



Ubika Blockchain & Cryptocurrency Report

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New Kids on The Block-chain!

We are creating a new sector report called the Ubika Blockchain & Cryptocurrency Report. This edition outlines the latest industry news, cryptocurrency prices along with company-specific developments over the past couple of months.

Industry Highlights

- **NextBlock Global aborts plans for an IPO after misleading statements found in its marketing materials.** The blockchain-focused venture capital firm planned to raise over \$50M in an IPO. Following the allegations, NextBlock announced it would abandon the proposed public transaction as underwriters CIBC and Canaccord pulled out of the deal.
- **The Chicago Mercantile Exchange announced plans to allow futures trading for Bitcoins.** Cryptocurrencies took a significant step towards becoming a mainstream investment class, as the world's largest options and futures exchange said it would begin trading Bitcoins in Q4/2017. According to the Wall Street Journal, the CME also plans to impose trading halts and price movement caps on the cryptocurrency to limit its volatility.
- **In October, JP Morgan Chase & Co. announced a partnership with the Royal Bank of Canada and Australia & New Zealand Banking Group for a blockchain-based payment processing network.** The new network expects to speed up the payments process with fewer steps and increased security. JP Morgan also expects other banks to join in the coming months. Blockchain use in the banking industry is one of the many applications of the disruptive technology, as oil companies have also partnered to create a blockchain-powered energy trading platform.

Blockchain & Cryptocurrency Companies:

2017-11-10 Close									
Blockchain Comps						Capitalization			
Ticker	Name	Last	7 Day Δ	30D Δ	Shares Out (Basic)*	Mrkt Cap	EV	Cash*	Debt*
CODE.CD	360 Blockchain Inc	\$0.28	-9.2%	146%	113.7	\$32	\$30.9	\$0.96	\$0.00
NFKH.V	Africa Hydrocarbons Inc	\$0.87	14.8%	27%	8.2	\$7	\$7.2	\$0.04	\$0.08
BTL.V	BTL Group Ltd	\$6.43	16.8%	77%	19.2	\$123	\$120.1	\$3.28	\$0.00
CYX.V	Calyx Bio-Ventures Inc	\$0.13	19.0%	56%	65.9	\$8	\$8.2	\$0.03	\$0.00
DM.V	Datametrex AI Ltd	\$0.15	6.7%	45%	85.2	\$13	\$11.9	\$0.90	\$0.00
FTEC.V	Fintech Select Ltd	\$0.35	91.1%	126%	60.6	\$21	\$20.4	\$1.02	\$0.21
GET.CD	Glance Technologies Inc	\$1.61	36.0%	104%	121.6	\$196	\$194.9	\$0.87	\$0.00
BLOC.V	Global Blockchain Technologies Corp	\$2.86	4.9%	13%	18.3	\$52	\$51.9	\$0.52	\$0.00
XAU.TO	GoldMoney Inc	\$6.51	-5.1%	35%	76.4	\$497	\$454.5	\$43.94	\$1.26
HIVE.V	HIVE Blockchain Technologies Ltd	\$4.07	-12.1%	113%	234.6	\$955	\$954.7	\$0.00	\$0.00
LTV.V	LeoNovus Inc	\$0.50	-15.9%	116%	207.4	\$104	\$103.8	\$0.24	\$0.40
MOGO.TO	Mogo Finance Technology Inc	\$5.88	6.0%	57%	18.3	\$108	\$175.2	\$18.62	\$86.04
NC.CD	Netcents Technology Inc	\$0.95	-15.8%	121%	28.8	\$27	\$27.0	\$0.31	\$0.00
NTQ.V	Novateqni Corp	\$0.20	-4.7%	0%	32.2	\$6	\$6.1	\$0.15	\$0.00
PAY.TO	Posera Ltd	\$0.22	-8.7%	17%	118.4	\$26	\$26.8	\$0.92	\$1.62
VST.CD	Victory Square Technologies Inc	\$1.16	8.0%	144%	55.7	\$65	\$64.5	\$0.09	\$0.00
MEAN			8.3%	74.9%		\$140			
MEDIAN			5.5%	66.8%		\$42			

*Shares, cash and debt are last reported only

Cryptocurrency Update:

Bitcoin rose 50% M/M bringing its total market capitalization to US\$120 billion, as the cryptocurrency crossed the US\$7,000 mark, driven by the expectation of a “hard fork” and the CME’s announcement to begin futures trading for the cryptocurrency. The “hard fork” proposed a change to bitcoin’s code, potentially splitting the currency, which according to developers, was necessary to keep up with the pace of growth. The controversial proposal was suspended due to lack of support, which led to a ~US\$700 drop in the price of bitcoin from its record high of US\$7,848. Despite the recent decline, bitcoin helped bring the market capitalization of all cryptocurrencies past US\$200 billion in November.

