UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended September 30, 2017

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number: 001-33675

Riot Blockchain, Inc.

(Exact name of registrant as specified in its charter)

Nevada	**84-1553387**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

202 6th Street, Suite 401 Castle Rock, CO 80104
(Address of principal executive offices) (Zip Code)

(303) 794-2000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☒ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of no par value common stock outstanding as of November 13, 2017 was 8,321,137.

RIOT BLOCKCHAIN, INC.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

Certain statements in this Quarterly Report on Form 10-Q, including in Management's Discussion and Analysis of Financial Condition and Results of Operations, are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the safe harbor created thereby. These statements relate to future events or the Company's future financial performance and involve known and unknown risks, uncertainties and other factors that may cause the actual results, levels of activity, performance or achievements of the Company or its industry to be materially different from those expressed or implied by any forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "could," "would," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "potential" or other comparable terminology. Please see the "Risk Factors" in Part II, Item 1A of this Quarterly Report on Form 10-Q and in Part I, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2016 for a discussion of certain important factors that relate to forward-looking statements contained in this report. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. Unless otherwise required by applicable securities laws, the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PART I — FINANCIAL INFORMATION
Item 1. Consolidated Financial Statements

Riot Blockchain, Inc. and Subsidiaries
Consolidated Balance Sheets

	September 30, 2017 (Unaudited)	December 31, 2016 (Reclassified)
ASSETS		
Current assets (Note 1):		
Cash and cash equivalents	$ 13,139,722	$ 5,529,848
Short-term investments	-	7,506,761
Prepaid expenses and other current assets	295,059	219,991
Current assets of discontinued operations (Note 9)	11,532	486,890
Total current assets	13,446,313	13,743,490
Property and equipment, net (Note 3)	4,113	5,538
Investment in Coinsquare (Note 2)	3,000,000	-
Other long term assets, net (Note 4)	899,319	938,038
Noncurrent assets of discontinued operations (Note 9)	-	2,353,749
Total assets	$ 17,349,745	$ 17,040,815
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 248,820	$ 253,817
Accrued compensation	4,659	1,520
Accrued expenses	122,990	304,675
Notes and other obligations, current portion (Note 5)	215,712	139,611
Deferred revenue, current portion (Note 8)	96,698	96,698
Current liabilities of discontinued operations (Note 9)	202,080	258,819
Total current liabilities	890,959	1,055,140
Deferred revenue, less current portion (Note 8)	992,792	1,065,316
Total liabilities	1,883,751	2,120,456
Commitments and contingencies (Notes 6, 8 and 10)		
Stockholders' equity (Notes 6 and 7):		
Preferred Stock, no par value, 15,000,000 (2017) and 0 (2016) shares authorized; 2,000,000 (2017) and 0 (2016) shares designated as 2% Series A Convertible Stock, 19,194.72 shares issued and outstanding (2017)	4,798,671	-
Common stock, no par value, 170,000,000 (2017) and 60,000,000 (2016) shares authorized; shares issued and outstanding 5,447,792 (2017) and 4,503,971 (2016)	131,490,219	124,775,635
Accumulated deficit	(120,822,896)	(109,855,276)
Total stockholders' equity	15,465,994	14,920,359
Total liabilities and stockholders' equity	$ 17,349,745	$ 17,040,815

See Accompanying Notes to Unaudited Consolidated Financial Statements

Riot Blockchain, Inc. and Subsidiaries
Consolidated Statements of Operations
Three and Nine Months Ended September 30,
(Unaudited)

	Three Months Ended		Nine Months Ended	
	2017	2016	2017	2016
Other revenue – fee (Note 8)	$ 24,175	$ 24,175	$ 72,524	$ 72,524
Operating expenses:				
Selling, general and administrative	597,018	1,480,141	2,694,211	3,333,102
Research and development	17,658	52,963	63,008	498,634
Total operating expenses	614,676	1,533,104	2,757,219	3,831,736
Operating loss from continuing operations	(590,501)	(1,508,929)	(2,684,695)	(3,759,212)
Other income (expense):				
Gain on property and equipment sale (Note 3)	-	13,062	-	1,933,335
Interest expense	(4,773,397)	(2,384)	(4,802,296)	(28,130)
Investment income	30,903	23,639	83,247	103,031
Total other income (expense)	(4,742,494)	34,317	(4,719,049)	2,008,236
Loss from continuing operations	(5,332,995)	(1,474,612)	(7,403,744)	(1,750,976)
Discontinued operations (Note 9):				
Income (loss) from operations	30,922	(236,473)	(944,557)	(236,473)
Escrow forfeiture gain (Note 6)	-	-	134,812	-
Impairment (loss)	-	-	(2,754,131)	-
Total income (loss) from discontinued operations	30,922	(236,473)	(3,563,876)	(236,473)
Net loss	$ (5,302,073)	$ (1,711,085)	$ (10,967,620)	$ (1,987,449)
Basic and diluted net income (loss) per share (Note 1)				
Continuing operations	$ (0.99)	$ (0.37)	$ (1.47)	$ (0.45)
Discontinued operations	0.01	(0.06)	(0.71)	(0.06)
Basic and diluted net loss per share (Note 1)	$ (0.98)	$ (0.43)	$ (2.18)	$ (0.51)
Basic and diluted weighted average number of shares outstanding (Note 1)	5,401,552	3,999,637	5,037,764	3,918,151

