

July 18, 2017

OFFERING MEMORANDUM

The securities referred to in this Offering Memorandum are being offered on a private placement basis. This Offering Memorandum constitutes an offering of securities only in those jurisdictions, and to those persons, where, and to whom, they may be lawfully offered for sale. The Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus or advertisement or a public offering of these securities. The securities offered under this Offering Memorandum qualify for distribution in the jurisdictions in which they are offered pursuant to exemptions under securities laws in those jurisdictions. No person has been authorized to give any information or to make any representation not contained in this Offering Memorandum. Any such information or representation which is given or received must not be relied upon.

In this Offering Memorandum, “Trust” means Canadian Bitcoin Trust; “we”, “us”, “our” and “Sponsor” mean First Block Capital Inc., the sponsor and promoter of the Trust; “you”, “your”, “unitholder” and “investor” mean you and all other investors in Series B units of the Trust; and “Trustee” means Computershare Trust Company of Canada, the trustee of the Trust.

THE ISSUER

CANADIAN BITCOIN TRUST

Sponsored by First Block Capital Inc.

Head office address: Suite 2600, 1055 West Georgia Street, Vancouver, BC, V6E 3R5
Phone: 604-657-9516
E-mail address: info@firstblock.capital
Currently listed or quoted? No. These securities do not trade on any exchange or market.
Reporting issuer? No.
SEDAR filer? No (other than with respect to reports of exempt distribution in certain jurisdictions).

THE OFFERING

Securities offered: Series B trust units
Price per security: Series B units are offered for sale on a continuous basis at the Series B net asset value per unit at the close of business on the purchase date. See *Item 5.2 – Subscription Procedure* and *Item 2.7 – Material Contracts – Trust Agreement – Determination of Series Net Asset Value*.
Minimum / Maximum offering: There is no minimum or maximum offering. You may be the only purchaser. Funds available under the offering may not be sufficient to accomplish the Trust’s proposed objectives.
Minimum subscription amount: \$500
Payment terms: The full purchase price for the Series B units being purchased by you must be received before the purchase is completed. See *Item 5.2 – Subscription Procedure*.

- Proposed closing date(s):** This is a continuous offering. Series B units may be purchased on the last business day of each week (and on such other dates as we may determine from time to time).
- Income tax consequences:** There are important tax consequences associated with an investment in Series B units. See *Item 6 – Income Tax Consequences and Eligibility for Registered Plans*.
- Selling agent:** Series B units sold under this Offering Memorandum will be distributed by Silver Maple Ventures Inc. (the “**Agent**”) See *Item 7 – Compensation Paid to Sellers and Finders*.
- Resale restrictions:** You will be restricted from selling your Series B units to other investors for an indefinite period. However, you will be able to require the Trust to redeem your Series B units at certain times if you follow the procedures we have established. See the section called *Item 10 – Resale Restrictions*.
- Purchaser’s rights:** You have two business days to cancel your agreement to purchase these securities. If there is a misrepresentation in this Offering Memorandum, you have the right to sue either for damages or to cancel the agreement. See the section called *Item 11 – Purchasers’ Rights*.

No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Offering Memorandum. Any representation to the contrary is an offence. This is a risky investment. See *Item 8 – Risk Factors*.

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FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains certain statements or disclosures that may constitute forward looking information under applicable securities laws with respect to the Trust, including, but not limited to statements or information concerning the investment objective of the Trust and its intended course of conduct and future operations, as well as any other statements that may predict, forecast, indicate or imply future plans, intentions, activities, results, performance or achievements. Known and unknown risks, uncertainties and other factors may cause the actual plans, intentions, activities, results, performance or achievements of the Trust to be materially different from any future plans, intentions, activities, results, performance or achievements expressed or implied by such forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, “will”, “projects”, or “believes” or variations (including negative variations) of such words, or statements that certain actions, events, results or conditions “may”, “could”, “would”, “might” or “will” be taken, occur, be achieved or be satisfied. Except for statements of historical fact, information contained herein constitutes forward-looking information. Although the Trust has attempted to identify important factors, including those discussed under *Item 8 – Risk Factors*, that could cause actual performance, achievements, actions, events, results or conditions to differ materially from those described in forward-looking information, there may be other factors that cause performance, achievements, actions, events, results or conditions to differ from those anticipated, estimated or intended. Forward-looking information contained herein is made as of the date of this document and the Trust and the Sponsor disclaim any obligation to update or revise any forward-looking information, whether as a result of new information, future events or results or otherwise, except as required by applicable law. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.

CANADIAN BITCOIN TRUST AGREEMENT

The Trust is governed by the amended and restated trust agreement dated June 8, 2017, between the Sponsor and the Trustee (the “**Trust Agreement**”). The Trust Agreement is an integral document for this offering. You may request a copy of the Trust Agreement by contacting the Sponsor at the address, telephone number or e-mail address set out on the front cover.

INCORPORATION BY REFERENCE OF CERTAIN MARKETING MATERIALS

Certain written marketing materials delivered or made available to prospective purchasers in relation to the distribution of Series B units under this Offering Memorandum are incorporated by reference into this Offering Memorandum and are considered to form part of this Offering Memorandum just as if they were printed as part of it. In particular, in Alberta, Saskatchewan, Ontario, Quebec, New Brunswick and Nova Scotia all OM marketing materials (as defined below) related to a distribution under this Offering Memorandum that are delivered or made reasonably available to prospective purchaser before the termination of the distribution are hereby incorporated by reference into this Offering Memorandum. For these purposes, “**OM marketing materials**” means a written communication, other than an OM standard term sheet (as defined below), intended for prospective purchasers regarding a distribution of securities under an Offering Memorandum delivered under section 2.9 of National Instrument 45-106 *Prospectus Exemptions* (“**NI 45-106**”) that contains material facts relating to the Trust, Series B units or otherwise to the offering of Series B units. An “**OM standard term sheet**” means a written communication intended for prospective purchasers regarding a distribution of Series B units under this Offering Memorandum delivered under section 2.9 of NI 45-106 that contains only certain prescribed information set out in NI 45-106.

SUMMARY

The following information is a summary only and is qualified in its entirety by the more detailed information appearing elsewhere in this Offering Memorandum.

The Trust Canadian Bitcoin Trust is an open-ended unit trust established under the laws of British Columbia. See *Item 2 – Business of the Trust*.

The Sponsor First Block Capital Inc. is the sponsor and promoter of the Trust. The Sponsor is a Canadian investment firm located in Vancouver, British Columbia. A description of the background and relevant experience of the Sponsor's directors and executive officers is set out in *Item 3.2 – Management Experience*.

As the sponsor of the Trust, we are responsible for managing and directing the undertaking, operations and affairs of the Trust. This includes managing and directing the investments of the Trust and providing all necessary clerical, administrative and operational services. We have delegated certain of these responsibilities to certain of the Trust's other service providers. See *Item 2.7 – Material Agreements – Trust Agreement – Sponsor*.

Investment Objective The investment objective of the Trust is to track the market price of bitcoin, less the Trust's liabilities and expenses, by investing the assets of the Trust in bitcoin. The only investments of the Trust will be direct investments in bitcoin. See *Item 2.2 – The Trust's Business*.

Units The beneficial interest in the Trust is divided into different series of units. The Trust is currently divided into Series A units, Series B units and Series F units; however Series A units and Series F units are not currently offered for sale to investors. The Trust may issue other series of units in the future. Except for the fees and expenses payable in respect of each series of units, the rights and attributes of each series will be identical.

Your investment in the Trust will be represented by Series B units. Each Series B unit represents an equal, undivided beneficial interest in and ownership of the net assets of the Trust attributable to that series. Series B units are not transferable, except in very limited circumstances. However, unitholders have the right to redeem their units at certain times if they follow the procedures we have established.

See *Item 5.1 – Terms of Securities*.

Investing in the Trust You may invest in the Trust by purchasing Series B units. Series B units are being distributed in this offering in reliance on the "offering memorandum" exemption from the prospectus requirements of applicable securities laws. An investor will only be permitted to purchase Series B units if his or her purchase qualifies under that exemption.

Series B units may be purchased on the last business day of each week (and on such other dates as we may determine from time to time). For this purpose, a business day is any day on which the Toronto Stock Exchange is open for trading. The price of each Series B unit an investor purchases will be equal to the Series B net asset value per unit as of the close of business on the purchase date.

See *Item 5.2 – Subscription Procedure*.

Minimum Investment

The minimum investment amount for initial and subsequent investments is \$500. See *Item 5.2 – Subscription Procedure*.

Payment of Purchase Price

The purchase price for Series B units may be paid in Canadian dollars or in U.S. dollars. If you make your investment in U.S. dollars, we will apply the U.S. dollar exchange rate on the date of the purchase, as published by the Bank of Canada, to determine the value of your investment in Canadian dollars, and the number of Series B units you receive will be based on that value. In addition, the purchase price for Series B units may be paid through the transfer to the Trust of bitcoins having an aggregate value equal to the purchase price. If you wish to transfer bitcoins to the Trust as consideration for the Series B units you purchase, you should contact the Sponsor to make appropriate arrangements. See *Item 5.2 – Subscription Procedure*.

Sponsor’s Fee

For our services as sponsor, we are entitled to receive a fee from the Trust in respect of Series B units equal to 1.5% per annum of the net asset value of the outstanding Series B units. This fee is payable monthly and is subject to applicable taxes, including GST and HST. See *Item 1.2 – Use of Available Funds* and *Item 2.7 – Material Agreements – Trust Agreement – Sponsor*.

Expenses

The Trust is responsible for paying its own operating expenses. These expenses include the Trustee’s fees and expenses; custodial costs; administration and recordkeeping costs; costs relating to the issue and redemption of units of the Trust, including the costs of disclosure documents and regulatory filing fees; costs associated with unitholder communications and reporting; and audit, accounting and legal fees of the Trust and the fees and expenses of the Trust’s other professional advisors. However, we have agreed to pay the operating expenses of the Trust incurred in the normal course of the Trust’s activities until the net asset value of the Trust exceeds \$10 million. In addition, we have paid all expenses associated with the formation and organization of the Trust. See *Item 1.2 – Use of Available Funds* and *Item 2.7 – Material Agreements – Trust Agreement – Trust Expenses*.

Distributions

Sufficient net income and net realized capital gains of the Trust will be distributed to unitholders in each year to ensure that the Trust will not be subject to tax under Part I of the *Income Tax Act* (Canada) (the “**Tax Act**”). Unless otherwise requested in writing, any distribution payable to you as a unitholder will be automatically reinvested in additional Series B units of the Trust at the Series B net asset value per unit on the date of the distribution. See *Item 5.1 – Terms of Securities – Distributions* and *Item 6 – Income Tax Consequences and Eligibility for Registered Plans*.

Redemption

Unitholders may redeem all or a portion of their Series B units on the last business day of a month by providing us with no less than 60 days’ prior written notice of the redemption. For this purpose, a business day is any day on which the Toronto Stock Exchange is open for trading. We have the discretion to waive this notice requirement from time to time.

The redemption price of a Series B unit is equal to 98% of the unit’s pro rata share of the total value of the bitcoin held by the Trust at the close of business on the redemption date. However, if you redeem your units within one year of the original date of purchase, you may be required to pay a 1% early redemption fee to the Sponsor.

We may, at the request of a redeeming unitholder, pay redemption proceeds in U.S. dollars; however, we are not required to do so. If we pay redemption proceeds in U.S. dollars, we will determine the amount payable to the redeeming unitholder in U.S. dollars by applying the U.S. dollar exchange rate on the date of the redemption, as published by the Bank of Canada.

We have the right, exercisable at any time at our discretion, to require you to redeem your units. We will provide you with written notice of our decision to require you to redeem your units at least 10 days prior to the date of the redemption. In addition, we may suspend your right to redeem units or your right to payment for units previously tendered for redemption in certain circumstances.

See *Item 5.1 – Terms of Securities – Redemption of Units*.

Income Tax Considerations

Persons investing in a trust such as the Trust should be aware of the tax consequences of investing in, holding and redeeming units. Certain Canadian federal income tax considerations generally applicable under the Tax Act to the acquisition, holding and disposition of Series B units by a unitholder are described in *Item 6 – Income Tax Consequences and Eligibility for Registered Plans*. Investors should carefully review those considerations and consult with their tax advisors to determine the tax consequences of an investment in the Trust.

Eligibility for Investment

Provided the Trust is a “mutual fund trust” as defined in the Tax Act at all relevant times, Series B units of the Trust will be qualified investments under the Tax Act for registered retirement savings plans (“RRSPs”), registered retirement income funds (“RRIFs”), deferred profit sharing plans, registered education savings plans (“RESPs”), registered disability savings plans (“RDSPs”) and tax-free savings accounts (“TFSAs”). Annuitants of RRSPs and RRIFs, holders of TFSAs and RDSPs and subscribers of RESPs, should consult with their own tax advisers as to whether units would be a “prohibited investment” under the Tax Act in their particular circumstances. See *Item 6 – Income Tax Consequences and Eligibility for Registered Plans – Eligibility for Registered Plans*.

Risk Factors

This is a risky investment. Investors could lose all the money they invest in units of the Trust. Certain risks associated with an investment in units of the Trust are described in *Item 8 – Risk Factors*. Investors should carefully consider these risks and speak to a qualified advisor before making an investment.