Figure 1: Bitcoin YTD Price & Market Cap

Blue: Market Cap Green: USD Price

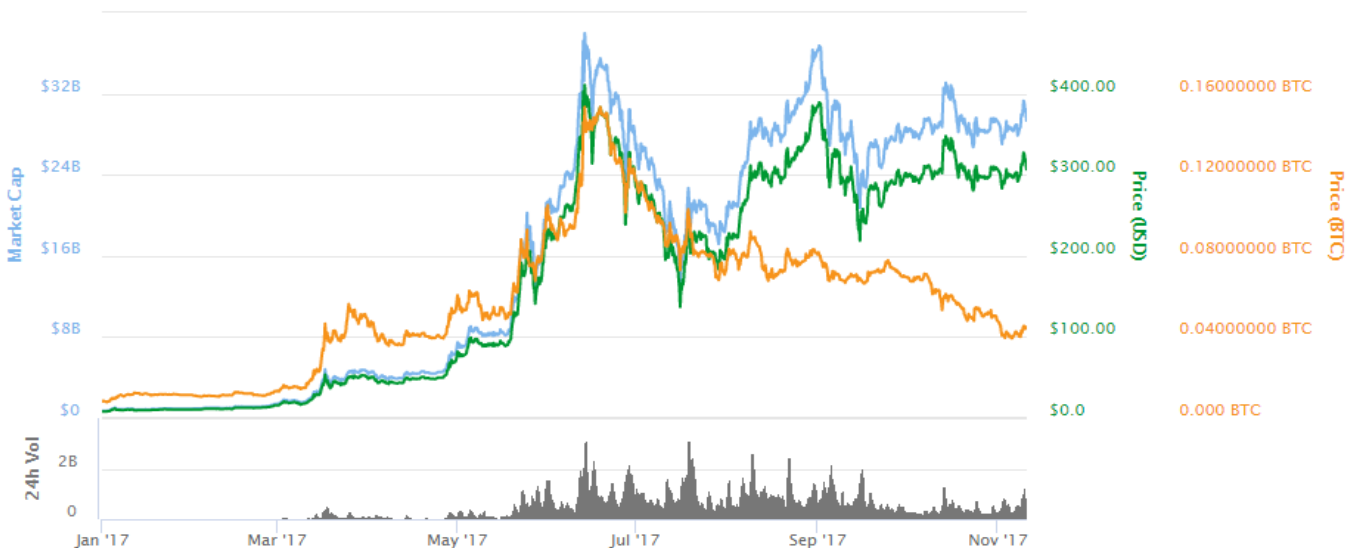


Source: coinmarketcap.com

Although ETH has picked up over the last couple of weeks as the cryptocurrency stands at US\$322, up 5.6% M/M, it has significantly underperformed its counterpart bitcoin, over the same period. Regardless, the cryptocurrency’s spectacular 3,935% YTD gain has brought its market capitalization to \$30 Billion, second only to Bitcoin.

Figure 2: Ethereum (ETH) YTD Price & Market Cap

Blue: Market Cap Green: Price USD Yellow: Price Vs. Bitcoin



Source: coinmarketcap.com

Companies Covered:

- 360 Blockchain Inc. (CSE:CODE): 360 Blockchain looks for early-stage investment opportunities in the blockchain space. The Company focuses on investments with blockchain applications in e-sports, human resources, Internet of Things, and consumer loyalty programs.
- Africa Hydrocarbons Inc. (TSXV:NFK.H): As one of the new entrants in the industry, Africa Hydrocarbons plans to develop a digital currency mining operation. The Company is also in the process of changing its name to BlockchainK2 Corp.
- BTL Group Ltd. (TSXV:BTL): BTL Group offers a variety of blockchain solutions to clients, primarily through Interbit. Interbit is a blockchain development platform that allows users to develop blockchain capabilities for enterprise applications. The Company also has a blockchain based payments platform called Xapcash.
- Calyx Bio-Ventures Inc. (TSXV:CYX): Calyx Bio-Ventures currently offers a software platform designed to improve efficiency and effectiveness of indoor agriculture operations. The Company serves clients in a variety of industries, including licensed producers of medical marijuana. The Company announced plans to integrate blockchain capabilities onto its existing software solutions.
- Datametrex AI Ltd. (TSXV:DM): Datametrex AI provides cloud-based data solutions to big data clients in the retail sector. The Company announced plans to incorporate blockchain technology into its current software, further authenticating and validating the data collected.
- Fintech Select Ltd. (TSXV:FTEC): Fintech Select provides pre-paid card programs and mobile banking solutions to clients, and has recently incorporated blockchain technologies onto its existing platforms. The Company announced a partnership with Selectcoin for the development of a cryptocurrency platform, which enables existing point of sale terminals to act as cryptocurrency exchanges.
- Glance Technologies Inc. (CSE:GET): Glance Technologies provides a mobile payments platform for a variety of industries. The Company recently entered into a partnership with Netcoins Inc, which provides virtual ATM software to retailers, allowing them to become bitcoin tellers. The agreement allows Glance to leverage Netcoin's platform, allowing users to spend bitcoins on the Glance Pay App.
- Global Blockchain Technologies Corp (TSXV:BLOC): Global Blockchain Technologies acts as an investment vehicle for those looking to invest in blockchain technologies. The Company recently announced an agreement to acquire a 49.9% interest in a cryptocurrency miner called Coinstream Mining Corp.
- GoldMoney Inc. (TSX:XAU): GoldMoney Inc offers precious metals custody services along with a precious metals trading platform (called GoldMoney Holding) that allows for easy access to investment in commodities such as gold, silver, platinum and palladium. The Company recently announced that it would integrate cryptocurrencies onto its existing platform.
- HIVE Blockchain Technologies Ltd. (TSXV:HIVE): HIVE Blockchain Technologies acts as a blockchain infrastructure company that operates a cryptocurrency mining facility located in Iceland. The Company's facility in Iceland was completed in May 2017, and has the capability to mine a variety of cryptocurrencies, including Ethereum and Zcash.
- Leonovus Inc. (TSXV:LTV): Leonovus provides data storage and security solutions to a variety of clients. The Company leverages blockchain's immunity to tampering and fraud, offering clients improved security and encryption.
- Mogo Finance Technology Inc. (TSX:MOGO): Mogo operates a mobile financial service app that allows users to monitor credit scores, track spending, and apply for loans and mortgages. The Company recently announced that

it would soon allow users to hold cryptocurrencies as part of the Mogo App. Currently, Mogo has growing user base of 500,000 members.

- NetCents Technology Inc. (CSE:NC): NetCents offers users a secure online payment processing platform that also allows cryptocurrency payments. The Company's payment platform leverages blockchain technologies for further security along with Artificial Intelligence for quicker transaction processing.
- Novateqni Corp. (TSXV:NTQ): Novateqni Corp provides solutions for voter registration, voter validation, biometrics and financial transactions. The Company recently announced the successful incorporation of blockchain technology onto its census data devices, and efforts to implement blockchain onto its existing biometrics software are ongoing.
- Posera Ltd. (TSX:PAY): Posera offers a variety of technology-based solutions to clients in the hospitality industry. Posera's SecureTablePay acts as a point of sale system allowing customers to pay at their tables, offering improved customer privacy. In addition, the Company's Maitre'D offers a traditional point of sale system that has several features including data analytics, inventory management, labour scheduling and loyalty programs. Posera announced a Joint Venture with DLT Labs Inc. for the implementation of blockchain technology onto its existing point of sale and payment processing solutions.
- Victory Square Technologies Inc. (CSE:VST): Victory Square operates as a venture fund that invests in an array of technologies including blockchain, virtual reality, artificial intelligence and gaming. The Company acts as an incubator for new technologies, giving subsidiaries and partners access to distribution partners, workspaces, resources and operational support.