See Accompanying Notes to Unaudited Consolidated Financial Statements

Riot Blockchain, Inc. and Subsidiaries
Consolidated Statement of Stockholders' Equity
Nine Months Ended September 30, 2017
(Unaudited)

	Preferred Stock		Common Stock		Accumulated	
	Shares	Amount	Shares	Amount	Deficit	Total
Balance, January 1, 2017	—	$ —	4,503,971	$124,775,635	$(109,855,276)	$ 14,920,359
Private placement of Common Stock (Note 6)	—	—	900,000	1,913,509	—	1,913,509
Common Shares in escrow forfeited and retired (Note 6)	—	—	(32,801)	(134,812)	—	(134,812)
Equity rights redemption (Note 6)	—	—	—	(291,995)	—	(291,995)
Discount on Convertible Debt arising from values of (Note 6):						
Warrants	—	—	—	2,325,151	—	2,325,151
Beneficial conversion feature	—	—	—	2,424,849	—	2,424,849
Preferred Stock issued upon Notes payable conversion (Note 6)	19,194.72	4,798,671	—	—	—	4,798,671
Exercise of stock options	—	—	34,000	98,260	—	98,260
Stock-based compensation issued for services	—	—	42,622	379,622	—	379,622
Net loss for the period	—	—	—	—	(10,967,620)	(10,967,620)
Balance, September 30, 2017	19,194.72	$ 4,798,671	5,447,792	$131,490,219	$(120,822,896)	$ 15,465,994

See Accompanying Notes to Unaudited Consolidated Financial Statements

Riot Blockchain, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Nine Months Ended September 30,
(Unaudited)

	2017	2016
Cash flows from operating activities:		
Continuing operations:		
Net (loss)	$ (10,967,620)	$ (1,987,449)
(Loss) from discontinued operations	(3,563,876)	(236,473)
(Loss) from continuing operations	(7,403,744)	(1,750,976)
Adjustments to reconcile net loss from continuing operations to net cash used		
in operating activities of continuing operations:		
Amortization of discount on convertible debt	4,750,000	-
Stock-based compensation for services	379,622	368,459
Depreciation and amortization	55,899	74,098
Amortization of license fees	(72,524)	(72,524)
Other non-cash (credits) charges	-	200,108
Gain on sale of property and equipment	-	(1,933,335)
Change in:		
Prepaid expenses and other current assets	192,071	222,474
Accounts payable	(4,997)	(483,410)
Accrued compensation	3,139	(120,775)
Accrued expenses	(133,014)	30,042
Net cash (used in) operating activities of continuing operations	(2,233,548)	(3,465,839)
Net cash (used in) operating activities of discontinued operations	(930,323)	(375,228)
Net cash (used in) operating activities	(3,163,871)	(3,841,067)
Cash flows from investing activities:		
Continuing operations:		
Purchases of short-term investments	-	(13,818,949)
Proceeds from sales of short-term investments	7,506,761	16,522,853
Investment in Coinsquare	(3,000,000)	-
Proceeds from sale of property and equipment	-	1,799,143
Purchases of patent and trademark application costs	(14,255)	(14,378)
Net cash provided by investing activities of continuing operations	4,492,506	4,488,669
Net cash provided by investing activities of discontinued operations	4,004	16,673
Net cash provided by investing activities	4,496,510	4,505,342
Cash flows from financing activities:		
Continuing operations:		
Net proceeds from issuance of convertible notes	4,750,000	-
Net proceeds from issuance of common stock, net of $336,491 in offering expenses	1,913,509	-
Net proceeds from exercise of stock options	98,260	-
Redemption of equity rights	(291,995)	-
Repayment of notes payable and other obligations	(192,539)	(229,238)
Net cash provided by (used in) financing activities of continuing operations	6,277,235	(229,238)
Net increase in cash and cash equivalents	7,609,874	435,037
Cash and cash equivalents at beginning of period	5,529,848	2,012,283
Cash and cash equivalents at end of period	$ 13,139,722	$ 2,447,320
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	$ 1,571	$ 33,331
Supplemental disclosure of noncash investing and financing activities:		
Conversion of notes payable and accrued interest to preferred stock	$ 4,798,671	$ -
Liability payoffs upon property sale	$ -	$ 2,064,758

See Accompanying Notes to Unaudited Consolidated Financial Statements

INTERIM FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Riot Blockchain, Inc., (f/k/a Bioptix, Inc.) (the "Company," "we," or "Riot Blockchain") have been prepared in accordance with the instructions to quarterly reports on Form 10-Q. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and changes in financial position at September 30, 2017 and for all periods presented have been made. Certain information and footnote data necessary for fair presentation of financial position and results of operations in conformity with accounting principles generally accepted in the United States of America have been condensed or omitted. It is therefore suggested that these consolidated financial statements be read in conjunction with the summary of significant accounting policies and notes to financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2016. The results of operations for the period ended September 30, 2017 are not necessarily an indication of operating results for the full year.