Item 1. Use of Available Funds

1.1 Funds

The table below sets out the funds that will be available as a result of the offering. Because (i) there is no minimum or maximum number of Series B units that will be sold as part of this offering, (ii) the success fee payable to the Agents is based on the amount raised by the Trust in this offering and the amount each investor invests in the Trust, and (iii) the Trust may issue units outside of this offering in reliance on certain prospectus exemptions, certain information required in the table below is currently unknown. The amounts shown under “Assuming maximum offering” are for illustrative purposes only based on the assumed maximum offering disclosed below.

Table 1: Funds Available as a Result of the Offering

		Assuming minimum offering ⁽¹⁾	Assuming maximum offering ⁽¹⁾
A.	Amount to be raised by this offering	\$0.00	\$10,000,000
B.	Selling commissions and fees	\$0.00 ⁽²⁾	(\$600,000) ⁽²⁾
C.	Estimated offering costs (e.g., legal, accounting, audit, marketing)	(\$30,000)	(\$30,000)
D.	Available funds: $D = A - (B+C)$	\$0.00	\$9,370,000
E.	Additional sources of funding	Unknown ⁽³⁾	Unknown ⁽³⁾
F.	Working capital deficiency	\$0.00	\$0.00
G.	Total: $G = (D+E) - F$	\$0.00	\$9,370,000

⁽¹⁾ There is no minimum or maximum number of units that will be sold as part of this offering. The amounts shown under “Assuming maximum offering” are for illustrative purposes only based on an assumed maximum offering of \$10,000,000.

⁽²⁾ The Trust will pay a success fee to the Agent in connection with this offering. The amount shown is for illustrative purposes only and assumes that the Agent receives a success fee equal to 6% of the gross proceeds raised. The actual success fee received by the Agent will depend on the amount each investor invests in the Trust and may exceed 6% of the gross proceeds raised. The Agent will also receive certain other compensation in connection with this offering. See *Item 7 – Compensation Paid to Sellers and Finders*.

⁽³⁾ The Trust may raise capital concurrently with this offering by issuing units in reliance on certain prospectus exemptions; however, the amount of capital that the Trust may raise outside of this offering, if any, is currently unknown.

1.2 Use of Available Funds

The table below provides a breakdown of how the Trust will use the available funds. Because (i) there is no minimum or maximum number of Series B units that will be sold as part of this offering, (ii) the fees payable to us for our service as sponsor of the Trust is based on the net asset value of the Trust, and (iii) the Trust will bear its operating expenses on an ongoing basis, the amount to be spent for each use identified below is currently unknown. The amounts shown under “Assuming maximum offering” are for illustrative purposes only based on the assumed maximum offering disclosed below.

Table 2: Use of Available Funds

Description of intended use of available funds listed in order of priority	Assuming minimum offering ⁽¹⁾	Assuming maximum offering ⁽¹⁾
Purchase of bitcoins	\$0.00	\$9,229,450
Payment of Sponsor's fee	\$0.00 ⁽²⁾	\$140,550 ⁽²⁾
Payment of operating expenses	\$0.00 ⁽³⁾	\$0.00 ⁽³⁾
Total: Equal to G in the Funds table above	\$0.00	\$9,370,000

- ⁽¹⁾ There is no minimum or maximum number of units that will be sold as part of this offering. The amounts shown under "Assuming maximum offering" are for illustrative purposes only based on an assumed maximum offering of \$10,000,000.
- ⁽²⁾ For our services as sponsor of the Trust, we are entitled to receive a fee equal to 1.5% per annum of the Series B net asset value. The amounts shown are for illustrative purposes only on the assumption that the net asset value of the Trust for the entire period of the offering is equal to the amount of the minimum and maximum offering as shown. The actual amount received by us will depend on the proceeds raised as part of this offering and the net asset value of the Trust during the offering. See *Item 2.7 – Material Contracts – Trust Agreement – Sponsor*.
- ⁽³⁾ The Trust is responsible for paying its own operating expenses. However, we have agreed to pay the operating expenses of the Trust incurred in the normal course of the Trust's activities until the net asset value of the Trust exceeds \$10 million. The amounts shown are for illustrative purposes only based on assumption that the net asset value of the Trust will not exceed \$10 million during the course of this offering. The actual amount of the operating expenses borne by the Trust will depend, in part, on the proceeds raised as part of this offering. See *Item 2.7 – Material Contracts – Trust Agreement – Expenses*.

1.3 Reallocation

We intend to spend the available funds as stated. We will reallocate funds only for sound business reasons.

Item 2. Business of the Trust

2.1 Structure

Canadian Bitcoin Trust (defined above as the "**Trust**") is an open-ended unit trust established under the laws of British Columbia on May 15, 2017.

First Block Capital Inc. (defined above as "**we**", "**us**", "**our**" and the "**Sponsor**"), a Canadian investment firm located in Vancouver, British Columbia, is the sponsor and promoter of the Trust. As sponsor of the Trust, we are responsible for managing and directing the undertaking, operations and affairs of the Trust. These responsibilities include managing and directing the investments of the Trust and providing all necessary clerical, administrative and operational services for the Trust. We have delegated certain of these responsibilities to certain of the Trust's other service providers. The current service providers of the Trust are identified in **Appendix A** to this Offering Memorandum. See *Item 2.7 – Material Contracts – Trust Agreement – Sponsor*.

Computershare Trust Company (defined above as the "**Trustee**"), is the trustee of the Trust. As trustee, it has full control and authority over the assets of the Trust, subject to certain restrictions and limitations set forth in the Trust Agreement, including the Sponsor's full power, authority and responsibility to manage

and direct the undertaking, operations and affairs of the Trust. See *Item 2.7 – Material Contracts – Trust Agreement – Trustee*.

The head office of the Trust, which is also our head office, is located at Suite 2600, 1055 West Georgia Street, Vancouver, BC, V6E 3R5.

The beneficial interest in the Trust is divided into different series of units. The Trust is currently divided into Series A units, Series B units and Series F units; however Series A units and Series F units are not currently offered for sale to investors. The Trust may issue other series of units in the future. Except for the fees and expenses payable in respect of each series of units, the rights and attributes of each series will be identical. See *Item 5 – Securities Offered*.

2.2 The Trust’s Business

The Trust’s business activities involve raising capital through the issuance of trust units and investing the capital raised in accordance with the Trust’s investment objective.

Investment Objective

The investment objective of the Trust is to track the market price of bitcoin, less the Trust’s liabilities and expenses, by investing the assets of the Trust in bitcoin. The only investments of the Trust will be direct investments in bitcoin.

Bitcoin, Bitcoin Network and Blockchain

Bitcoins are a digital commodity based on an open source protocol. Bitcoins are not issued by any government, bank or central organization, but instead exist on an online, peer-to-peer computer network (the “**Bitcoin Network**”), that hosts a public transaction ledger where bitcoin transfers are recorded (“**Blockchain**”). Once recorded, the data in the Blockchain is irreversible. All changes made to the Blockchain are visible and accountable. The Blockchain is a public record of the creation, custody and flow of funds of bitcoins, showing every transaction effected on the Blockchain.

Bitcoins have no physical existence beyond the record of transactions on the Blockchain. Bitcoin is accessed through software, and software governs bitcoin creation, movement and ownership. Participating entities within the Bitcoin Network communicate to create and agree on updates to the Blockchain.

Methods of Bitcoin Acquisition

Acquisition of bitcoin may take the form of bitcoin mining, or by means of purchasing bitcoin from within the network of bitcoin owners. Bitcoins are mathematically generated with each subsequent issued coin disbursed only after the completion of increasingly difficult mathematical problems to solve. Miners of bitcoin must use increasingly more powerful computational tools to ‘unearth’ more bitcoin. The total number of bitcoins which may be extracted in this manner is 21 million bitcoins. Approximately 16.3 million bitcoins have been mined as of the date of this Offering Memorandum. It is forecast that all bitcoin will be mined by the year 2140. The Trust is not a bitcoin miner and does not invest in bitcoin mining operations or businesses. The Trust makes purchases of bitcoins directly from market participants.

Bitcoin Market

Bitcoin, and its associated ledger system (Blockchain), was conceived as an alternative currency and means of exchange. Bitcoin is commonly viewed as both a currency and a commodity. Unlike traditional, national-based currencies, bitcoin has no central banking or financial authority with the ability or power to produce more bitcoin and increase the number of bitcoins in the market. Controlling the amount of bitcoin available to the public directly impacts the value but not necessarily the price of bitcoin. The price of bitcoin is indeterminate and is affected by such factors as demand and increased difficulty in the mining of new bitcoins. Unlike a commodity, for which new sources may be discovered, the number of bitcoins which may enter the market is finite.

As at the date of this Offering Memorandum, the bitcoin market is valued at approximately US\$35 billion. A primary feature of bitcoin and Blockchain is the ability to transfer information, or an asset, securely and reliably without the need for intermediaries. Participants within the Bitcoin Network may utilize an unmitigated *peer-to-peer* means of transferring data.

Bitcoin and Blockchain may potentially impact or disrupt a number of industries, transactions and/or activities, including the following:

- currency replacement/foreign exchange transactions;
- online payment systems;
- asset transfers (including transfers of real estate or securities);
- contract procurement and completion of terms; and
- authentication, identification, clearing, settling, or record keeping.

Bitcoin Competitors

Bitcoin faces competition from other crypto-currencies currently on the market or in the process of being created. Bitcoin is the most mature of the crypto-currencies available to purchasers at the date of this Offering Memorandum. However, other crypto-currencies are currently available to market participants, including Ethereum, Ripple, Litecoin, Ethereum Classic, NEM and Dash.

Security and Custody of Bitcoins

All bitcoin transactions are secured using public-key cryptography, a technique which underpins many online transactions. Public-key cryptography works by generating two mathematically related keys (one a public key and the other a private key). In the case of bitcoin transactions, the public key is an address (a string of letters and numbers) that is used to encode payments, which can then only be retrieved with its associated private key, which is used to authorize the transaction. Transfers of bitcoin occur among users' online "digital wallets", where bitcoins are effectively stored. Bitcoins may be sent or received through users' digital wallets by using of public and private keys that are part of the cryptographic security mechanism.

We have appointed Xapo Limited (the "**Bitcoin Custodian**") to act as custodian of the Trust's bitcoin investments. The Bitcoin Custodian oversees the retention, security and transfer of bitcoins for the Trust. The Bitcoin Custodian is responsible for (i) establishing and maintaining on behalf of the Trust one or more digital wallets and one or more cold storage vault accounts, which are specialized digital wallets for which private keys are maintained on computers or other devices that are not connected to the Internet or any other computer network, (ii) keeping the private keys that provide access to the Trust's digital wallets

and vault accounts secure, and (iii) facilitating the transfer of bitcoins in accordance with instructions received by the Sponsor and/or SGGG Fund Services Inc., the Trust’s administrator. See *Item 2.7 – Material Contracts – Bitcoin Custodian Agreement*.

2.3 Development of Business

The Trust was established on May 15, 2017 and issued its first units to investors on June 23, 2017. As at the date of this Offering Memorandum, 115,857.286 Series B units are outstanding and the net asset value of the Trust is \$1,182,670. Additional information about the development of the Trust’s business since it was formed can be found elsewhere in this Offering Memorandum.

2.4 Long Term Objectives

The long term objective of the Trust is to track the market price of bitcoin, less the Trust’s liabilities and expenses, by investing the assets of the Trust in bitcoin. See *Item 2.1 – Business of the Trust – Structure*.

2.5 Short Term Objectives

The short term objective of the Trust is to raise capital through the continuous offering of Series B units and through any concurrent or subsequent offerings of trust units undertaken by the Trust, and to invest the net proceeds available to the Trust from such offerings in bitcoin.

Table 3: Short Term Objectives and how we intend to achieve them

What the Trust must do and how it will do it	Target completion date or, if not known, number of months to complete	Cost to complete
Raise proceeds from this offering of Series B units and any concurrent or subsequent offering of trust units	Ongoing	Unknown ^{(1), (2)}
Purchase bitcoin with the proceeds from the sale of units of the Trust	Ongoing following each distribution of trust units	Unknown ⁽³⁾

⁽¹⁾ The Trust will pay certain fees to the Agent in connection with this offering, including a due diligence fee, a search fee and a success fee. The amount received by the Agent will depend, in part, on the proceeds raised in this offering. See *Item 7 – Compensation Paid to Sellers and Finders*.

⁽²⁾ The Trust is responsible for paying its own operating expenses. However, we have agreed to pay the operating expenses of the Trust incurred in the normal course of the Trust’s activities until the net asset value of the Trust exceeds \$10 million. The actual amount of the operating expenses borne by the Trust will depend, in part, on the proceeds raised as part of this offering. See *Item 2.7 – Material Contracts – Trust Agreement – Expenses*.

⁽³⁾ Funds available to the Trust for the purchase of bitcoin will be used to purchase bitcoin at the market price at the time of purchase. See *Item 1.2 – Use of Available Funds*.

2.6 Insufficient Funds

There is no guarantee that the funds available as a result of the offering will be sufficient to accomplish all of the Trust’s proposed objectives. There is no assurance that alternative financing will be available.