Notable Performers

HIVE Blockchain Technologies Ltd. (TSXV:HIVE)

HIVE Blockchain Technologies Ltd. (TSXV:HIVE): HIVE Blockchain Technologies pursues cryptocurrency mining operations, primarily in Iceland and Sweden. The Company opened its first facility in Iceland, which was completed in May 2017, and has since acquired a second facility in Iceland. The Company's facilities have the capability to mine a variety of cryptocurrencies, including Ethereum. HIVE's stock price has risen 352% since listing on September 18, as it successfully raised the capital necessary to acquire a second facility in Iceland, and to finance its expansion project for a US\$22M facility in Sweden.

HIVE offers investors a unique value proposition, as it is one of the only publicly-listed cryptocurrency miners in Canada. The Company generates shareholder returns by mining cryptocurrencies and optimizing profits by holding onto cryptocurrencies, which the Company believes are likely to increase in value. The Company has two operational GPU-based mining facilities in Iceland. GPU chip-based facilities are those that enable the mining of a variety of cryptocurrencies, along with the flexibility to switch between currencies to leverage changing prices. Although management focuses primarily on the mining of Ethereum and ZCash, it actively monitors the markets seeking the most profitable mining operation. Furthermore, the Company leverages the cool climate and low electricity costs in Iceland in order to minimize its operating costs, of which electricity serves as the largest component.

Figure 2: Hive Financings

Hive Blockchain Technologies Inc.			
Recent Financings:			
Date	Amount	Price	Details
07-Sep-17	\$16.5M	\$0.30 Per Share	55 Million Shares
11-Oct-17	\$30M	\$1.50 Per Share	20 Million Shares
11-Oct-17	\$7M	\$1.50 Per share	4.67 Million Shares
25-Oct-17	\$30M	\$2.80 Per Unit	10.7 Million Units (one share plus one warrant at \$3.90, expiring in two years)
Total	\$83.5M		

Source: Sedar.com

HIVE has completed three financings since September, with the latest financing (\$30M) expected to close by November 14. The Company has already put a significant portion of the funds towards capacity expansions with the purchase of a new mining facility in Iceland. In addition, HIVE announced on October 23, that it had commenced plans to construct a \$22M facility in Sweden, which would increase capacity by 175%. Currently, HIVE holds options with the right to purchase an additional two data centers from its strategic investor Genesis Mining Ltd.

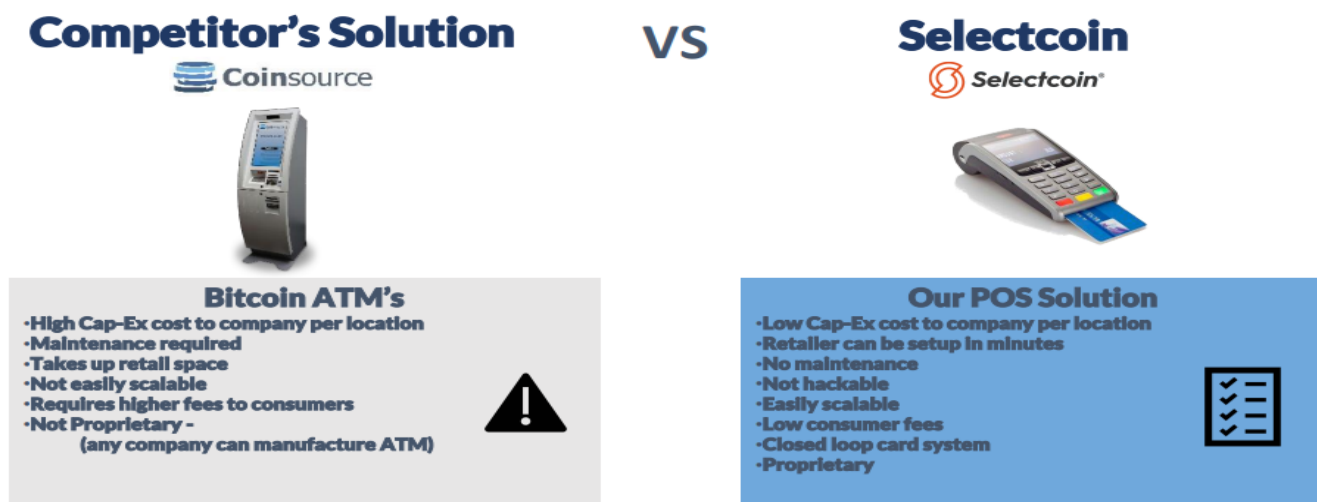
Fintech Select Ltd. (TSXV:FTEC):

Founded in 1999, Fintech Select primarily offers pre-paid card facilities to the financial-services sector. In addition, the Company has entered the mobile banking and cryptocurrency-based payment markets. Fintech Select has returned 131% M/M as the Company’s plans to implement blockchain technology in the payments industry.