Effective October 19, 2017, the Company's name was changed to Riot Blockchain, Inc., from Bioptix, Inc.

Management's plans and basis of presentation:

The Company has experienced recurring losses and negative cash flows from operations. At September 30, 2017, the Company had approximate balances of cash and cash equivalents of $13,140,000, working capital of $12,555,000, total stockholders' equity of $15,466,000 and an accumulated deficit of $120,823,000. To date, the Company has in large part relied on equity financing to fund its operations.

The recently announced Kairos Global Technology, Inc. (“Kairos”), Tess, Inc., (“TESS”) and goNumerical, Inc. (d/b/a “Coinsquare”) acquisitions, as well as our new name, reflect a new focus (in addition to veterinary and life science oriented businesses of the Company) being pursued by the Company. The decision to invest in companies exposed to blockchain and digital currency related risks is a strategic decision by the Company. The Company’s strategy will be to continue to pursue opportunistic investments and controlling positions in these new and emerging technologies which will continue to expose the Company to the numerous risks and volatility associated with this sector.

Effective January 14, 2017, the Company adopted a plan to exit the business of BiOptix Diagnostics, Inc. ("BDI") and commenced a significant reduction in the workforce. The decision to adopt this plan was made following an evaluation by the Company's Board of Directors in January 2017, of the estimated results of operations projected during the near to mid-term period for BDI, including consideration of product development required and updated sales forecasts, and estimated additional cash resources required. Accordingly, the historical results of BDI have been classified as discontinued operations for all periods presented.

The Company expects to continue to incur losses from operations for the near-term and these losses could be significant as we incur costs and expenses associated with our recent and potential future acquisitions and investments, as well as public company and administrative related expenses are incurred and winding-down BDI’s operations. The Company believes its upcoming near-term cash needs relative to the recent acquisitions will be covered by cash acquired in the acquisitions combined with the Company’s available cash. The Company believes that its current working capital position will be sufficient to meet its estimated cash needs for at least a year and a day from this filing. The Company is closely monitoring its cash balances, cash needs and expense levels.

Management's strategic plans include the following:

- continuing to evaluate opportunities for investments in the blockchain and digital currency sector;
- exploring other possible strategic options and financing opportunities available to the Company;
- evaluating options to monetize, partner or license the Company's assets, including the appendicitis product portfolio; and
- continuing to implement cost control initiatives to conserve cash.

Note 1. Significant accounting policies:

Principles of consolidation

The consolidated financial statements of the Company include the accounts of Riot Blockchain and its wholly-owned subsidiary, BDI. Intercompany accounts and transactions have been eliminated in the consolidation.

Investment in affiliate

The Company’s 10.9% investment in Coinsquare is accounted for on the cost method.

Cash, cash equivalents and short-term investments:

The Company considers all highly liquid investments with an original maturity of three months or less at the date of acquisition to be cash equivalents. From time to time, the Company's cash account balances exceed the balances as covered by the Federal Deposit Insurance System. The Company has never suffered a loss due to such excess balances.

The Company invests excess cash from time to time in highly-liquid debt and equity investments of highly-rated entities, which are classified as trading securities. Such amounts are recorded at market values using Level 1 inputs in determining fair value and are generally classified as current, as the Company does not intend to hold the investments beyond twelve months. Investment securities classified as trading are those securities that are bought and held principally for the purpose of selling them in the near term, with the objective of preserving principal and generating profits. These securities are reported at fair value with unrealized gains and losses reported as an element of other (expense) income in current period earnings. The Company's Board of Directors has approved an investment policy covering the investment parameters to be followed with the primary goals being the safety of principal amounts and maintaining liquidity. The policy provides for minimum investment rating requirements as well as limitations on investment duration and concentrations. Based upon market conditions, the investment guidelines have been tightened to increase the minimum acceptable investment ratings required for investments and shorten the maximum investment term. As of September 30, 2017, 100% of the investment portfolio was in cash and cash equivalents, which is presented as such on the accompanying balance sheet.

The Company's short-term investments comprise certificates of deposit, commercial paper and corporate bonds, all of which are classified as trading securities and carried at their fair value based upon quoted market prices of the securities at December 31, 2016. Net realized and unrealized gains and losses on trading securities are included in net loss. For purposes of determining realized gains and losses, the cost of securities sold is based on specific identification.