2.7 Material Agreements

The material agreements of the Trust are as follows:

1. The amended and restated trust agreement governing the Trust made as of June 8, 2017 (defined above as the “**Trust Agreement**”) between us and Computershare Trust Company of Canada (defined above as the “**Trustee**”) pursuant to which the Trustee acts as trustee of the Trust and we act as sponsor of the Trust.
2. The agency agreement made as of May 23, 2017 (the “**Agency Agreement**”) between the Trust and Silver Maple Ventures Inc. (defined above as the “**Agent**”) pursuant to which the Agent has been engaged as the Trust’s non-exclusive sales and marketing and administrative agent for this offering of Series B units.
3. The custodial services agreement entered into effective as of May 30, 2017 (the “**Bitcoin Custody Agreement**”) between us, in our capacity as sponsor for and on behalf of the Trust, and Xapo Limited (defined above as the “**Bitcoin Custodian**”) pursuant to which the Bitcoin Custodian serves as custodian of the Trust’s investments in bitcoins.

Certain key terms of these agreements are described below.

Trust Agreement

The Trust is governed by the terms of the Trust Agreement, which sets out duties and obligations of the Trustee and the Sponsor, and the rights and restrictions that are attached to each unit of the Trust. The following is a summary only of certain provisions of the Trust Agreement not otherwise summarized in this Offering Memorandum and is not necessarily complete. You should review the Trust Agreement for complete details of its terms.

Division of the Trust into Units

The beneficial interest in the Trust is divided into different series of units as determined by the Sponsor. Each unit of a series has equal value to all other units of that series. Three series of units within a single class, namely Series A, Series B and Series F units, have been created and authorized for the Trust. Only Series B units are offered under this Offering Memorandum. A summary of the rights and restrictions attached to Series B units is set out below under *Item 5 – Securities Offered*.

Determination of Series Net Asset Value

The net asset value of the Trust is determined by us, or our designate, at the close of business on any business day and on such other dates as we may determine from time to time (referred to as a “**valuation date**”). For this purpose, a business day is any day on which the Toronto Stock Exchange is open for trading. The net asset value of the Trust is the fair market value of the Trust’s assets less its liabilities. The series net asset value for each series of units is the net asset value of the Trust that is attributed to the series determined in accordance with the Trust Agreement. The series net asset value per unit is (A) the series net asset value of the series divided by (B) the number of units of that series outstanding at the applicable time.

Consistent with the Trust Agreement, the following valuation principles will apply for the purpose of calculating the net asset value of the Trust:

- (a) the value of bitcoin will be the end of day price provided by the bitcoin exchange that the Sponsor considers to be the Trust's principal market, or its fair market value as determined by reference to such other source as may be reasonably selected by the Sponsor for such purpose;
- (b) the value of any cash on hand, on deposit or on call, receivables, prepaid expenses, and interest accrued and not yet received, will be deemed to be the face amount thereof, unless the Sponsor determines otherwise;
- (c) the value of any asset not contemplated in paragraphs (a) or (b) above will be its fair market value as determined by the Sponsor;
- (d) all expenses or liabilities (including fees payable to the Sponsor) of the Trust will be calculated on an accrual basis; and
- (e) all property of the Trust valued in a foreign currency and all liabilities and obligations of the Trust payable by the Trust in foreign currency will be converted into Canadian funds by applying the applicable daily foreign exchange rate as published by the Bank of Canada.

Trustee

The trustee of the Trust is Computershare Trust Company of Canada (defined above as the "**Trustee**"). Subject to certain restrictions and limitations set forth in the Trust Agreement (including the Sponsor's full power, authority and responsibility to manage and direct the undertaking, operations and affairs of the Trust), the Trustee has full, absolute, and exclusive power, control and authority over the assets of the Trust and over the business and affairs of the Trust to the same extent as if the Trustee were the sole owner thereof in its own right, to do all such acts and things as it deems necessary or incidental to, or desirable for, the carrying out of any of the purposes of the Trust or conducting the affairs of the Trust.

The Trust Agreement provides that the Trustee is required to exercise its powers and discharge the duties of its office honestly and in good faith and in connection therewith will exercise the degree of care, diligence and skill that a reasonably prudent Canadian trust company would exercise in comparable circumstances.

The Trustee will hold office until its resignation or removal in accordance with the terms of the Trust Agreement. The Trustee may resign as trustee of the Trust by giving notice to us and to the unitholders not less than 90 days prior to the date that such resignation is to take effect. Such resignation will take effect on the date specified in such notice, unless at or prior to such date a successor trustee is appointed by us, in which case such resignation will take effect immediately upon the appointment of such successor trustee. We may remove the Trustee as trustee of the Trust at any time by providing notice to the Trustee and the unitholders not less than 60 days prior to the date that such removal is to take effect. In the event that the Trustee resigns or is removed or becomes incapable of acting or if for any reason a vacancy will occur in the office of trustee, we will appoint a successor trustee to fill such vacancy. If we fail to appoint a successor trustee in any circumstance under which the Trustee ceases to hold office, the Trust will be terminated upon the effective date of the resignation or removal of the Trustee.

The Trust Agreement provides that the Trustee and each of its directors, officers, employees, shareholders and agents will be indemnified out of the Trust property from and against all claims (including costs, judgments, charges and expenses including legal fees in connection therewith) brought, commenced or prosecuted against it for or in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of its duties as trustee, and all other liabilities, costs, charges and expenses which it sustains or incurs in or about or in relation to the affairs of the Trust. However, this indemnity will not apply to the extent that any such claim, liability, cost, charge or expense has been caused by the gross negligence or willful misconduct on the part of the Trustee or other indemnified person, as the case may be, or to the extent that the Trustee does not meet its required standard of care.

For providing its services in accordance with the terms of the Trust Agreement, the Trustee is entitled to receive the fees and expenses agreed upon from time to time by us and the Trustee. Under the Trust Agreement, the fees and expenses of the Trustee are required to be paid by the Trust. However, we have agreed to pay the operating expenses of the Trust incurred in the normal course of the Trust's activities, including the Trustee's fees and expenses, until the net asset value of the Trust exceeds \$10 million.

Sponsor

The sponsor of the Trust is First Block Capital Inc. (defined above as “we”, “us”, “our” and the “**Sponsor**”). As the sponsor of the Trust, we have exclusive and full power, authority and responsibility to manage and direct the undertaking, operations and affairs of the Trust, including, without limitation, to invest and manage the assets of the Trust and to provide all necessary clerical administrative and operational services.

Under the Trust Agreement, we are required to exercise the powers and discharge the duties of our office honestly, in good faith and in the best interests of the Trust and in connection therewith will exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

For our services as sponsor, we are entitled to receive a fee from the Trust in respect of Series B units equal to 1.5% per annum of the net asset value of the outstanding Series B units. This fee is payable monthly and is subject to applicable taxes, including GST and HST. We are entitled to receive payment of the Sponsor's Fees from the Trust on the last valuation date in each month in respect of which such fee is earned. From time to time we may wave any portion of the fees we are entitled to receive, but we are not obligated to do so.

We have the right to resign as sponsor of the Trust by giving notice in writing to the Trustee and the unitholders of the Trust not less than 90 days prior to the date that the resignation is to take effect, unless such other notice period of not less than 30 days is mutually agreed upon, in writing, by the Sponsor and the Trustee. Such resignation shall take effect on the date specified in such notice.

The Trust Agreement provides that the Sponsor and its affiliates, subsidiaries and agents, and their respective directors, officers and employees, will be indemnified by the Trust from and against all costs, charges and expenses sustained or incurred, including all legal fees, judgments and amounts paid in settlement, in or about any action, suit or proceeding that is brought, commenced or prosecuted against it for or in respect of any act, deed, omission, matter or thing whatsoever made, done or permitted by it in or about the proper execution of the services as sponsor of the Trust, provided that the act, deed, omission, matter or thing that caused the payment of the costs, charges, expenses, fees, judgments or amounts paid in settlement was in good faith believed to be in the best interest of the Trust. However, such persons or companies will generally not be indemnified by the Trust where, subject to certain exceptions, there has

been negligence, misfeasance or wilful misconduct on the part of the Sponsor or such other person, or the Sponsor has failed to fulfil its required standard of care.

Meetings

Meetings of unitholders of the Trust may be convened by us, from time to time as we may deem advisable. A notice convening a meeting of unitholders will be given in accordance with the Trust Agreement and applicable securities legislation and will state in general terms the business to be considered at the meeting. The quorum for any meeting is two unitholders of the Trust entitled to vote at the meeting. The number of votes you will have on any question submitted to any meeting will be equal to the number of units then held by you.

Amendment of the Trust Agreement

The Trust Agreement may be amended, deleted, expanded or varied by the Sponsor without the approval of unitholders, provided that (i) the amendment, deletion, expansion or variation is acceptable to the Trustee, acting reasonably, and (ii) if, in the opinion of the Sponsor, the amendment, deletion, expansion or variation is a change that would be considered important by a reasonable unitholder in determining whether to continue to hold units, and is prejudicial to the interests of unitholders as a group, notice of the amendment, deletion, expansion or variation is provided to unitholders not less than 60 days prior to the date the amendment, deletion, expansion or variation is made effective.

In addition, the approval of the Sponsor is required for any amendment to this Trust Agreement that restricts any protection provided to the Sponsor or impacts the responsibilities of the Sponsor, and the approval of the Trustee is required for any amendment to this Trust Agreement that restricts any protection provided to the Trustee or impacts the responsibilities of the Trustee. All persons remaining or becoming unitholders after the effective date of any amendment, deletion, expansion or variation shall be bound by such amendment, deletion, expansion or variation.

Termination of the Trust

We may, in our discretion, terminate the Trust or a class or series of units of the Trust at any time provided we provide the Trustee and unitholders of the Trust with written notice of the termination at least 60 days prior to the date of the termination of the Trust. Unless permitted by us, no units affected by such termination may be redeemed at the option of the unitholder from the date that such notice of termination is given until the date that is fixed for termination. The Trust may also be automatically terminated in certain circumstances set forth in the Trust Agreement, including if we fail to appoint a successor trustee in any circumstances under which the Trustee ceases to hold office, if we resign and prior to the effective date of such resignation, a successor sponsor of the Trust is not appointed, if we are in material default of our obligations under the Trust Agreement and such default continues for 120 days from the date that we receive notice of such material default from the Trustee, if we are declared bankrupt or insolvent or enter into liquidation or are wound up, if we make a general assignment for the benefit of creditors or otherwise acknowledge our insolvency, or if our assets become subject to seizure or confiscation by any public or governmental authority.

If the Trust is terminated, on or about the effective date of termination, we will terminate all agreements and sell all non-cash assets of the Trust, unless we determine that it would be in the best interests of the unitholders to distribute some or all of such assets in kind. We will be entitled to retain an amount to cover all costs, charges, expenses, claims and demands incurred, made or reasonably anticipated by us in connection with or arising out of the termination of the Trust and the distribution of the Trust property to unitholders. We will distribute from time to time to unitholders as of the effective date of the termination

their proportionate share of all Trust property available at that time for the purpose of such distribution. In connection with the termination of the Trust and prior to completing such distributions, we may require a release from each unitholder.

Trust Expenses

The Trust is responsible for paying its own operating expenses. These expenses include the Trustee's fees and expenses; custodial costs; administration and recordkeeping costs; costs relating to the issue and redemption of units of the Trust, including the costs of disclosure documents and regulatory filing fees; costs associated with unitholder communications and reporting; and audit, accounting and legal fees of the Trust and the fees and expenses of the Trust's other professional advisors. However, we have agreed to pay the operating expenses of the Trust incurred in the normal course of the Trust's activities until the net asset value of the Trust exceeds \$10 million.

In addition to the Trust's operating expenses, the Trust is responsible for paying us the fee described above under *Item 2.7 – Material Agreements – Trust Agreement – Sponsor*.

Agency Agreement

Pursuant to the Agency Agreement, the Trust engaged the Agent to act as its non-exclusive sales and marketing and administrative agent in connection with the offering of Series B units under this Offering Memorandum and to provide certain related services to the Trust. In this role, among other things, the Agent will use its best efforts to identify investors to purchase Series B units as part of this offering. However, the Agent is not obligated to purchase any units.

For its services, the Agent is entitled to receive the compensation described under *Item 7 - Compensation Paid to Sellers and Finders*. In addition, the Trust will pay the reasonable expenses of the Agent provided such expenses have been approved by the Trust.

The Agency Agreement will continue for a period of six months from December 23, 2017, provided however that the term may be extended for consecutive periods by mutual written agreement. Either party may terminate the Agency Agreement upon 10 days written notice. However, if the agreement is terminated by the Trust or, in certain circumstances, by the Agent, a termination fee of \$2,500 will be payable by the Trust to the Agent.

Bitcoin Custodian Agreement

Pursuant to the Bitcoin Custodian Agreement, the Bitcoin Custodian acts as custodian of the Trust's bitcoin assets and, in that capacity, is responsible for the safekeeping of the Trust's bitcoins. Specifically, the Bitcoin Custodian is responsible for (i) establishing and maintaining on behalf of the Trust one or more digital wallets and one or more cold storage vault accounts, (ii) keeping the private keys that provide access to the Trust's digital wallets and vault accounts secure, and (iii) facilitating the transfer of bitcoins in accordance with instructions received by the Sponsor and/or the Trust's administrator. The Trust pays a fee to the Bitcoin Custodian for its services and the amount of that fee is determined in accordance with the Bitcoin Custodian Agreement.