Fintech pre-paid card division works with credit card companies such as Visa Inc. and Mastercard Inc. to set up and operate a variety of card programs. The cards serve as another Point-of-Sale (POS) option for consumers, who can replenish the cards as needed. Along with its card programs, Fintech operates a multilingual call center for customer-service purposes. The Company also launched a Mobile banking solution called “Cherry” that allows for online bill payment, remittances and peer-to-peer micro lending.

Alongside its existing initiatives Fintech Select has entered the blockchain space, enabling users to buy and sell cryptocurrencies in a streamlined manner. The transaction works with its retail partners, deploying a technology whereby existing POS terminals can transact cryptocurrencies eliminating the need for additional hardware. In order to facilitate cryptocurrency transactions, Fintech plans to launch the Selectcoin card, allowing users to load cryptocurrencies onto the card. The figure below highlights the scalability of Fintech’s solution as opposed to competitors that use traditional ATM’s.

Figure 1:Fintech Select Product Features



Source: Company Presentation

On November 6, the Company provided a progress update announcing the successful integration of cryptocurrency transactions onto its point-of-sale devices. Additionally, the Company completed development of its website, which would allow customers to activate accounts and link cryptocurrency wallets to the Selectcoin platform.

Financing's Radar:

In this report 10 of the 16 companies mentioned have announced or closed financings during the past month, leveraging the investor attention towards the sector. Over that period, the cryptocurrency stocks mentioned raised in excess of \$140M, and stock prices have jumped 74.5% on average.

A majority portion of these companies have only just announced their plans regarding the use of blockchain, and while stock prices have risen, it is still unclear whether these plans can generate value for shareholders. While blockchain remains a disruptive technology with numerous applications, significant questions remain regarding how companies can monetize these applications.

Recent Financings in blockchain Sector

Compant Name	Ticker	Date	Amount	Price	Details
360 Blockchain Inc.	CSE:CODE	16-Oct-17	\$1.5M	\$0.06/Unit	25M Units (one share and one warrant at \$0.10, two year expiry)
Africa Hydrocarbons Inc.	TSXV:NFK.H	27-Oct-17	\$275K	\$0.61/Share	450,000 Shares
BTL Group Ltd.	TSXV:BTL	07-Nov-17	\$10.7M	\$4.90/Unit	2.19M Units (one share and 1/2 warrant at \$7.00, one year expiry)
Calyx Bio-Ventures Inc.	TSXV:CYX	16-Oct-17	\$1M	\$0.07/Unit	14.29M Units (one common share and 1/2 warrant at \$0.15, two year expiry)
Datametrex AI Ltd.	TSXV:DM	01-Nov-17	\$5M	\$0.10/Unit	50M Units (one share and one warrant at \$0.15, 18 month expiry)
Global Blockchain Technologies Corp	TSXV:BLOC	09-Nov-17	\$40M	\$2.55/Unit	15.7M Units (one share and one warrant at \$3.50, two year expiry)
GoldMoney Inc.	TSX:XAU	25-Oct-17	\$30M	\$4.30/Share	7M Shares
Hive Blockchain Technologies Ltd.	TSXV:HIVE	25-Oct-17	\$30M	\$2.80/Unit	10.7MUnits (one share and one warrant at \$3.90, two year expiry)
Leonovus Inc.	TSXV:LTV	02-Nov-17	\$12M	\$0.50/Unit	24MUnits (one share and 1/2 warrant at \$0.65, two year expiry)
NetCents Technology Inc.	CSE:NC	27-Oct-17	\$5M	\$0.45/Unit	In 10 tranches over five years (unit price to be negotiated)

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