The composition of trading securities is as follows at December 31, 2016:

	December 31, 2016	
	Cost	Fair Value
Certificates of deposit / commercial paper	$ 2,378,222	$ 2,373,891
Corporate bonds	5,138,182	5,132,870
Total trading securities	$ 7,516,404	$ 7,506,761

Investment income for the nine months ended September 30, 2017 and 2016 consists of the following:

	2017	2016
Interest income	$ 84,177	$ 101,236
Realized (losses)	(21)	(2,893)
Unrealized gains	11,575	21,501
Management fee expenses	(12,484)	(16,813)
Net investment income	$ 83,247	$ 103,031

Fair value of financial instruments:

The Company accounts for financial instruments under Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic ("ASC") 820, *Fair Value Measurements*. This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements, ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1— quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 — observable inputs other than Level 1, quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, and model-derived prices whose inputs are observable or whose significant value drivers are observable; and

Level 3 — assets and liabilities whose significant value drivers are unobservable.

Observable inputs are based on market data obtained from independent sources, while unobservable inputs are based on the Company's market assumptions. Unobservable inputs require significant management judgment or estimation. In some cases, the inputs used to measure an asset or liability may fall into different levels of the fair value hierarchy. In those instances, the fair value measurement is required to be classified using the lowest level of input that is significant to the fair value measurement. Such determination requires significant management judgment. There were no financial assets or liabilities measured at fair value, with the exception of short-term investments as of December 31, 2016.

The carrying amounts of the Company's financial instruments (other than short-term investments as discussed above) approximate fair value because of their variable interest rates and/or short maturities combined with the recent historical interest rate levels.

Revenue Recognition:

Revenue recognition related to the license agreement is based upon the licensee's right to use the technology and the Company's ongoing obligations to maintain and defend the patented rights and comply with the terms of the sub-license agreement whereby the license fees and milestone payments received from the agreement, net of the amounts due to third parties, have been recorded as deferred revenue and are amortized over the term of the license agreement.

Goodwill:

The Company performs a goodwill impairment analysis in the fourth quarter of each year, or whenever there is an indication of impairment. When conducting its annual goodwill impairment assessment, the Company initially performs a qualitative evaluation to determine if it is more likely than not that the fair value of its reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform a two-step goodwill impairment test. The Company has determined, based on its evaluation, that the goodwill associated with the BDI acquisition was impaired and was written off during the nine months ended September 30, 2017, included as part of the discontinued operations impairment loss.

Recently issued and adopted accounting pronouncements:

The Company continually assesses any new accounting pronouncements to determine their applicability. When it is determined that a new accounting pronouncement affects the Company's financial reporting, the Company undertakes a study to determine the consequences of the change to its consolidated financial statements and assures that there are proper controls in place to ascertain that the Company's consolidated financial statements properly reflect the change.

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) ("ASU 2041-09"), which supersedes nearly all existing revenue recognition guidance. The standard's core principle is that an entity should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard creates a five-step model to achieve its core principle: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction's price to the separate performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation. In addition, entities must disclose sufficient information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Qualitative and quantitative disclosures are required about: (i) the entity's contracts with customers; (ii) the significant judgments, and changes in judgments, made in applying the guidance to those contracts; and (iii) any assets recognized from the costs to obtain or fulfill a contract with a customer.

In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers* (Topic 606) - Deferral of the Effective Date, which deferred the effective date of ASU 2014-09 to interim and annual periods beginning after December 15, 2017. The standard allows entities to apply the standard retrospectively to each prior period presented ("full retrospective adoption") or retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application ("modified retrospective adoption"). The Company plans to adopt this guidance on January 1, 2018, and continues to evaluate the impact of adopting under the modified retrospective adoption versus the full retrospective method. The Company is currently in the process of determining the impact of the new revenue recognition guidance on its revenue transactions, including any impacts on associated processes, systems, and internal controls. The Company's preliminary assessment indicates implementation of this standard will not have a material impact on financial results. The Company's evaluation has included determining whether the unit of account (i.e., performance obligations) will change as compared to current GAAP, as well as determining the standalone selling price of each performance obligation. The Company continues to evaluate the impact of this guidance and its subsequent amendments on the consolidated financial position, results of operations, and cash flows, and any preliminary assessments are subject to change.