In carrying out its duties in respect of the safekeeping of and dealing with the Trust's bitcoins, the Bitcoin Custodian is required to act honestly and in good faith, and exercise (a) the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances; or (b) at least the same degree of care which the Bitcoin Custodian gives to its own property of a similar kind if this is a higher degree of care than the degree of care referred to in paragraph (a).

Either party may terminate the Bitcoin Custodian Agreement upon at least 60 days' prior written notice to the other party of such termination. Such prior notice is not required and termination will be immediate upon written notice to the other party of such termination in the event that: (a) the Sponsor and the Bitcoin Custodian mutually agree in writing to terminate the Bitcoin Custodian Agreement; (b) either party is in material breach of a material provision of the Bitcoin Custodian Agreement and such party has failed to cure such breach within 60 days of receiving written notice of such breach; and (c) either party is declared bankrupt or declared insolvent.

The Bitcoin Custodian may assign the Bitcoin Custodian Agreement to its parent company, affiliate or subsidiary, or in connection with a merger, consolidation or sale or other disposition of all or substantially all of its assets.

Item 3. Interests of Directors, Management, Promoters and Principal Holders

3.1 Compensation and Securities Held

The table below outlines certain information regarding the Sponsor, each director and officer of the Sponsor, and any person who as at July 18, 2017 directly or indirectly beneficially owns or controls 10% or more of the outstanding units of a particular series.

Table 4: Compensation and Securities Held

Name and municipality of principal residence	Positions held (e.g., director, officer, promoter and/or principal holder) and the date of obtaining that position	Compensation paid by Trust or related party since inception and the compensation anticipated to be paid in the current financial year	Number, type and percentage of securities of the Trust held after completion of min. offering	Number, type and percentage of securities of the Trust held after completion of max. offering
First Block Capital Inc. Vancouver British Columbia	Sponsor / Promoter Since: May 15, 2017	Since inception: \$0.00 Current year: Unknown ⁽¹⁾	Nil	Nil
Sean Clark Vancouver British Columbia	Founder, President, Chief Executive Officer and Director Since: March 14, 2017	Since inception: No compensation Current year: No compensation	Nil	Nil ⁽²⁾
Thomas Kineshanko Vancouver British Columbia	Founder, Investor Relations and Director Since: March 14, 2017	Since inception: No compensation Current year: No compensation	Nil	Nil ⁽²⁾
Marc van der Chijs West Vancouver British Columbia	Founder, Corporate Development and Director Since: March 14, 2017	Since inception: No compensation Current year: No compensation	Nil	Nil ⁽²⁾

- (1) We are entitled to receive compensation from the Trust for our services as sponsor. The compensation paid to us for the year ended December 31, 2017 will vary based on the net assets of the Trust during that period. See *Item 2.7 – Material Contracts – Trust Agreement – Sponsor*.
- (2) The directors and officers of the Sponsor may acquire units of the Trust from time to time; however, the number of units, if any, which may be acquired by the directors and officers of the Sponsor is not known.

3.2 Management Experience

The following table discloses the principal occupations of our directors and executive officers over the past five years and their relevant experience.

Table 5: Management Experience

Name	Principal occupation and related experience
 <p>Sean Clark Founder, President, Chief Executive Officer and Director</p>	<p>Sean Clark has significant experience in capital markets, fundraising, acquiring, merging and operating online companies at scale. Mr. Clark founded SHOEme.ca in 2012 which was sold in 2014 to Shoes.com where he held the title of Chief Revenue Officer and helped the company achieve \$300,000,000 in annual revenue. Mr. Clark was responsible for all aspects of the company’s sales, growth, corporate governance and financings.</p> <p>As President of the Sponsor, Mr. Clark is responsible for all strategic management, investments and capital financings, forecast based planning, and setting a strategic direction for the firm.</p> <p>Mr. Clark received his MBA from the University of British Columbia and was the winner of the 2016 EY Entrepreneur of the Year. He will leverage his strategic and entrepreneurial skills in the management of the Sponsor.</p>
 <p>Thomas Kineshanko Founder, Investor Relations and Director</p>	<p>Thomas Kineshanko has been a technology entrepreneur for eight years. Mr. Kineshanko co-founded one of the first emissions reduction project development companies, Habitat Enterprises Ltd., under the United Nations Emissions Reduction program. Habitat worked with clients including Vancouver City Savings Credit Union, and Translink to reduce over 500,000 tonnes of carbon dioxide on three continents. Habitat was partially acquired by TSX.V listed GreenAngel Energy Corp. (GAE) via a share swap. This acquisition led Mr. Kineshanko to be a founding equity partner in GAE, the first publicly listed Angel Investment fund in Canada. Mr. Kineshanko is also a co-founder of Gridbid.com, which auctioned over \$50,000,000 in roof space for solar energy, and Jumiya Inc., an alternative credit scoring platform acquired by a US bank in 2014. Mr. Kineshanko set up what is believed to be the first bitcoin and Ethereum investment vehicle in Canada and is an investor in numerous startups in the bitcoin/Blockchain marketplace.</p> <p>Mr. Kineshanko is a graduate of the National University of Singapore, the Graduate Studies Program of Singularity University at NASA AMES Research Center, and Simon Fraser University where he was a two-time Athletic and Academic All American in Track & Field.</p>



Marc van der Chijs
Founder, Corporate
Development and
Director

Marc van der Chijs has been Managing Partner of venture capital firm CrossPacific Capital Partners for the past four years. During that time his main investments were in financial technologies, with a focus on bitcoin and Blockchain. He regularly speaks at bitcoin and Blockchain conferences and has a strong network in the cryptocurrency community. Before becoming a venture capitalist, Mr. van der Chijs spent over 13 years as an entrepreneur in China, where he co-founded China's leading online video site Tudou.com and online games company Spil Games Asia. He started his career at Daimler headquarters in Germany where he held several management positions in finance.

Mr. van der Chijs has a Master's degree of Business Economics from Maastricht University, with a focus on corporate finance.

3.3 Penalties, Sanctions and Bankruptcy

There are no penalties or sanctions that have been in effect during the last 10 years, or any cease trade orders that have been in effect for a period of more than 30 consecutive days during the past 10 years against: (i) a director, executive officer or control person of the Trust or the Sponsor; or (ii) an issuer of which any of the foregoing persons was a director, executive officer or control person at the relevant time.

There are no declarations of bankruptcy, voluntary assignments in bankruptcy, proposals under any bankruptcy or insolvency legislation, proceedings, arrangements or compromises with creditors or appointments of a receiver, receiver Sponsor or trustee to hold assets, that have been in effect during the last 10 years with regard to any: (i) director, executive officer or control person of the Trust or the Sponsor; or (ii) issuer of which any of the foregoing persons was a director, executive officer or control person at the relevant time.

3.4 Indebtedness to the Issuer

As at the date of this Offering Memorandum, the Trust has no debenture or loan outstanding to any director, officer, promoter or principal holders of the Trust or the Sponsor.

Item 4. Capital Structure

4.1 Share Capital

The table below describes the outstanding securities of the Trust as at June 30, 2017.

Table 6: Share Capital

Description of security	Number authorized to be issued	Price per security	Number outstanding as at June 30, 2017	Number outstanding after minimum offering ⁽¹⁾	Number outstanding after maximum offering ⁽¹⁾
Series B trust units	Unlimited	Net asset value of Series B units on the purchase date	15,000.000	115,857.286	No maximum

⁽¹⁾ There is no maximum or minimum number of units that will be sold as part of this offering.

4.2 Long Term Debt Securities

The Trust has no long-term debt.

4.3 Prior Sales and Redemptions

The table below discloses information regarding the Series B units that were issued from the time the Trust was established (May 15, 2017) to July 18, 2017.

Table 7: Prior Sales

Date of issuance	Type of security issued	Number of securities issued	Price per security	Total funds received
June 23, 2017	Series B trust units	15,000.000	\$12.178	\$182,670
July 6, 2017	Series B trust units	100,857.286	\$9.915	\$1,000,000

No Series B units were redeemed from the time the Trust was established (May 15, 2017) to July 18, 2017.

Item 5. Securities Offered

5.1 Terms of Securities

The beneficial interest in the Trust is divided into different series of units. As at the date of this Offering Memorandum, the Trust is divided into Series A units, Series B units and Series F units; however, Series A units and Series F units are not currently offered for sale to investors. The Trust may issue other series of units in the future. Except for the fees and expenses payable in respect of each series of units, the rights and attributes of each series will be identical.

Your investment in the Trust will be represented by Series B units. Each Series B unit represents an equal, undivided beneficial interest in and ownership of the net assets of the Trust attributable to that

series. A holder of Series B units is entitled to one vote for each whole unit held on matters for which separate approval of Series B unitholders is sought at any meeting of the unitholders and one vote for each whole unit held on matters for which approval is sought from all unitholders, voting together as a group, at any meeting of the unitholders. If the Trust is terminated, a holder of Series B units will be entitled to a proportionate share of the net assets of the Trust attributable to that series of units.

Distributions

Sufficient net income and net realized capital gains of the Trust will be distributed to unitholders in each year to ensure that the Trust will not be subject to tax under Part I of the Tax Act. Unless otherwise requested in writing, any distribution payable to you as a unitholder will be automatically reinvested in additional Series B units of the Trust at the Series B net asset value per unit on the date of the distribution.

Redemption of Units

Unitholders may redeem all or a portion of their units on the last business day of a month by providing us with no less than 60 days' prior written notice of the redemption. For this purpose, a business day is any day on which the Toronto Stock Exchange is open for trading. We have the discretion to waive this notice requirement from time to time.

The redemption price of a Series B unit of the Trust is equal to 98% of the unit's pro rata share of the total value of the bitcoin held by the Trust at the close of business on the redemption date. However, if you redeem your units within one year of the original date of purchase, you may be required to pay a 1% early redemption fee to the Sponsor.

We may, at the request of a redeeming unitholder, pay redemption proceeds in U.S. dollars; however, we are not required to do so. If we pay redemption proceeds in U.S. dollars, we will determine the amount payable to the redeeming unitholder in U.S. dollars by applying the U.S. dollar exchange rate on the date of the redemption, as published by the Bank of Canada.

We have the right, exercisable at any time at our discretion, to require you to redeem your units. We will provide you with written notice of our decision to require you to redeem your units at least 10 days prior to the date of the redemption.

We may suspend your right to redeem units or your right to payment for units previously tendered for redemption (i) for such period during which we determine that conditions exist as a result of which the disposal of the Trust's assets necessary to satisfy redemptions is not reasonably practicable or determining the net asset value is not reasonably practicable; or (ii) at other times, with the consent of the British Columbia Securities Commission. Any suspension will take effect at the time declared by us and will terminate on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. During the suspension period, no redemptions of units will be permitted. If you have requested redemption and a suspension occurs, you may either withdraw your redemption request within three business days of receiving notice of the suspension or receive payment based on the series net asset value per unit next calculated after the termination of the suspension.

Transfer of Units

Units are transferable only in very limited circumstances. Units may not be transferred except by operation of law or with our prior written consent. See also *Item 10 – Resale Restrictions*.

5.2 Subscription Procedure

You may invest in the Trust by purchasing Series B units. Series B units are being distributed in this offering to residents of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia and New Brunswick in reliance on the “offering memorandum” exemption in section 2.9(1) of National Instrument 45-106 *Prospectus Exemptions*. An investor will only be permitted to purchase Series B units if his or her purchase qualifies under that exemption. We rely on the representations you make in your subscription agreement to ensure that your purchase qualifies under that exemption and to ensure that you are otherwise eligible to purchase units.

Subscriptions for units must be made by completing and executing the subscription agreement and supporting documentation, and sending such agreement and documentation together with payment of the aggregate subscription price to us (via the Agent), in accordance with the instructions contained in the subscription agreement.

You may acquire Series B units on the last business day of each week (and on such other dates as we may determine from time to time) if we receive and accept your subscription agreement and supporting documentation and payment by no later than 1:00 p.m. (Vancouver time) on such date. For this purpose, a business day is any day on which the Toronto Stock Exchange is open for trading. The price of each Series B unit an investor purchases will be equal to the Series B net asset value per unit as of the close of business on the purchase date.

The minimum investment amount for initial and subsequent investments is \$500. The purchase price for Series B units may be paid in Canadian dollars or in U.S. dollars. If you make your investment in U.S. dollars, we will apply the U.S. dollar exchange rate on the date of the purchase, as published by the Bank of Canada, to determine the value of your investment in Canadian dollars, and the number of Series B units you receive will be based on that value. In addition, the purchase price for Series B units may be paid through the transfer to the Trust of bitcoins having an aggregate value equal to the purchase price. If you wish to transfer bitcoins to the Trust as consideration for the Series B units you purchase, you should contact the Sponsor to make appropriate arrangements.

We may in our discretion, refuse to accept your subscription to purchase units even if you provide us with the documentation and information prior to the deadline noted above. We may also close the Trust to new investors from time to time. If we have decided not to accept your subscription we will notify you of our decision within five business days of receiving the required documentation and information from you.

