing for cybersecurity and information technology applications. See item 5 below for more details.

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In December 2021, the Issuer closed a private placement of 4,650,000 units (each a “**Unit**”) at \$0.10 per unit raising an aggregate total of \$465,000. Each Unit consists of one common share of the Issuer (each a “**Common Share**”) and one share purchase warrant (“**Warrant**”). See item 14 below for more details.

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2. Provide a general overview and discussion of the activities of management.

Over the course of the month of December 2021, management of the Issuer engaged in the core activities of the business including sales prospecting and product demos to prospective clients.

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In addition, the Issuer completed its acquisition of Illuria, entered into a software development agreement with Caza LLC, and closed a non-brokered private placement raising \$465,000.

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3. Describe and provide details of any new products or services developed or offered.

None.

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4. Describe and provide details of any products or services that were discontinued.

The Issuer did not discontinue any products or services in December 2021.

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5. Describe any new business relationships entered into between the Issuer, the Issuer’s affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

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In December 2021, the Issuer entered into a Software Development Agreement with Caza LLC (“**SF Agreement**”). The Agreement includes standard terms and conditions for the software design, development, testing and commercialization of the Issuer’s first cybersecurity software product including specifications and acceptance criteria and payment terms based on executed deliverables and timeframes. An upfront fee of US\$200,000 has been made to the Developer. In addition, the Issuer has agreed to pay the Developer US\$250,000.00 on February 1, 2022; (2) US\$200,000.00 on May 1, 2022; (3) US \$200,000.00 on August 1, 2022; and (4) US\$50,000 on December 6, 2022, assuming the Developer hits certain development targets. The Issuer has agreed to issue up to 25,000,000 common shares in the Issuer to the Developer on the achievement of certain net sales milestones of the software products and services developed with the Developer under the Agreement (calendar year net sale equal or exceed \$5,000,000 and again when net sales exceed \$15,000,000) and market capitalization of \$500,000,000 or the Issuer is bought out. The term of the Agreement ends on the earliest of the following date: all services engaged for under the Agreement or statement of work have been completed, (ii) the date on which the software has been developed and delivered, and accepted in writing by the Issuer, or (iii) the date on which this Agreement is otherwise terminated as set out in the Agreement.

In connection with the Transaction, the Issuer has agreed to issue up to 2,500,000 Common Shares of the Issuer to two finders, who introduced the Issuer to the Developer, at a deemed price of \$0.105 per Common Share (the “Finders’ Shares”) as finder’s fees if the Milestone Targets are met. Any such Finders’ Shares issued in the future will be subject to a contractual hold period expiring on four months and a day from issuance.

In December 2021, the Issuer entered into a license agreement with Illuria after closing the acquisition of Illuria. The license provides the Issuer with an

exclusive worldwide license to all Illuria's technology and knowhow involving cybersecurity and information technology applications (the "**Illuria Technology**") to allow the Issuer to advance and develop the Illuria Technology directly.

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

None.

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

In December 2021, the Issuer acquired Illuria Security, Inc. ("**Illuria**"). Illuria is a network security solution provider. Illuria has developed a cyber deception technology platform that contextualizes security, threat detection, threat intelligence, and threat response. The platform includes network attack detection, real-time forensics, and incident response among other features.

The transaction was structured as a three-cornered agreement and plan of merger by and between the Issuer, Illuria and TSH (Delaware) Corp.

("Subco"), a wholly owned subsidiary of the Issuer (the "**Transaction**").

On the close, Illuria and Subco merged with the resulting issuer becoming a wholly-owned subsidiary of the Issuer.

Under the terms of the agreement, the Issuer issued former holders of

Illuria securities 10 million common shares of the Issuer at a deemed

price of \$0.105 per share in exchange for all of the issued and outstanding

securities of Illuria (the "**Transaction Shares**").

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9,198,000 Transaction Shares are subject to a voluntary 36-month pooling agreement, whereby 10% will be released on the closing date and 15% released every six months thereafter. The release period may be accelerated if the Issuer becomes an established issuer, or the weighted average of the Common Shares of the company trade at or over \$2.00 per share for ten consecutive trading days, or unanimous agreement by the Issuer and the holders of the Transaction Shares, or via the sole discretion of the CFO of the Issuer and one independent director of the Issuer.

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In connection with the Transaction, the Issuer issued 1,000,000 common shares of the Issuer to two finders at a deemed price of \$0.105 per share (the “**Finders’ Shares**”) as finder’s fees and such Finders’ Shares are subject to a contractual hold period expiring on April 17, 2022.

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In December 2021, no dispositions of the Issuer’s assets occurred.

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8. Describe the acquisition of new customers or loss of customers.

The Issuer did not acquire or lose any customers in December 2021.