In January 2016, the FASB issued ASU No. 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*. ASU No. 2016-01 supersedes and amends the guidance to classify equity securities with readily determinable fair values into different categories (that is, trading or available-for-sale) and require equity securities to be measured at fair value with changes in the fair value recognized through net income. The amendments allow equity investments that do not have readily determinable fair values to be re-measured at fair value either upon the occurrence of an observable price change or upon identification of an impairment. The amendments also require enhanced disclosures about those investments. ASU No. 2016-01 is effective for annual reporting beginning after December 15, 2017, including interim periods within the year of adoption, and calls for prospective application. The Company does not expect the adoption of ASU 2016-01 to have a material impact on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This standard requires a lessee to recognize the lease assets and lease liabilities arising from operating leases in the balance sheet. Qualitative along with specific quantitative disclosures are required by lessees and lessors to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018 including interim periods within those fiscal years. The Company does not expect the adoption of ASU 2016-02 to have a material impact on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, *Improvements to Employee Share Based Payment Accounting* ("ASU 2016-09"), which amends guidance issued in Accounting Standards Codification ("ASC") Topic 718, Compensation - Stock Compensation. ASU 2016-09 simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. ASU 2016-09 is effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years and early adoption is permitted. The Company has adopted ASU 2016-09 as of January 1, 2017. The principal impact was that to the extent a tax benefit or expense from stock compensation arises it will be presented in the income tax line of the Statement of Operations rather than the current presentation as a component of equity on the Balance Sheet. Also the tax benefit or expense will be presented as activity in Cash Flow from Operating Activity rather than the current presentation as Cash Flow from Financing Activity in the Statement of Cash Flows. The Company does not expect the adoption of ASU 2016-09 to have a material impact on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows* (Topic 230): Classification of Certain Cash Receipts and Cash Payments. This standard provides guidance for eight cash flow classification issues in current GAAP. ASU 2016-15 is effective for fiscal years beginning after December 15, 2017 and interim periods within those fiscal years. The Company is currently evaluating the impact that will result from adopting ASU 2016-02.

In January 2017, the FASB issued an ASU 2017-01, *Business Combinations (Topic 805) Clarifying the Definition of a Business*. The amendments in this Update is to clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The definition of a business affects many areas of accounting including acquisitions, disposals, goodwill, and consolidation. The guidance is effective for annual periods beginning after December 15, 2017, including interim periods within those periods. The Company adopted this guidance effective January 1, 2017. The adoption of this ASU had no impact on the Company's consolidated financial statements.

In January 2017, the FASB issued ASU 2017-04, *Intangibles - Goodwill and Other (Topic 350)*: Simplifying the Accounting for Goodwill Impairment. ASU 2017-04 removes Step 2 of the goodwill impairment test, which requires a hypothetical purchase price allocation. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. This standard will be effective for the Company beginning in the first quarter of fiscal year 2020 and is required to be applied prospectively. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company does not expect the adoption of ASU 2017-04 to have a material impact on its consolidated financial statements.

In May 2017, the FASB issued ASU No. 2017-09, "Compensation-Stock Compensation: Scope of modification accounting". ASU 2017-09 provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. ASU No. 2017-09 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted, including during an interim period for which financial statements have not yet been made available for issuance. The amendments should be applied prospectively to an award modified on or after the adoption date. The Company is currently evaluating the impact that the adoption of ASU 2017-09 will have on its consolidated financial statements.

In July 2017, the FASB issued ASU No. 2017-11, "Earnings Per Share (Topic 260) Distinguishing Liabilities from Equity (Topic 480) Derivatives and Hedging (Topic 815)," which addresses the complexity of accounting for certain financial instruments with down round features. Down round features are features of certain equity-linked instruments (or embedded features) that result in the strike price being reduced on the basis of the pricing of future equity offerings. Current accounting guidance creates cost and complexity for entities that issue financial instruments (such as warrants and convertible instruments) with down round features that require fair value measurement of the entire instrument or conversion option. For public business entities, the amendments in Part I of this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. For all other entities, the amendments in Part I of this Update are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. The Company is currently evaluating the impact of adopting this guidance on its consolidated financial statements.

Income (loss) per share:

ASC 260, *Earnings Per Share*, requires dual presentation of basic and diluted earnings per share ("EPS") with a reconciliation of the numerator and denominator of the basic EPS computation to the numerator and denominator of the diluted EPS computation. Basic EPS excludes dilution. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity.

Basic net income (loss) per share includes no dilution and is computed by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding for the period, excluding any nonvested restricted common shares. Diluted net income (loss) per share reflect the potential dilution of securities that could share in the Company's income (loss). The effect of the inclusion of the dilutive shares would have resulted in a decrease in loss per share for the periods ended September 30, 2017 and 2016. Outstanding stock options, warrants and other dilutive rights are not considered in the calculation, as the impact of the potential common shares (totaling approximately 5,474,000 shares and 1,061,000 shares for each of the nine month periods ended September 30, 2017 and 2016, respectively) would be anti-dilutive. For the nine months ended September 30, 2017 the dilutive rights not considered in the calculation, include shares of Series A Convertible Preferred Stock (“Series A Preferred Stock”) outstanding that are convertible into 1,919,472 common shares.

For periods when shares of preferred stock are outstanding, the two-class method is used to calculate basic and diluted earnings (loss) per common share since such preferred stock is a participating security under ASC 260 *Earnings per Share.* The two-class method is an earnings allocation formula that determines earnings per share for each class of common stock and participating security according to dividends declared (or accumulated) and participation rights in undistributed earnings. Under the two-class method, basic earnings (loss) per common share is computed by dividing net earnings (loss) attributable to common share after allocation of earnings to participating securities by the weighted-average number of shares of common stock outstanding during the year. Diluted earnings (loss) per common share, when applicable, is computed using the more dilutive of the two-class method or the if-converted method. In periods of net loss, no effect is given to participating securities since they do not contractually participate in the losses of the Company.