Any subscription funds received by us prior to the relevant purchase date will be held in the Trust’s general bank account. These funds will not be segregated for your account. You will not be entitled to any interest on any subscription funds delivered to us prior to the relevant purchase date. Any interest earned on such funds will belong to the Trust.

You will become a unitholder after we accept your subscription agreement and the Trust has received the purchase price for your units. We will hold your subscription monies in trust for you until the day on which you become a unitholder.

Item 6. Income Tax Consequences and Eligibility for Registered Plans

6.1 Professional Advice

You should consult your own professional advisers to obtain advice on the income tax consequences that apply to you.

6.2 Certain Canadian Federal Income Tax Considerations

In the opinion of Borden Ladner Gervais LLP, counsel to the Trust, the following is, as of the date hereof, a general summary of the principal Canadian federal income tax considerations generally applicable under the *Income Tax Act* (Canada) (defined above as the “**Tax Act**”) to the acquisition, holding and disposition of Series B units by a unitholder. This summary is generally applicable to a unitholder who deals at arm’s length and is not affiliated with the Trust and holds Series B units as capital property.

This summary is not applicable to a unitholder that is a “financial institution”, that is a “specified financial institution” or that has elected to determine its Canadian tax results in accordance with the “functional currency” rules, or an interest in which is a “tax shelter investment” (as all such terms are defined in the Tax Act). All such unitholders should consult with their own tax advisors.

This summary is based upon the current provisions of the Tax Act, the regulations thereunder, all specific proposals to amend the Tax Act and the regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”), and an understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the “**CRA**”) published in writing by the CRA prior to the date hereof. Except for the Tax Proposals, this summary does not otherwise take into account or anticipate any changes in the law, whether by legislative, governmental or judicial decision or action, which may affect adversely any income tax consequences described herein, and does not take into account provincial, territorial or foreign tax considerations, which may differ significantly from those described herein.

This summary is not exhaustive of all possible Canadian federal tax considerations applicable to an investment in Series B units. Moreover, the income and other tax consequences of acquiring, holding or disposition of Series B units will vary depending on a taxpayer’s particular circumstances. Accordingly, this summary is of a general nature only and is not intended to constitute legal or tax advice to any particular unitholder or prospective purchaser of Series B units. You should consult with your own tax advisors about the tax consequences of an investment in Series B units based on your particular circumstances.

For the purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of units (including distributions, adjusted cost base and proceeds of disposition), or transactions of the Trust, must be expressed in Canadian dollars. Amounts denominated in United States dollars must be converted into Canadian dollars using the rate of exchange quoted by the Bank of Canada on the day on which the amount first arose (or, if the Bank of Canada ordinary quotes such a rate, but there is no such rate quoted for that day, the closest preceding day for which such a rate is quoted) or such other rate of exchange as is acceptable to the CRA.

Qualification as a Mutual Fund Trust

This summary is based on the assumption that the Trust will qualify at all times as a “mutual fund trust” within the meaning of the Tax Act and that the Trust will validly elect under the Tax Act to be a mutual fund trust from the date it was established. If the Trust were not to qualify as a mutual fund trust at all times, certain of the income tax considerations described below would, in some respects, be materially and adversely different.

Taxation of the Trust

The Trust will in each year distribute sufficient net income and net realized capital gains to unitholders so that the Trust will not be liable for income tax under Part I of the Tax Act, after taking into account any capital gains refunds under the Tax Act. In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the Trust's tax liability for that taxation year arising in connection with the distribution of its property on the redemption of units. The Trust Agreement provides that all or any portion of the net income and net realized capital gains of the Trust may, at the discretion of the Sponsor, be treated as net income and/or net realized capital gains paid or payable to the redeeming unitholder, and will be deductible by the Trust in computing its income. Reasonable administrative and other expenses incurred for the purpose of earning income can be deducted by the Trust. In certain circumstances, losses of the Trust may be suspended or restricted and therefore would not be available to shelter capital gains or income.

The Trust will generally treat gains (or losses) as a result of any disposition of bitcoin as capital gains (or capital losses). The CRA has taken the administrative position that bitcoins are treated as a commodity for income tax purposes. The CRA has also expressed the opinion that gains (or losses) of mutual fund trusts resulting from transactions in commodities should generally be treated for income tax purposes as ordinary income rather than as capital gains, although the treatment in each particular case remains a question of fact to be determined having regard to all the circumstances. If any of the transactions of the Trust are reported by it on capital account but are subsequently determined by the CRA to be on income account, there may be an increase in the net income of the Trust which is automatically distributed to unitholders at the Trust's taxation year end and/or the taxable component of the redemption proceeds received by a redeeming unitholder during the year.

Taxation of Unitholders

Unitholders Resident in Canada

This part of the general summary of the principal Canadian federal income tax considerations is applicable to a unitholder who, for purposes of the Tax Act and any applicable tax treaty, is, or is deemed to be, resident in Canada (a "**Canadian unitholder**"). This portion of the summary is applicable to Canadian unitholders who are individuals. Unitholders who are Canadian resident corporations, trusts or other entities should consult their own tax advisors regarding their particular circumstances.

Canadian unitholders will generally be required to include in their income for tax purposes for a particular year the portion of the income of the Trust for that particular taxation year, including net realized taxable capital gains, if any, that is paid or payable to the Canadian unitholder in the particular taxation year, whether such amount is received in additional units or cash. Provided that appropriate designations are made by the Trust, such portion of the net realized capital gains as is paid or payable to a Canadian unitholder will effectively retain its character and be treated as such in the hands of the unitholder for purposes of the Tax Act.

The non-taxable portion of any net realized capital gains of Trust that is paid or payable to a Canadian unitholder in a taxation year will not be included in computing the Canadian unitholder's income for the year. Any other amount in excess of the income of the Trust that is paid or payable to a Canadian unitholder in such year also will not generally be included in the Canadian unitholder's income for the year. However, where such other amount is paid or payable to a Canadian unitholder (other than as proceeds of disposition of units), the Canadian unitholder generally will be required to reduce the adjusted cost base of the units by that amount. To the extent that the adjusted cost base of a unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Canadian

unitholder from the disposition of the unit and the Canadian unitholder's adjusted cost base in respect of the unit will be increased by the amount of such deemed capital gain to zero.

Upon the actual or deemed disposition of a unit, including its redemption, a capital gain (or a capital loss) will generally be realized to the extent that the proceeds of disposition of the unit exceed (or are exceeded by) the aggregate of the adjusted cost base of the unit to the Canadian unitholder and any costs of disposition. For the purpose of determining the adjusted cost base to a Canadian unitholder of a unit, when a unit is acquired, the cost of the newly acquired unit will be averaged with the adjusted cost base of all units owned by the Canadian unitholder as capital property that were acquired before that time. The cost to the Canadian unitholder of units received on the reinvestment of a distribution of the Trust will be equal to the amount reinvested.

Under the Tax Act, one-half of a capital gain ("**taxable capital gains**") are included in a Canadian unitholder's income and one-half of capital losses ("**allowable capital losses**") are generally deductible only against taxable capital gains. Any unused allowable capital losses may be carried back up to three taxation years and forward indefinitely and deducted against net taxable capital gains realized in any such other year to the extent and under the circumstances described in the Tax Act. Capital gains realized by individuals may give rise to alternative minimum tax. If any transactions of the Trust are reported by it on capital account but are subsequently determined by the CRA to be on income account, there may be an increase in the net income of the Trust for tax purposes and the taxable component of redemption proceeds (or any other amounts) distributed to unitholders, with the result that Canadian resident unitholders could be reassessed by the CRA to increase their taxable income by the amount of such increase.

If, at any time, the Trust delivers bitcoin to any Canadian unitholder upon a redemption of a Canadian unitholder's units, the Canadian unitholder's proceeds of disposition of the units will generally be equal to the aggregate of the fair market value of the distributed bitcoin and the amount of any cash received, less any capital gain or income realized by the Trust on the disposition of such bitcoin and allocated to the Canadian unitholder. The cost of any bitcoin distributed *in specie* will generally be equal to the fair market value of such bitcoin at the time of the distribution.

Pursuant to the Trust Agreement, the Sponsor has the authority to distribute all or any portion of the net income and net realized capital gains of the Trust to a Canadian unitholder who has redeemed units during a year. Any such distributions will reduce the redeeming Canadian unitholder's proceeds of disposition for the purposes of the Tax Act.

Unitholders Not Resident in Canada

This portion of the summary is applicable to a unitholder who, at all relevant times for purposes of the Tax Act, has not been and is not resident in Canada or deemed to be resident in Canada and does not use or hold, and is not deemed to use or hold its units in connection with a business that the unitholder carries on, or is deemed to carry on, in Canada at any time, and is not an insurer or bank who carries on an insurance or banking business or is deemed to carry on an insurance or banking business in Canada and elsewhere (a "**Non-Canadian unitholder**"). Prospective non-resident purchasers of units should consult their own tax advisors to determine their entitlement to relief under any income tax treaty between Canada and their jurisdiction of residence, based on their particular circumstances.

The following portion of the summary assumes that units will not be "taxable Canadian property" to any particular Non-Canadian unitholder at any time. Assuming that the Trust adheres to its mandate to invest and hold substantially all of its assets in bitcoin, the units will not be taxable Canadian property. The rest of this summary assumes this to be the case.

Any amount paid or credited by the Trust to a Non-Canadian unitholder as income of or from the Trust, whether such amount is received in additional units or cash (other than an amount that the Trust has designated in accordance with the Tax Act as a taxable capital gain, and including an amount paid on a redemption of units to a Non-Canadian unitholder that is designated as a distribution of income in accordance with the Trust Agreement) generally will be subject to Canadian withholding tax at a rate of 25%, unless such rate is reduced under the provisions of an income tax treaty between Canada and the Non-Canadian unitholder's jurisdiction of residence. Pursuant to the *Canada-United States Income Tax Convention*, as amended (the "**Treaty**"), a Non-Canadian unitholder who is a resident of the United States and entitled to benefits under the Treaty will generally be entitled to have the rate of Canadian withholding tax reduced to 15% of the amount of any distribution that is paid or credited as income of or from the Trust.

Any amount paid or credited by the Trust to a Non-Canadian unitholder that the Trust has validly designated in accordance with the Tax Act as a taxable capital gain, including such an amount paid on a redemption of units, generally will not be subject to Canadian withholding tax or otherwise subject to tax under the Tax Act. Any amount in excess of the income of the Trust that is paid or payable by the Trust to a Non-Canadian unitholder (including the non-taxable portion of capital gains realized by the Trust) otherwise generally will not be subject to Canadian withholding tax.

A disposition or deemed disposition of a unit by a non-Canadian unitholder, whether on a redemption or otherwise, will not give rise to any capital gain that is subject to tax under the Tax Act. However, to the extent that the amount paid on a redemption of units to a Non-Canadian unitholder is income designated to the redeeming Non-Canadian unitholder, including as a result of a possible reassessment by the CRA, such amount will be subject to Canadian withholding tax as described above.

Tax Information Reporting

Pursuant to the Intergovernmental Agreement for the Enhanced Exchange of Tax Information under the Canada-United States Tax Convention entered into between Canada and the United States (the "**IGA**"), and related Canadian legislation, the Trust and/or registered dealers are required to report certain information with respect to unitholders who are U.S. residents and U.S. citizens (including U.S. citizens who are residents or citizens of Canada), and certain other "U.S. Persons" as defined under the IGA (excluding Registered Plans as defined herein), to the CRA. It is expected that the CRA will then exchange the information with the U.S. Internal Revenue Service. In addition, to meet the objectives of the Organization for Economic Co-operation and Development Common Reporting Standard (the "**CRS**"), the Trust and/or registered dealers are required under Canadian legislation to identify and report to the CRA details and certain financial information relating to unitholders in the Trust who are residents in a country outside of Canada and the United States (excluding Registered Plans as defined herein). The CRA is expected to provide that information to the tax authorities of the relevant jurisdiction that has adopted the CRS.

6.3 Eligibility for Registered Plans

Series B units of the Trust will be qualified investments under the Tax Act for registered retirement savings plans (defined above as "**RRSPs**"), registered retirement income funds (defined above as "**RRIFs**"), deferred profit sharing plans, registered education savings plans (defined above as "**RESPs**"), registered disability savings plans (defined above as "**RDSPs**") and tax-free savings accounts (defined above as "**TFSAs**") (defined above collectively as "**Registered Plans**"). Annuitants of RRSPs and RRIFs, holders of TFSAs and RDSPs and subscribers of RESPs, should consult with their own tax advisers as to whether units would be a "prohibited investment" under the Tax Act in their particular circumstances.

Bitcoin received by a Registered Plan on a redemption of units will not be a qualified investment for such plan. Accordingly, Registered Plans that receive bitcoin on a redemption of units, and the annuitants or beneficiaries thereunder or holders thereof, may be subject to adverse Canadian tax consequences.