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9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trademarks.

There were no new developments to the Issuer’s intangible products in December 2021, other than continued improvements to its software and the acquisition of Illuria.

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10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

The Issuer did not hire, terminate, or lay-off any employees in December 2021.

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11. Report on any labour disputes and resolutions of those disputes if applicable.

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The Issuer was not involved in any labour disputes in December 2021.

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

The Issuer did not become a party of a legal proceeding in December 2021.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

The issuer did not incur or repay any indebtedness in December 2021.

14. Provide details of any securities issued and options or warrants granted.

Security	Number Issued	Details of Issuance	Use of Proceeds
Common Shares	10,000,000	Transaction Shares Issued to former shareholders of Illuria at a deemed price of \$0.105 per share in exchange for all of the issued and outstanding securities of Illuria.	Not Applicable
Common Shares	1,000,000	Finders' Fee in connection with Transaction, to two arm's length parties at a deemed price of \$0.105 per share.	Not Applicable
Units <sup>(1)</sup>	4,650,000	Private placement of Units for cash consideration of \$0.10 per Unit to 11 accredited investors.	Advance the Issuer's existing business, the development and commercialization of the Issuer's first cybersecurity application and general working capital.
Units <sup>(1)</sup>	145,000	Finders' Fee to two arm's length parties at a deemed price of \$0.10 per Unit for identifying potential private placement investors.	Not Applicable

**Notes:** (1) Each Unit consists of one common share of the Issuer (each a "Common Share") and one share purchase warrant ("Warrant"), with each Warrant exercisable to purchase one additional Common Share (each a "Warrant Share") for eighteen months from the date of issuance at an exercise price of \$0.20 CAD for a period of twelve months from the issuance date of such Warrant, and at an exercise price of \$0.25 CAD per month during the remaining six months. The Warrants are subject to an acceleration clause such that, if the common shares of the Issuer trading on the Canadian Securities Exchange is greater than \$0.30 CAD for 10 consecutive trading days after four

months and one day from the closing date, the Issuer may accelerate the Warrant expiry date to the date which is 30 calendar days following the date a press release is issued by the Issuer announcing the acceleration terms.

15. Provide details of any loans to or by Related Persons.

In December 2021, there were no loans to or by Related Persons to the Issuer.

16. Provide details of any changes in directors, officers or committee members.

In December 2021, there were no changes in directors, officers or committee members.

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

The COVID-19 pandemic continues to challenge governments and businesses worldwide. As of January 11, 2021, the Canadian government reported 90% of Canadians 12 and up have received one Covid-19 vaccine dose and 88% have received two vaccine doses. Lockdown restrictions were starting to ease as governments try to balance the risks of Covid-19 and the desire to move to a less restrictive "new normal". In late November, government bodies started reintroducing lockdown restrictions as they gather more information about the new Covid-19 - Omicron variant.

The Omicron variant is replacing the Delta variant (which accounted for 98.8% of the Covid-19 cases in November in Canada) as the variant of concern globally because of its high transmissibility and unknown disease severity. As of January 11, 2021, Canada has reported approximately 777,609 cases of the Omicron variant. The first case of Omicron was reported in Canada on November 29, 2021. Breakthrough cases among individuals who have had both vaccine doses are also becoming more common. Several [studies](#) have now confirmed the efficacy of all the Covid-19 vaccines wane over time.

Booster shots are now being recommended. The World Health Organization also continues to urge people — even those who have been vaccinated — to keep wearing masks.

The World Economic Forum estimates that the COVID-19 pandemic could cost between \$8.1 and \$15.8 trillion globally and reducing the

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transmission of new diseases from tropical forests would cost between \$22.2 and \$30.7 billion each year.

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[\(https://www.weforum.org/agenda/2020/08/pandemic-fight-costs-500x-more-than-preventing-one-future/\)](https://www.weforum.org/agenda/2020/08/pandemic-fight-costs-500x-more-than-preventing-one-future/)

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As a result, we believe prevention and containment of new novel diseases will be a high priority for businesses and government even after COVID-19 has been contained.

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## Certificate of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated January 11, 2022.

Eugene Hodgson  
Name of Director or Senior Officer

"Eugene Hodgson"  
Signature

Chief Financial Officer  
Official Capacity

<b><i>Issuer Details</i></b> Name of Issuer Tevano Systems Holdings Inc.	For Month End December	Date of Report YY/MM/DD 22/01/11
Issuer Address 1303 – 1030 West Georgia Street		
City/Province/Postal Code Vancouver, BC V6E 2Y3	Issuer Fax No. ( )	Issuer Telephone No. ( 604 ) 805-6600
Contact Name Eugene Hodgson	Contact Position C.F.O.	Contact Telephone No. 604-805-6600
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