Under the provisions of ASC 260, "Earnings Per Share," basic EPS shall be computed by dividing income available to common stockholders (the numerator) by the weighted-average number of common shares outstanding (the denominator) during the period. Income available to common stockholders shall be computed by deducting both the dividends declared in the period on preferred stock and the dividends accumulated for the period on cumulative preferred stock from income from continuing operations. Dividends during the nine months ended September 30, 2017 were *de minimis*.

Note 2. Investment in Coinsquare:

As of September 29, 2017, the Company acquired a minority interest for $3,000,000 USD, in Coinsquare, which operates a digital crypto-currency exchange platform operating in Canada. The Company acquired approximately 10.9% of the voting common stock of Coinsquare. In connection with the investment, the Company also received warrants, expiring May 30, 2018, to acquire shares of common stock of Coinsquare, which if exercised in full by the Company, would result in the Company owning an approximate total of 14.7% of Coinsquare, including the initial investment. The fair value of the warrants were determined to be *de minimis.* The Company has evaluated the guidance ASC 325-20 *Investments – Other*, in determining to account for the investment on the cost method since the equity securities are not marketable and do not give us significant influence over Coinsquare. As of September 30, 2017, the Company considers the fair value of the investment to approximate the cost of the investment due to the proximity of the time of the investment to period end.

Note 3. Property and equipment:

Property and equipment consisted of the following:

	September 30, 2017	December 31, 2016
Office and computer equipment	$ 114,309	$ 116,510
Less accumulated depreciation	110,196	110,972
	$ 4,113	$ 5,538

Depreciation expense totaled approximately $500 and $800, and $1,400 and $2,700, for the three and nine month periods ended September 30, 2017 and 2016, respectively. Depreciation and amortization expenses also included $1,500 and $12,000, for the nine month periods ended September 30, 2017 and 2016, respectively, on short-term assets included with prepaid expenses.

On February 25, 2016, the Company completed the sale of its corporate headquarters, land, building and certain fixtures and equipment to a third party for a purchase price of approximately $4,053,000. The sale and subsequent equipment sales resulted in a gain of approximately $1,933,000 and generated approximately $1,799,000 in net cash after expenses and mortgage payoffs.

Note 4. Other long-term assets:

Other long-term assets consisted of the following as of September 30, 2017 and December 31, 2016:

	Beginning Balance (December 31, 2016)	Additions	Impairments	Ending Balance (September 30, 2017)
Cost:				
Patents	$ 1,032,982	$ 14,255	$ —	$ 1,047,237
Goodwill	447,951	—	—	447,951
Total	1,480,933	14,255	—	1,495,188
Accumulated Amortization:				
Patents	(482,183)	(52,974)	—	(535,157)
Goodwill	(60,712)	—	—	(60,712)
Total	(542,895)	(52,974)	—	(595,869)
Net Other Long Term Assets	$ 938,038	$ (38,719)	$ —	$ 899,319

The Company capitalizes legal costs and filing fees associated with obtaining patents on its new discoveries. Once the patents have been issued, the Company amortizes these costs over the shorter of the legal life of the patent or its estimated economic life using the straight-line method. Based upon the current status of the above intangible assets, the aggregate amortization expense is estimated to be approximately $71,000 for each of the next five fiscal years. The Company tests intangible assets with finite lives for impairment upon significant changes in the Company's business environment. The testing resulted in no patent impairment for the three and nine months ended September 30, 2017 and $32,000 and $200,000, for the three and nine months ended September 30, 2016, respectively. The impairment charges are related to the Company's ongoing analysis of which specific country patents in its portfolio are determined as potentially worth pursuing.

Note 5. Notes and Other Obligations:

Notes and other obligations consisted of short-term installment obligations, arising from insurance premium financing programs bearing interest at approximately 4.5%, with outstanding balances of $215,712 and $139,611, as of September 30, 2017 and December 31, 2016, respectively.

Convertible notes:

In March 2017, the Company completed a convertible note financing with certain accredited investors with gross proceeds totaling $4,750,000. The convertible notes bearing interest at 2% were issued March 16, 2017 and had a balloon payment maturity date of September 16, 2018, when any then outstanding principal and accrued interest, would be due. The unsecured notes were convertible into shares of the Company’s common stock at the holder’s option or automatically into shares of preferred stock, upon achievement of defined conditions, including shareholder approval of a class of preferred stock, all at an initial conversion price of $2.50 (initially 1,900,000 common shares). In connection with the financing investors were issued warrants exercisable into a total of 1,900,000 common shares at an exercise price of $3.56, expiring March 15, 2020. The convertible note financing proceeds were held in escrow pending successful completion of defined release conditions. As of August 18, 2017, the lead investor in the convertible note financing, agreed to waive the release conditions and the cash proceeds and securities were released from escrow. Subsequently, upon the successful completion of conditions specified in the offering documents, and as further described in Note 6, the notes automatically converted into shares of Series A Preferred Stock. The convertible notes accrued interest at 2% per annum commencing with their execution and the Company recorded interest expense of $48,671 through the date of conversion, which was also exchanged for shares of preferred stock. See Note 6.