Item 7. Compensation Paid to Sellers and Finders

Pursuant to the agency agreement made as of May 23, 2017 (defined above as the “**Agency Agreement**”) between the Trust and Silver Maple Ventures Inc. (defined above as the “**Agent**”), the Trust engaged the Agent to act as its non-exclusive sales and marketing and administrative agent in connection with the offering of Series B units under this Offering Memorandum and to provide certain other related services to the Trust. Under the Agency Agreement, the Agent is entitled to receive the following compensation:

1. A fee of \$5,000 plus applicable taxes for the performance of the Agent’s due diligence review in respect of the Trust;
2. A fee of \$5,000 plus applicable taxes in connection with the preparation of this Offering Memorandum;
3. An aggregate fee of \$225 plus applicable taxes for the performance of the Agent’s due diligence investigation in respect of each officer, director and principal with significant influence on the Trust’s business; and
4. A fee applicable to each subscription for Series B units under this offering determined as follows:
 - (a) for each purchaser who is an individual, the greater of:
 - (i) a success fee equal to 6.00% of the gross proceeds raised through the subscription of units by the purchaser; or
 - (ii) \$40 per purchaser; and
 - (b) for each purchaser who is not an individual, the greater of:
 - (i) a success fee equal to 6.00% of the gross proceeds raised through the subscription of units by the purchaser; or
 - (ii) \$100 per purchaser.

In addition, if the Trust requests that the Agent provide any corporate finance consulting services beyond those specifically contemplated in the Agency Agreement, the Trust will pay an hourly fee to the Agent as consideration for such additional consulting services.

The Trust will also pay the reasonable expenses of the Agent incurred in connection with the offering provided such expenses have been approved by the Trust.

For additional information, see *Item 2.7 - Material Agreements – Agency Agreement*.

Item 8. Risk Factors

The purchase of units involves a high degree of risk. You could lose all the money you invest. Only investors who can reasonably afford the risk of loss of their entire investment should consider the

purchase of units. In addition to the factors set forth elsewhere in this Offering Memorandum, prospective purchasers should consider the risks described below.

8.1 Risks Associated with the Trust's Investment in Bitcoin

Potential loss or destruction of private keys

The loss or destruction of a private key required to access a bitcoin may be irreversible. The Trust's loss of access to its private keys or its experience of a data loss relating to the Trust's bitcoins could result in loss of the Trust's assets or otherwise adversely affect an investment in the units.

Risk of loss, theft or destruction of the Trust's bitcoins

There is a risk that some or all of the Trust's bitcoins could be lost, stolen or destroyed. If the Trust's bitcoins are lost, stolen or destroyed under circumstances rendering a party liable to the Trust, the responsible party may not have the financial resources sufficient to satisfy the Trust's claim.

Irrevocability of bitcoin transactions

Bitcoin transactions are irrevocable and stolen or incorrectly transferred bitcoins may be irretrievable. As a result, any incorrectly executed bitcoin transactions could adversely affect an investment in the units.

Risk of security breaches

Security breaches, computer malware and computer hacking attacks have been a prevalent concern in the bitcoin exchange market since the launch of the Bitcoin Network. Any security breach caused by hacking, which involves efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, and the inadvertent transmission of computer viruses, could harm the Trust's business operations or result in loss of the Trust's assets.

Risks relating to the Trust's technical infrastructure

The Trust could experience unforeseen difficulties in operating and maintaining key elements of its technical infrastructure. Any issues relating to the performance and effectiveness of the security procedures used by the Trust and the Bitcoin Custodian to protect the Trust's bitcoin accounts may have an adverse impact on an investment in the units.

In addition, the Trust's and the Bitcoin Custodian's ability to adopt technology in response to changing security needs or trends may pose a challenge to the safekeeping of the Trust's bitcoins. To the extent that the Trust or the Bitcoin Custodian is unable to identify and mitigate or stop new security threats, the Trust's bitcoins may be subject to theft, loss, destruction or other attack, which could have a negative impact on the performance of the units or result in loss of the Trust's assets.

No centralized control of the Bitcoin Network

The open-source structure of the Bitcoin Network protocol means that the core developers of the Bitcoin Network and other contributors are generally not directly compensated for their contributions in maintaining and developing the Bitcoin Network protocol. A failure to properly monitor and upgrade the Bitcoin Network protocol could damage the Bitcoin Network and an investment in the units.

Future changes to the Bitcoin Network

The core developers of the Bitcoin Network or other programmers could propose amendments to the Bitcoin Network's protocols and software that, if accepted and authorized by the Bitcoin Network community, could adversely affect an investment in the units.

Potential manipulation of Blockchain

If a malicious actor or botnet obtains control of more than 50% of the processing power on the Bitcoin Network, such actor or botnet could manipulate the Blockchain, which could adversely affect an investment in the units or the ability of the Trust to operate.

Fluctuations in the market price of bitcoins

The value of the units relates directly to the value of the bitcoins held by the Trust and fluctuations in the price of bitcoins could materially and adversely affect an investment in the units. Several factors may affect the price of bitcoins, including: the total number of bitcoins in existence; global bitcoin demand; global bitcoin supply; investors' expectations with respect to the rate of inflation of fiat currencies; investors' expectations with respect to the rate of deflation of bitcoin; interest rates; currency exchange rates, including the rates at which bitcoins may be exchanged for fiat currencies; fiat currency withdrawal and deposit policies of bitcoin exchanges and liquidity of such bitcoin exchanges; interruptions in service from or failures of major bitcoin exchanges; Cyber theft of bitcoins from online bitcoin wallet providers, or news of such theft from such providers or from individuals' bitcoin wallets; investment and trading activities of large investors; monetary policies of governments, trade restrictions, currency devaluations and revaluations; regulatory measures, if any, that restrict the use of bitcoins as a form of payment or the purchase of bitcoins on the bitcoin market; the availability and popularity of businesses that provide bitcoin-related services; the maintenance and development of the open-source software protocol of the Bitcoin Network; increased competition from other forms of cryptocurrency or payments services; global or regional political, economic or financial events and situations; expectations among bitcoin economy participants that the value of bitcoins will soon change; and fees associated with processing a bitcoin transaction.

Bitcoin has historically experienced significant intraday and long-term price volatility. If bitcoin markets continue to be subject to sharp fluctuations, you may experience losses if you need to sell your units at a time when the price of bitcoins is lower than it was when you made your prior investment. Even if you are able to hold units for the long-term, your units may never generate a profit, since bitcoin markets have historically experienced extended periods of flat or declining prices, in addition to sharp fluctuations.

In addition, investors should be aware that there is no assurance that bitcoins will maintain their long-term value in terms of future purchasing power or that the acceptance of bitcoin payments by mainstream retail merchants and commercial businesses will continue to grow. In the event that the price of bitcoins declines, the Sponsor expects the value of an investment in the units to decline proportionately.

Market adoption

Currently, there is relatively small use of bitcoins 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 the units. Further, if fees increase for recording transactions in the Blockchain, demand for bitcoins may be reduced and prevent the expansion of the Bitcoin Network to retail merchants and commercial businesses, resulting in a reduction in the price of bitcoins that could adversely affect an investment in the units.

Changes to prominence of bitcoin and other digital assets

Demand for bitcoins is driven, in part, by its status as the most prominent and secure digital asset. It is possible that a digital asset other than bitcoin could have features that make it more desirable to a material portion of the digital asset user base, resulting in a reduction in demand for bitcoins, which could have a negative impact on the price of bitcoins and adversely affect an investment in the units.

Potential regulatory developments

The regulatory framework of bitcoin remains unclear and application of existing regulations and/or the introduction of new regulations may have a significant impact on the value of bitcoin and could adversely affect an investment in the units.

Unregulated nature of bitcoin exchanges

Due to the unregulated nature and lack of transparency surrounding the operations of bitcoin exchanges, the marketplace may lose confidence in bitcoin exchanges, upon which the Trust is dependent.

Changes to bitcoin mining activity

If the award of bitcoins for solving blocks and transaction fees for recording transactions are not sufficiently high to incentivize miners, miners may cease expending processing power to solve blocks and confirmations of transactions on the Blockchain could be slowed temporarily. A reduction in the processing power expended by miners on the Bitcoin Network could increase the likelihood of a malicious actor or botnet obtaining control. In addition, to the extent that the profit margins of bitcoin mining operations are not high, bitcoin miners are more likely to immediately sell bitcoins earned by mining in the bitcoin exchange market, resulting in a reduction in the price of bitcoins that could adversely affect an investment in the units.

Potential intellectual property right claims

Intellectual property rights claims may adversely affect the operation of the Bitcoin Network and could adversely affect an investment in the units. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in the Bitcoin Network's long-term viability or the ability of end-users to hold and transfer bitcoins may adversely affect an investment in the units. Additionally, a meritorious intellectual property claim could prevent the Trust and other end-users from accessing the Bitcoin Network or holding or transferring their bitcoins, which could force the Sponsor to terminate the Trust and liquidate the Trust's bitcoins (if such liquidation of the Trust's bitcoins is possible).

8.2 Other Risks Associated with an Investment in the Trust

No assurance

There is no guarantee that the Trust will achieve its investment objective or earn a positive return.

Marketability and liquidity of units

There is currently no market through which the units may be sold. Although units are redeemable monthly, your right to redeem your units may be suspended in certain circumstances.

Fees and expenses

The Trust is obligated to pay a fee to us for our services as sponsor, regardless of whether the Trust realizes a profit. In addition, subject to our agreement to pay the operating expenses of the Trust incurred in the normal course of the Trust's activities until the net asset value of the Trust exceeds \$10 million, the Trust is obligated to pay its operating expenses. Further, in certain circumstances, the Trust may be subject to significant indemnification obligations.

Dependence on the Sponsor and key persons

The Trust relies upon the good faith and expertise of the Sponsor and other service providers of the Trust. If for any reason the Sponsor is unable or unwilling to continue to act as sponsor of the Trust, there could be significant adverse consequences to the Trust. The Sponsor will depend, to a great extent, on the services of a limited number of individuals in the administration of the Trust's activities. The loss of such individuals for any reason could impair the ability of the Sponsor to perform its duties in respect of the Trust.

Concentration risk

The Trust is subject to risk due to its concentration in a single asset: bitcoins. Accordingly, any decrease in market price of bitcoin will reduce the value of the units. Consistent with the investment objective of the Trust, the Trust will not attempt to mitigate or offset any decrease in the market price of bitcoin by investing in a diversified group of assets.

Absence of regulatory oversight

As at the date of this Offering Memorandum, the Trust is not a "reporting issuer" as such term is defined in applicable securities legislation and accordingly is not subject to most of the continuous disclosure reporting obligations imposed on reporting issuers by such securities legislation. In addition, the Sponsor has concluded that the Trust is not an "investment fund" within the meaning of applicable securities legislation. Accordingly, the Trust is not required to comply with requirements that apply under applicable securities laws to entities that are considered to be an "investment fund".

As at the date of this Offering Memorandum, the Sponsor is not registered in any capacity with applicable securities regulatory authorities. Unless and until such registration is obtained, the Sponsor will not be subject to the direct oversight of securities regulatory authorities.

No independent management

The Trust does not have independent management and will be relying on us, in our capacity as sponsor of the Trust, to manage the day-to-day operations of the Trust. We will have conflicts of interest in allocating management time, services and functions among the Trust and other business ventures in which we are or may become involved. Further, the directors and officers of the Sponsor will devote only such time to the affairs of the Trust as they, in their sole discretion, determine to be necessary to carry out their obligations to the Trust. The individuals responsible for providing services to the Trust on our behalf will allocate their time between the Trust and other business activities as they see appropriate.

Lack of independent experts representing investors

Each of the Trust and the Sponsor have consulted with a single legal counsel regarding the formation and terms of the Trust and the offering of units. Investors have not, however, been independently represented.

Therefore, to the extent that the Trust, the investors or the offering of units could benefit by further independent review, such benefit will not be available.

Changes in applicable law

Legal and other regulatory changes may occur that may adversely affect the Trust and its unitholders.

Tax risk

“Mutual fund trust” status - In order to qualify as a mutual fund trust under the Tax Act, the Trust must comply with various requirements contained in the Tax Act, including to restrict its undertaking to the investment of its funds in property. If the Trust were to cease to qualify as a mutual fund trust (whether as a result of a change in law or administrative practice, or due to its failure to comply with the current Canadian requirements for qualification as a mutual fund trust), it may experience various potential adverse consequences, including: becoming subject to a requirement to withhold tax on distributions made to non-resident unitholders of any capital gains; units not qualifying for investment by Registered Plans; and units ceasing to qualify as “Canadian securities” for the purposes of the election provided in subsection 39(4) of the Tax Act.

