

**FORM 51-102F3 MATERIAL
CHANGE REPORT**

Item 1. Name and Address of Reporting Issuer:

Cypherpunk Holdings Inc. (the “**Company**”)
130 King Street West, Suite 3680
Toronto, ON M5C 1P1

Item 2. Date of Material Change:

August 27, 2020

Item 3. News Release:

The Company disseminated a news release on August 28, 2020 through the facilities of Newsfile Corp.

Item 4. Summary of Material Changes:

The Company announced that it has concurrently closed its previously announced non-brokered private placement offering through the issuance of 10,100,000 units (the “**Units**”) at a price of \$0.05 per Unit, for gross proceeds of \$505,000.

Item 5. Full Description of Material Change:

The Company completed a non-brokered private placement offering (the “**Offering**”) through the issuance of 10,100,000 Units for gross proceeds of \$505,000. Each Unit is comprised of one common share (each a, “**Common Share**”) in the capital of the Company and one half of one whole Common Share purchase warrant (each whole warrant, a “**Warrant**”). Each Warrant entitles the holder to purchase one additional Common Share at an exercise price of C\$0.10 until August 27, 2022. All securities issued in connection with the Offering will be subject to a hold period of four months plus a day from the date of issuance and the resale rules of applicable security legislation. This Offering is subject to final approval of the Canadian Securities Exchange.

In connection with the Offering, certain finders’ of the Company received a cash commission in the amount of \$1,225.

The following supplementary information is provided in accordance with Section 5.2 of Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“**MI 61-101**”).

(a) a description of the transaction and its material terms:

See the above description in this Item 5.

(b) the purpose and business reasons for the transaction:

The Company plans to use the net proceeds from the Offerings to invest in additional opportunities in the cryptocurrency, blockchain and privacy sector. The additional capital will enable the Issuer to

execute on its unique position as a vehicle set-up to invest in companies, technologies and protocols, which enhance or protect privacy. Its strategy is to make targeted investments in business and assets with strong privacy, often within the blockchain ecosystem, including select cryptocurrencies

(c) the anticipated effect of the transaction on the issuer's business and affairs:

The completion of the Offerings will provide the Company with funds to be used for general corporate purposes and for additional investment opportunities in the cryptocurrency blockchain and privacy sector.

(d) a description of:

(i) the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:

The Offering is considered a related party transaction within the meaning of 61-101 as certain directors and officers of the Company subscribed for 6,700,000 Units pursuant to the Offering. Such related party transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of securities being issued to the related parties nor the consideration being paid by the related parties exceeded 25% of the Company's market capitalization. The participants in the Offering and the extent of such participation were not finalized until shortly prior to the completion of the Offering. Accordingly, it was not possible to publicly disclose details of the nature and extent of related party participation in the Offering pursuant to a material change report filed at least 21 days prior to the completion of the Offering.

In connection with the Offering, the following securities were issued to the Insiders of the Company.

| Name | Position | Number of Units | Aggregate Price |
|----------------------|----------------------|------------------------|------------------------|
| Antanas (Tony) Guoga | Officer | 6,000,000 | \$300,000 |
| Blaise Yerly | Director | 300,000 | \$15,000 |
| Jon Matonis | Director | 200,000 | \$10,000 |
| Mohammed Adham | Director and Officer | 200,000 | \$10,000 |
| | TOTAL | 6,700,000 | \$335,000.00 |

(ii) the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:

Prior to the completion of the Offering, Mr. Guoga held, directly or indirectly 7,826,000 Common Shares. Upon closing of the Offering, Mr. Thomas holds an aggregate of 13,826,000 Common Shares, representing approximately 13.78% of the issued and outstanding Common Shares on an undiluted basis, and 3,000,000 Warrants. In the event that Mr. Guoga exercises his Warrants, he would hold an aggregate of 16,826,000 Common Shares, or approximately 16.29% of the issued and outstanding Common Shares of the Company, on a partially diluted basis.

Prior to the completion of the Offering, Mr. Yerly held, directly or indirectly 7,750,000

Common Shares and 1,000,000 stock options. Upon closing of the Offering, Mr. Yerly holds an aggregate of 8,050,000 Common Shares, representing approximately 8.02% of the issued and outstanding Common Shares on an undiluted basis, 150,000 Warrants and 1,000,000 stock options. In the event that Mr. Yerly exercises his Warrants and stock options, he would hold an aggregate of 9,200,000 Common Shares, or approximately 9.07% of the issued and outstanding Common Shares of the Company, on a partially diluted basis.

Prior to the completion of the Offering, Mr. Matonis held, directly or indirectly and 900,000 stock options. Upon closing of the Offering, Mr. Matonis holds an aggregate of 200,000 Common Shares, representing approximately 0.19% of the issued and outstanding Common Shares on an undiluted basis, 100,000 Warrants and 900,000 stock options. In the event that Mr. Matonis exercises his Warrants and stock options, he would hold an aggregate of 1,200,000 Common Shares, or approximately 1.18% of the issued and outstanding Common Shares of the Company, on a partially diluted basis.

Prior to the completion of the Offering, Mr. Adham held, directly or indirectly 705,000 Common Shares and 900,000 stock options. Upon closing of the Offering, Mr. Adham holds an aggregate of 905,000 Common Shares, representing approximately 0.9% of the issued and outstanding Common Shares on an undiluted basis, 100,000 Warrants and 900,000 stock options. In the event that Mr. Adham exercises his Warrants and stock options, he would hold an aggregate of 1,905,000 Common Shares, or approximately 1.88% of the issued and outstanding Common Shares of the Company, on a partially diluted basis.

- (e) **unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:**

The Offering was approved by the Company's board of directors.

- (f) **A summary in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:**

Not applicable.

- (g) **disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction:**

- (i) **that has been made in the 24 months before the date of the material change report:**

Not applicable.

- (ii) **the existence of which is known, after reasonable enquiry, to the issuer or to any director or officer of the issuer:**

Not applicable.

- (h) **the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction:**

The Company has entered into a subscription agreement with respect to the Units to be issued to the related parties pursuant to the Offering, which includes the terms for such subscription described above.

- (i) **disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101 respectively, and the facts supporting reliance on the exemptions:**

Pursuant to Section 5.5(a) and 5.7(1)(a) of MI 61-101, the Company is exempt from obtaining a formal valuation and minority shareholder approval as the fair market value of the Related Party's participation in the Private Placement is below 25% of the Company's market capitalization, as determined in accordance with MI 61-101. The Offerings were approved by the board of directors of the Company.

Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102:

Not applicable.

Item 7. Omitted Information:

Not applicable.

Item 8. Executive Officer

For further information, contact Lana Thompson, Operations Coordinator of the Company by telephone at (416) 599-8547.

Item 9. Date of Report:

September 8, 2020.

Forward-looking Information

This material change report contains "forward-looking information" within the meaning of applicable securities laws. Generally, any statements that are not historical facts may contain forward-looking information, and forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or indicates that certain actions, events or results "may", "could", "would", "might" or "will be" taken, "occur" or "be achieved". Forward-looking information includes, but is not limited to the Company's intention to complete the private placement offering and its goal of making investments in the blockchain and other sectors and enhancing value. There is no assurance that the Company's plans or objectives will be implemented as set out herein, or at all. Forward-looking information is based on certain factors and assumptions the Company believes to be reasonable at the time such statements are made and is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or

achievements of the Company to be materially different from those expressed or implied by such forward-looking information. There can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by law. Investors are cautioned against attributing undue certainty to forward-looking statements.