Mortgage notes:

Prior to the February 2016 sale of the corporate headquarters, the Company had a permanent mortgage on its land and building. The mortgage was held by a commercial bank and included a portion guaranteed by the U. S. Small Business Administration ("SBA"). The loan was collateralized by the real property and the SBA portion was also personally guaranteed by a former officer of the Company. The commercial bank loan terms included a payment schedule based on a fifteen year amortization, with a balloon maturity at five years. The commercial bank portion had an interest rate fixed at 3.95%, and the SBA portion bore interest at the rate of 5.86%.

On February 25, 2016, the Company completed the sale of its corporate headquarters, land and building, and also paid off its mortgage obligations. See Note 3.

Note 6. Stockholders' equity:

Articles of Incorporation amendments:

Effective September 19, 2017, the Company changed its state of incorporation from Colorado to Nevada (the "Reincorporation"). In connection with the Reincorporation and as approved by the Company's shareholders at a special meeting held August 21, 2017 Special Shareholders' Meeting, the Company's Articles of Incorporation were amended to increase the number of shares of common stock authorized for issuance to 170,000,000 from 60,000,000. Additionally, the Articles of Incorporation were amended to authorize 15,000,000 shares of "blank check" preferred stock.

On September 20, 2017, 2,000,000 shares of preferred stock were designated as "2% Series A Convertible Preferred Stock" in connection with the filing of a Certificate of Designation of Rights, Powers, Preferences, Privileges and Restrictions of 2% Series A Convertible Preferred Stock with the Secretary of State of the State of Nevada.

Common Share Private Placement offering:

In March 2017, the Company completed a common stock unit financing private placement totaling $2,250,000, with certain accredited investors. The purchase price was $2.50 per unit (the "Units"). Each Unit consisted of one share of the Company's common stock and a three-year warrant to purchase one share of the Company's common stock at an exercise price of $3.50 per share. The fair value of the 900,000 warrants was estimated to be approximately $2,114,000, using the Black-Scholes option-pricing model using the assumptions of a three year term, expected price volatility of 114%, dividend yield of 0% and a risk free interest rate of 1.66%. The Company sold 900,000 units consisting of an aggregate of 900,000 shares of common stock and 900,000 warrants, of which 400,000 units for $1,000,000 were released to the respective parties in March 2017, and the balance of 500,000 units for $1,250,000 were released in May 2017. The offering net of $336,491 of offering expenses, resulted in proceeds of $1,913,509 recorded as additional equity.

In connection with the private placements, the Company also entered into a Registration Rights Agreement, with the investors as further disclosed with the convertible note private placement offering described below.

Convertible Note Private Placement offering:

In March 2017, the Company completed a 2% convertible note financing with certain accredited investors with gross proceeds totaling $4,750,000. The convertible note financing proceeds were held in escrow pending successful completion of defined release conditions. As of August 18, 2017, the lead investor in the convertible note financing, agreed to waive the release conditions and the cash proceeds and securities were released from escrow. Upon the successful completion of conditions specified in the offering documents, primarily approval by the Company's shareholders for authorization of preferred shares and approval of the Nasdaq Capital Market ("NASDAQ"), the notes automatically converted into shares of Series A Preferred Stock, convertible into shares of common stock at an initial equivalent conversion price of $2.50 per common share. The specified conditions were successfully completed as of September 20, 2017, resulting in the conversion of $4,750,000 in principal and accrued interest of $48,671 for a total of $4,798,671 worth of convertible notes, exchanged for 19,194.72 shares of Series A Preferred Stock, with a stated value of $250 per share, equaling rights to 1,919,472 shares of common stock. The convertible notes accrued interest at 2% per annum commencing with their execution and the Company recorded interest expense of $48,671 through the date of conversion of the notes.

The Series A Preferred Stock are convertible into shares of common stock based on a conversion calculation equal to the stated value ($250.00 per share) of such shares of Series A Preferred Stock, plus all accrued and unpaid dividends, if any, on such shares of Series A Preferred Stock, divided by the conversion price of $2.50, subject to adjustments. The shares of Series A Preferred Stock are subject to adjustment for stock splits, stock dividends, recapitalizations, combinations, subdivisions or other similar events. Shares of capital stock of the Company shall be junior in rank to all shares of Series A Preferred Stock with respect to the preferences as to dividends, distributions and payments upon the liquidation, dissolution and winding-up of the Company. Each holder of shares of Series A Preferred Stock shall be entitled to receive dividends, which dividends shall be paid by the Company out of funds legally available therefor, payable, subject to the conditions and other terms hereof, in shares of common stock or cash on the stated value of such shares of Series A Preferred Stock at the dividend rate of two percent (2%) per annum, which shall be cumulative and shall continue to accrue and compound monthly whether or not declared. Holders of shares of Series A Preferred Stock, shall be entitled to vote on any proposals voted on by the common shareholders.