Treatment of gains and losses on dispositions of bitcoin - The Trust generally will treat gains (or losses) as a result of any disposition of bitcoin as capital gains (or capital losses). CRA has taken the administrative position that bitcoins are treated as a commodity for income tax purposes. The CRA has also expressed the opinion that gains (or losses) of mutual fund trusts resulting from transactions in commodities should generally be treated for income tax purposes as ordinary income rather than as capital gains, although the treatment in each particular case remains a question of fact to be determined having regard to all the circumstances. If any transactions of the Trust are reported by it on capital account but are subsequently determined by the CRA to be on income account, there may be an increase in the net income of the Trust which is automatically distributed by the Trust to its unitholders under the terms of the Trust Agreement at the Trust’s taxation year end and/or the taxable component of the redemption proceeds received by a redeeming unitholder during the year; with the result that Canadian-resident unitholders could be reassessed by the CRA to increase their taxable income by the amount of such increase, and non-resident unitholders potentially could be assessed directly by the CRA for Canadian withholding tax on the amount of net gains on such transactions that were treated by the CRA as having been distributed to them. Moreover, as a result of the Trust’s allocation methodology on redemptions, up to 100% of an investor’s redemption proceeds could be treated as ordinary income rather than a capital gain. The CRA could assess the Trust for a failure of the Trust to withhold tax on distributions made by it to non-resident unitholders that are subject to withholding tax, and typically would do so rather than assessing the non-resident unitholders directly. Accordingly, any such re-determination by the CRA may result in the Trust being liable for unremitted withholding taxes on prior distributions made to unitholders who were not resident in Canada for the purposes of the Tax Act at the time of the distribution. As the Trust may not be able to recover such withholding taxes from the non-resident unitholders whose units are redeemed, payment of any such amounts by the Trust would reduce the net asset value of the units.

“Loss restriction event” - If the Trust experiences a “loss restriction event” it (i) will be deemed to have a year-end for tax purposes (which would result in an allocation of the Trust’s taxable income at such time to unitholders so that the Trust is not liable for income tax on such amounts), and (ii) will become subject to the loss restriction rules generally applicable to corporations that experience an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on their ability to carry forward losses. Generally, the Trust will be subject to a loss restriction event when a person becomes a “majority-interest beneficiary” of the Trust, or a group of persons becomes a “majority-interest group of

beneficiaries” of the Trust, as those terms are defined in the affiliated persons rules contained in the Tax Act, with appropriate modifications. Generally, a majority-interest beneficiary of the Trust will be a beneficiary who, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, has a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, respectively, in the Trust.

Currency risk

Bitcoin will be purchased and sold by the Trust in U.S. dollars, which means the Trust will exchange the subscription proceeds it receives in Canadian dollars into U.S. dollars before applying the proceeds to purchase bitcoin. Similarly, when the Trust receives a redemption order, it will sell bitcoin to fund the redemption, and will receive the proceeds of that sale in U.S. dollars. This amount will then be exchanged into Canadian dollars for the purpose of paying the redemption proceeds to the redeeming unitholder. During periods when the Trust holds U.S. dollars, the value of an investment in the Trust will be affected by changes in the value of the Canadian dollar in relation to the U.S. dollar. In addition, there are costs associated with executing these foreign exchange transactions, which may adversely affect the Trust’s returns.

Lack of insurance

The assets of the Trust are not insured by any government or private insurer. Therefore, in the event of the insolvency of a custodian or other similar service provider, the Trust may be unable to recover all of its funds or the value of its assets.

Cyber security risk

Cyber security risk is the risk of loss and liability to an organization resulting from a failure or breach of the information technology systems used by or on behalf of the organization and its service providers, including incidents resulting in unauthorized access, use or disclosure of sensitive, regulated or protected data. The use of the internet and information technology systems by the Sponsor, the Trust and their service providers may expose the manager and the Trust to potential loss or liability arising from cyber security incidents.

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, but are not limited to, 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).

A cyber incident that affects the Trust, the Sponsor or their service providers (including the Trust’s registrar, custodian and administrator) might cause disruptions and adversely affect their respective business operations (e.g., interference with the ability to calculate its net asset value and impediments to trading, to unitholder transactions with the Trust and to the Trust’s processing of transactions, including redeeming units) 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.

The Sponsor has established an internal cybersecurity risk management program, risk management systems, and business continuity plans designed to prevent cyber incidents and to limit any loss or liability associated with cyber incidents. However, there is no assurance that these programs, systems and plans will be effective.

Litigation risk

The Trust and the Sponsor may be subject to litigation arising out of their respective operations. Damages claimed under such litigation may be material, and the outcome of such litigation may materially impact the Trust's and the Sponsor's respective operations, and the value of the units. While the Trust and the Sponsor will assess the merits of any lawsuits and defend such lawsuits accordingly, they 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 the Trust and the Sponsor's operations.

8.3 Conflicts of Interest

Conflicts involving First Block Capital Inc.

As sponsor of the Trust, we are responsible for managing and directing the undertaking, operations and affairs of the Trust. In this role, we will also participate in the distribution of units, including distribution through the Agent and other registered dealers and distribution by the Sponsor directly where permitted by applicable laws. As a result, there are potential conflicts of interest which could arise in connection with the Sponsor acting in such multiple capacities. The Sponsor intends only to sell interests in related and/or connected investment vehicles sponsored or managed by it, including the Trust, and the Sponsor will not be remunerated by such investment vehicles for acting in that capacity. The Sponsor will only engage in such activities in compliance with applicable securities legislation.

As sponsor or manager, the Sponsor may occasionally face conflicts between its interests and those of its clients including the investment vehicles it sponsors, manages or administers, or between those of one client and those of another. The Sponsor has adopted certain policies to minimize the occurrence of such conflicts or to deal fairly where those conflicts cannot be avoided. In no case will the Sponsor put its own interests ahead of those of its clients or investors in the investment vehicles it manages, sponsors or administers.

As disclosed elsewhere in this Offering Memorandum, the Sponsor is entitled to earn a fee for the services it provides to the Trust. The Sponsor will also participate in the distribution of units, including distribution through the Agent and other registered dealers and distribution by the Sponsor directly where permitted by applicable laws. The Sponsor does not charge a commission or other fee in connection with the sale of units. Given the role of the Sponsor in relation to the Trust, the Trust may be considered to be a "connected issuer" of the Sponsor within the meaning of applicable securities laws. Details of this relationship and the fees earned by the Sponsor are fully disclosed elsewhere in this Offering Memorandum.

In executing its duties on behalf of the Trust, the Sponsor will be subject to the provisions of the Trust Agreement, which provides that the Sponsor will execute its duties honestly, in good faith and with a view to the best interests of the Trust. However, the Sponsor in its capacity as sponsor shall not be required to devote its full time and attention to the affairs of the Trust but need only devote such time as it may deem appropriate or necessary to discharge its duties hereunder in a responsible manner. Certain inherent conflicts of interest are likely to arise as a result of the Sponsor and its affiliates, associates and personnel carrying on investment and other activities other than on behalf of the Trust, including for other

investment vehicles and for their own accounts. The Sponsor and its affiliates and associates may, at any time, engage in the promotion, administration or management of other investment vehicles that invest in bitcoin, and may provide similar services to other investment vehicles with investment objectives and strategies similar to those of the Trust and to other investment vehicles and clients, and engage in other activities. As a result of, the Sponsor and its affiliates, associates and personnel may have conflicts of interest in allocating their time between the Trust and their other activities. These persons will devote only so much time and attention to the affairs of the Trust as is necessary and appropriate. The Sponsor and its affiliates, associates and personnel will endeavor to treat each investment vehicle under its administration or management, including the Trust, fairly and not favour one investment vehicle over another.

Future activities of the Sponsor and its affiliates and their principals, shareholder, directors, officers and employees, including the establishment of other investment vehicles, may give rise to additional conflicts of interest.

Conflicts arising from Marc van der Chijs' equity interest in the Agent

Marc van der Chijs, a founder, director, officer and shareholder of the Sponsor, holds 0.48% of the outstanding common shares of the Agent and is a member of the Agent's Investment Review Committee. This relationship could give rise to a conflict of interest in relation to any decisions Mr. van der Chijs may make relating to the Trust and the Agent. Mr. van der Chijs recused himself from serving as a member of the Agent's Investment Review Committee in reviewing the Trust and the offering of Series B units of the Trust. In addition, the decision to engage the Agent was approved by directors of the Sponsor independent of Mr. van der Chijs and the Agent.

Item 9. Reporting Obligations

As at the date of this Offering Memorandum, the Trust is not a "reporting issuer" as such term is defined in applicable securities legislation and accordingly is not subject to most of the continuous disclosure reporting obligations imposed on reporting issuers by such securities legislation. However, under the terms of the Trust Agreement unitholders are entitled to receive, upon request, a copy of the audited annual financial statements of the Trust within 90 days of the end of each fiscal year, and any other information that may be required to be delivered to unitholders under applicable securities legislation from time to time. You may request a copy of the financial statements by contacting us at the address, telephone number or e-mail address set out on the front cover.

On or before March 31st each year, we will provide you with the information you require regarding distributions and allocations to your units during the previous year in order to complete your income tax return for that year.

In addition, certain corporate and securities information about the Trust may be available at the British Columbia Securities Commission website at www.bccsc.bc.ca and at www.sedar.com.

Item 10. Resale Restrictions

10.1 General Statement

In addition to the restrictions on transfer set forth in the Trust Agreement (which are described above under *Item 5.1 – Terms of Securities – Transfer of Units*), units are also subject to resale restrictions under applicable securities laws. These resale restrictions are described below.

Units will be subject to a number of resale restrictions, including a restriction on trading. Until the restriction on trading expires, you will not be able to trade the units unless you comply with an exemption from the prospectus requirements under applicable securities legislation. However, we note that securities legislation in Canada does contain exemptions that will permit you to redeem your units. See *Item 5.1 – Terms of Securities – Redemption of Units*.

10.2 Restricted Period

Unless permitted under securities legislation, you cannot trade units before the date that is four months and a day after the date the Trust becomes a reporting issuer in any province or territory of Canada.

10.3 Manitoba Resale Restrictions

For trades in Manitoba, unless permitted under securities legislation, you must not trade your units without the prior written consent of the regulator in Manitoba unless: (a) the Trust has filed a prospectus with the regulator in Manitoba with respect to the units you have purchased and the regulator in Manitoba has issued a receipt for that prospectus, or (b) you have held the units for at least 12 months. The regulator in Manitoba will consent to your trade if the regulator is of the opinion that to do so is not prejudicial to the public interest. Again, we note that securities legislation will permit you to redeem your units. See *Item 5.1 – Terms of Securities – Redemption of Units*.

Item 11. Purchasers’ Rights

If you purchase these units you will have certain rights, some of which are described below. For information about your rights you should consult a lawyer. The following summaries of investors’ legal rights are subject to the express provisions of the securities laws of the applicable province in which they are resident and reference is made thereto for the complete text of such provisions. The rights of action described below are in addition to and without derogation from any right or remedy available at law to the investor and are intended to correspond to the provisions of the relevant securities legislation and are subject to the defenses contained therein.

11.1 Two Day Cancellation Right

You can cancel your agreement to purchase units. To do so, you must send a notice to the Trust’s head office by midnight on the second business day after you sign the agreement to buy units.

11.2 Rights of Action in the Event of a Misrepresentation

For purposes of the following summaries, “**misrepresentation**” means an untrue statement of a material fact or an omission to state a material fact that is necessary in order to make a statement not misleading in light of the circumstances in which it was made.

British Columbia

If you are a resident of British Columbia, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Trust to rescind your agreement to buy these units, or

- (b) for damages against the Trust, every person who was a director or acting in a similar capacity of the Trust at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the units. Additionally, if you elect to exercise a right of rescission against the Trust, you will have no right of action against the persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to rescind the agreement within 180 days after the date that you purchased the units. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the day you purchased the units.

Alberta

If you are a resident of Alberta, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Trust to cancel your agreement to buy these units, or
- (b) for damages against the Trust, every person who was a director or acting in a similar capacity of the Trust at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the units. Additionally, if you elect to exercise a right of rescission against the Trust, you will have no right of action against the persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the units. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the day you purchased the units.

Saskatchewan

If you are a resident of Saskatchewan and if there is a misrepresentation in this Offering Memorandum, or any amendment thereto, you have a statutory right to sue:

- (a) the Trust to rescind your agreement to buy these units, or
- (b) for damages against the Trust, every promoter of the Trust, every person who was a director or acting in a similar capacity of the Trust at the date of this Offering Memorandum, every person whose consent has been filed respecting the offering but only with respect to reports, opinions and statements made by that person, and every other person who signed this Offering Memorandum.

These statutory rights to sue are available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the units. Additionally, if you elect to exercise a right of rescission against the Trust, you will have no right of action against the persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to rescind the agreement within 180 days after the date that you purchased the units. You must commence your action for damages within the earlier of one year after you first had knowledge of the facts giving rise to the cause of action and six years after the day you purchased the units.

Manitoba

If you are a resident of Manitoba, and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Trust to rescind your agreement to buy these units, or
- (b) for damages against the Trust, every person who was a director or acting in a similar capacity of the Trust at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

These statutory rights to sue are available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the units. Additionally, if you elect to exercise a right of rescission against the Trust, you will have no right of action against the persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to rescind the agreement within 180 days after the date that you purchased the units. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action or 2 years after the day you purchased the units.

Ontario

If you are a resident of Ontario, and if there is a misrepresentation in this Offering Memorandum, a purchaser who purchases a Common Share offered by this Offering Memorandum during the period of distribution has, without regard to whether the purchaser relied on the misrepresentation, the following rights:

- (a) the purchaser has a right of action for damages against the Trust, or
- (b) where the purchaser purchased the units from a person or the Trust referred to in clause (a), the purchaser may elect to exercise a right of rescission against the person or the Trust, in which case the purchaser has no right of action for damages against such person or the Trust.

The Trust will not be held liable under this paragraph if the subscriber purchased the units with the knowledge of the misrepresentation. In an action for damages, the Trust will not be liable for all or any portion of such damages that it proves do not represent the depreciation in value of the units as a result of

the misrepresentation relied upon and in no case will the amount recoverable under this paragraph exceed the price at which the units were sold to the subscriber.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to cancel the agreement within 180 days after the date that you purchased the units. You must commence your action for damages within the earlier of 180 days after you first had knowledge of the facts giving rise to the cause of action and three years after the day you purchased the units.

Québec

In addition to any other right or remedy available to you at law, if this Offering Memorandum is delivered to an investor resident in Québec and contains a misrepresentation, the investor will have: (1) statutory rights under Québec legislation; or (2) contractual rights in circumstances where the Québec legislation does not provide such rights, as follows:

- (a) a right of action for damages against the Trust, every person acting in a capacity with respect to the Trust which is similar to that of a director or officer of a Trust, any expert whose opinion, containing a misrepresentation, appeared, with his consent, in this Offering Memorandum, the dealer (if any) under contract to the Trust and any person who is required to sign the certificate of attestation in this Offering Memorandum, or
- (b) a right of action against the Trust for rescission of the purchase contract or revision of the price at which units were sold to the investor.

However, there are various defences available to the persons or companies that you have a right to sue. Among other defences, no person or Trust will be liable if it proves that:

- (c) the investor purchased the units with knowledge of the misrepresentation, or
- (d) in an action for damages, that they acted prudently and diligently (except in an action brought against the Trust).

No action may be commenced to enforce such a right of action:

- (e) for rescission or revision of price more than three years after the date of the purchase, or
- (f) for damages later than three years after the purchaser first had knowledge of the facts giving rise to the cause of action, except on proof of tardy knowledge imputable to the negligence of the purchaser.

Nova Scotia

If you are a resident of Nova Scotia and if there is a misrepresentation in this Offering Memorandum, or any amendment thereto, you have a statutory right to sue:

- (a) the Trust to rescind your agreement to buy these units, or
- (b) for damages against the Trust, every person who was a director or acting in a similar capacity of the Trust at the date of this Offering Memorandum and every other person who signed this Offering Memorandum.

These statutory rights to sue are available to you whether or not you relied on the misrepresentation. However, there are various defences available to the persons or companies that you have a right to sue. In particular, they have a defence if you knew of the misrepresentation when you purchased the units. Additionally, if you elect to exercise a right of rescission against the Trust, you will have no right of action against the persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. No action shall be commenced to enforce the rights of action more than 120 days after the date on which payment was made for the securities or after the date on which the initial payment for the securities was made where payments subsequent to the initial payment are made pursuant to a contractual commitment assumed prior to, or concurrently with, the initial payment.

New Brunswick

If you are a resident of New Brunswick and if there is a misrepresentation in this Offering Memorandum, you have a statutory right to sue:

- (a) the Trust to rescind your agreement to buy these units, or
- (b) for damages against the Trust or the seller.

The Trust will not be held liable under this paragraph if the subscriber purchased the units with the knowledge of the misrepresentation. In an action for damages, the Trust will not be liable for all or any portion of such damages that they prove do not represent the depreciation in value of the units as a result of the misrepresentation relied upon and in no case will the amount recoverable under this paragraph exceed the price at which the units were sold to the subscriber. Additionally, if you elect to exercise a right of rescission against the Trust, you will have no right of action against the persons described in (b) above.

If you intend to rely on the rights described in (a) or (b) above, you must do so within strict time limitations. You must commence your action to rescind the agreement within 180 days after the date that you purchased the units. You must commence your action for damages within the earlier of one year after you first had knowledge of the facts giving rise to the cause of action and six years after the day you purchased the units.

Item 12. Financial Statements

See attached.

Opening Statement of Financial Position of

CANADIAN BITCOIN TRUST

May 15, 2017



KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
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INDEPENDENT AUDITORS' REPORT

To the Unitholders of Canadian Bitcoin Trust

We have audited the accompanying opening statement of financial position of the Canadian Bitcoin Trust as at May 15, 2017, and notes, comprising a summary of significant accounting policies and other explanatory information.

The Sponsor's Responsibility for the Financial Statement

The Sponsor is responsible for the preparation and fair presentation of this financial statement in accordance with International Financial Reporting Standards, and for such internal control as the Sponsor determines is necessary to enable the preparation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Sponsor, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statement presents fairly, in all material respects, the opening financial position of the Canadian Bitcoin Trust as at May 15, 2017, in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants

July 12, 2017

Vancouver, Canada

CANADIAN BITCOIN TRUST

Opening Statement of Financial Position

May 15, 2017

Cash	\$	-
<hr/>		
Net assets attributable to holders of redeemable units	\$	-
<hr/>		

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Board of Directors of
First Block Capital Inc.,
in its capacity as Sponsor.

_____ Director

_____ Director

CANADIAN BITCOIN TRUST

Notes to Opening Statement of Financial Position

May 15, 2017

1. Reporting entity:

Canadian Bitcoin Trust (the "Trust") was established on May 15, 2017 under the laws of British Columbia pursuant to a trust agreement between First Block Capital Inc., as sponsor (the "Sponsor"), and Computershare Trust Company of Canada, as trustee. The custodian of the Trust's bitcoin assets is Xapo Limited. The Trust is authorized to issue three series of units: Series A units, Series B units and Series F units. The Sponsor may create additional series of units from time to time. The Trust is authorized to issue an unlimited number of units in each series.

The Trust is a unit trust domiciled in Canada. The address of the Trust's principal office is at Suite 2600, 1055 W. Georgia Street, Vancouver, British Columbia, V6E 3R5.

2. Basis of preparation:

(a) Statement of compliance:

The financial statement of the Trust has been prepared in accordance with International Financial Reporting Standards ("IFRS").

The financial statement was authorized for issue by the Sponsor on July 12, 2017.

(b) Basis of measurement:

The financial statement has been prepared on a historical cost basis.

(c) Functional and presentation currency:

The financial statement is presented in Canadian dollars, which is the Trust's functional currency.

(d) Use of estimate and judgment:

The preparation of the financial statement in conformity with IFRS requires the Sponsor to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

CANADIAN BITCOIN TRUST

Notes to Opening Statement of Financial Position

May 15, 2017

3. Significant accounting policies:

(a) Financial instruments:

(i) Recognition and measurement:

Financial instruments are required to be classified into one of the following categories: held-for-trading (“HFT”), fair value through profit or loss (“FVTPL”), available-for-sale, loans and receivables, assets held-to-maturity, and other financial liabilities. All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on the classification of the financial instrument. Transaction costs are included in the initial carrying amount of financial instruments except for financial instruments classified as held-for-trading or fair value through profit or loss in which case transaction costs are expensed as incurred.

Financial assets and financial liabilities held for trading or at fair value through profit or loss are recognized initially on the trade date, which is the date on which the Trust becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated. The Trust derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Trust has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

As at the date of the opening statement of financial position, the Trust has not classified any financial instruments as available-for-sale or assets held to maturity.

(ii) Held-for-trading and fair value through profit and loss:

Financial instruments classified as HFT or FVTPL are subsequently measured at fair value at each reporting period with changes in fair value recognized in the statement of comprehensive income in the period in which they occur.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Trust uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Sponsor determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Trust's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

CANADIAN BITCOIN TRUST

Notes to Opening Statement of Financial Position

May 15, 2017

3. Significant accounting policies (continued):

(a) Financial instruments (continued):

(ii) Held-for-trading and fair value through profit and loss (continued):

The fair value of financial assets and liabilities that are not traded in an active market, including non-publicly traded derivative instruments, is determined using valuation techniques. Valuation techniques also include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and others commonly used by market participants and which make the maximum use of observable inputs. Should the value of the financial asset or liability, in the opinion of the Sponsor, be inaccurate, unreliable or not readily available, the fair value is estimated on the basis of the most recently reported information of a similar financial asset or liability.

As at the date of the opening statement of financial position, the Trust has not classified any financial instruments as HFT or FVTPL. However, it is expected that in future periods, derivatives held by the Trust will be classified as HFT and investments will be classified as FVTPL.

(iii) Loans and receivables:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent measurement of loans and receivables is at amortized cost, less any impairment losses. As at the date of the opening statement of financial position, the Trust has not classified any financial instruments as loans and receivables.

(iv) Other financial liabilities:

Other financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost. As at the date of the opening statement of financial position, the Trust has not classified any financial instruments as other financial liabilities.

(b) Redeemable units:

The Trust classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. It is expected that in future periods the redeemable units will be classified as financial liabilities at FVTPL and measured at redemption amount as they provide investors with the right to require redemption, subject to available liquidity, for cash at a unit price based on the Trust's valuation policies at each redemption date.

CANADIAN BITCOIN TRUST

Notes to Opening Statement of Financial Position

May 15, 2017

3. Significant accounting policies (continued):

(c) Foreign exchange:

The financial statement of the Trust is denominated in Canadian dollars. Foreign denominated investments and other foreign denominated assets and liabilities are translated into Canadian dollars using the exchange rates prevailing on each valuation date. Purchases and sales of investments, as well as income and expense transactions denominated in foreign currencies, are translated using exchange rates prevailing on the date of the transaction. Foreign currency gains and losses are recognized in the statement of comprehensive income.

(d) Income recognition:

Interest for distribution purposes is accounted for on an accrual basis. The Trust does not amortize premiums paid or discounts received on the purchase of fixed and variable income securities except for zero coupon bonds which are amortized on a straight-line basis. Dividend income is recognized on the date that the right to receive payment is established, which for quoted equity securities is usually the ex-dividend date. Income and capital gains distributions from pooled fund investments are recorded at the distribution date and maintain the same classification. Portfolio transactions are recorded on the trade date. Realized gains and losses arising from the sale of investments and unrealized appreciation/depreciation in investments are determined on the average cost basis of the respective investments.

(e) Income taxes:

The Trust is expected to qualify as a unit trust under the Income Tax Act (Canada). All of the Trust's net income for tax purposes and net capital gains realized in any period are required to be distributed to unitholders such that no income tax is payable by the Trust. As a result, the Trust does not record income taxes.

(f) New standards and interpretations not yet adopted:

A number of new standards, amendments to standards and interpretations are not yet effective, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statement of the Trust, with the possible exception of IFRS 9, *Financial Instruments*.

IFRS 9 deals with recognition, derecognition, classification and measurement of financial statements and its requirements represent a significant change from the existing requirements in IAS 39, *Financial Instruments: Recognition and Measurement*, in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortized cost and fair value. A financial asset would be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables.

CANADIAN BITCOIN TRUST

Notes to Opening Statement of Financial Position

May 15, 2017

3. Significant accounting policies (continued):

(f) New standards and interpretations not yet adopted (continued):

The standard is effective for annual periods beginning on or after January 1, 2018. The Trust intends to adopt IFRS 9 in its financial statements for the annual period beginning on January 1, 2018. The Sponsor is currently in the process of evaluating the potential effect of this standard. The standard is not expected to have a significant impact on the financial statements since the Trust's financial assets are expected to be measured at fair value or amortized cost.

4. Capital management:

The redeemable units to be issued by the Trust represents the capital of the Trust. The Trust is not subject to any internally or externally imposed restrictions on its capital. The Trust's objective in managing the redeemable units is to ensure a stable base to maximize returns to all investors, and to manage liquidity risk arising from redemptions.

Item 13. Certificate

DATED July 18, 2017

This Offering Memorandum does not contain a misrepresentation.

First Block Capital Inc. on behalf of the Canadian Bitcoin Trust and in its capacity as sponsor of the Canadian Bitcoin Trust

(signed) Sean Clark

Sean Clark
Chief Executive Officer

(signed) Marc van der Chijs

Marc van der Chijs
Founder, Corporate Development,
acting in the capacity of Chief Financial Officer

On behalf of the board of directors of First Block Capital Inc. on behalf of the Canadian Bitcoin Trust and in its capacity as sponsor of the Canadian Bitcoin Trust

(signed) Sean Clark

Sean Clark
Director

(signed) Thomas Kineshanko

Thomas Kineshanko
Director

(signed) Marc van der Chijs

Marc van der Chijs
Director

APPENDIX A

CANADIAN BITCOIN TRUST SERVICE PROVIDERS

Trustee	Computershare Trust Company of Canada is the trustee of the Trust.
Bitcoin custodian	Xapo Limited, a firm that specializes in providing secure bitcoin storage platforms, acts as custodian of the Trust's bitcoin assets and, in that capacity, is responsible for the safekeeping of the Trust's bitcoins.
Bank	The Trust's cash is held separate from our assets in a trust account with Royal Bank of Canada.
Registrar	Computershare Trust Company of Canada is the registrar of the Trust. As registrar, it keeps track of who owns units of the Trust and maintains a record of all purchases and redemptions of units.
Administrator	SGGG Fund Services Inc. is the administrator of the Trust. As administrator, it is responsible for calculating the net asset value of the Trust and providing certain recordkeeping services to the Trust.
Legal counsel	Borden Ladner Gervais LLP acts as legal counsel to the Sponsor. The Trust does not have separate legal counsel.
Auditor	KPMG LLP is the auditor of the Trust.