Warrants to purchase 1,900,000 shares of the Company's common stock at an initial exercise price of $3.56 per share and expiring March 15, 2020, were also issued with the convertible note financing.

The Company has evaluated the guidance ASC 480-10 *Distinguishing Liabilities from Equity, A*SC 815-40 *Contracts in an Entity's Own Equity* and ASC 470-20 *Debt with Conversion and Other Options* to determine the appropriate classification of the instruments. Upon their release from escrow, the convertible notes and warrants were evaluated for beneficial conversion feature ("BCF") resulting from the allocation of proceeds among the convertible notes and warrants. The warrants were determined to meet requirements for equity classification. Accordingly, the relative fair value computed for the warrants, totaling $2,325,151 has been allocated to equity. The fair value of the warrants was estimated using the Black-Scholes option-pricing model using the assumptions of a three year term, expected price volatility of 108%, dividend yield of 0% and a risk free interest rate of 1.47%. The convertible debt was also evaluated for BCF. Based upon the effective conversion price of the convertible notes after considering the stock price at the date of the escrow release and the allocation of value to the warrants, it was determined that the convertible notes contain a BCF. The value of the BCF was computed to be $2,424,849, which has been capped not to exceed the total proceeds from the convertible notes after deducting the value allocated to the warrants. The resulting discount on the convertible debt was being amortized to interest expense over the term of the convertible notes. Upon the September 20, 2017 conversion of the convertible notes into Series A Preferred Stock, the then remaining unamortized discount was recorded as additional interest, resulting in a total of $4,750,000 being recorded as interest expense in the period ended September 30, 2017.

In connection with the private placements, the Company also entered into a registration rights agreement, with the investors pursuant to which the Company agreed to file a registration statement covering the resale of the shares of common stock issuable upon exercise or conversion of the securities and to maintain its effectiveness until all such securities have been sold or may be sold without restriction. In the event a registration statement covering such shares of common stock is not effective, the Company is required to pay to the investors on a monthly basis an amount equal to 1% of the investors' investment, not to exceed a total of 6%, subject to conditions as defined in the agreement. On April 20, 2017, the Company filed a registration statement with the Securities and Exchange Commission. As of the date of this filing, the registration statement is not yet effective.

Restricted common stock award:

During the nine months ended September 30, 2017, 422,000 restricted shares were granted to directors and officers, of which 40,000 were terminated upon the individuals' separation from the Company. As of September 30, 2017, 42,622 restricted common shares had vested and been issued. See Note 7.

Common stock escrow forfeiture:

During the nine months ended September 30, 2017, under an agreement between the Company and one of the selling shareholders from the Company's 2016 acquisition of BDI, rights to 32,801 common shares held in escrow on behalf of the selling shareholder were waived by the shareholder and returned to the Company where they were cancelled. Under the agreement each party mutually released each other from any and all claims that might relate to or arise from the acquisition of BDI. As a result of this cancellation, $134,812, which was the estimated fair market value of the 32,801 common shares, based upon $4.11 per share, was recorded as a gain in the BDI discontinued operations and a reduction in common stock.

Equity rights terminations:

During the nine months ended September 30, 2017, the Company negotiated and executed agreements with holders of stock rights (stock options and restricted shares) to have such holders waive their rights to the stock rights in exchange for a one time cash payment. The majority of the holders had previously terminated from the Company or the agreements were made as part of separation agreements upon the individuals' termination from the Company. Under the agreements, a total of 532,911 rights were forfeited, consisting of; 494,578 stock options under the Company's 2002 Stock Incentive Plan (the "2002 Plan"), 37,500 non-qualified options issued outside of the 2002 Plan and 833 restricted common shares. The total consideration under the agreements was $299,500. For financial reporting purposes the amounts paid to each holder was compared to the fair value of the stock rights forfeited using a Black-Scholes valuation and to the extent the amount paid exceeded the value of the stock rights forfeited, the payment amount was charged to stock-based compensation. For purposes of the Black-Scholes valuation, the Company assumed a dividend yield of 0%, expected price volatility of 49% to 99% risk free interest rates of 0.8% to 2.3% and expected terms based upon the remaining lives of the instruments. Of the total amount paid, $291,995 was charged to stockholders' equity and $7,505 was charged to compensation expense.

Subsequent Stockholders' Equity transactions:

See Note 11 for stockholders' equity transactions subsequent to September 30, 2017.

Note 7. Stock based compensation, options and warrants:

Stock based compensation:

The Company recognized total expenses for stock-based compensation during the three and nine months ended September 30, 2017 and 2016 which are included in the accompanying statements of operations, from the following categories:

	Three Months Ended		Nine Months Ended	
	2017	2016	2017	2016
Restricted stock awards under the Plan	$ 100,396	$ —	$ 188,572	$ —
Stock option awards under the Plan	8,172	137,367	103,430	361,639
Non-qualified stock option awards	—	6,820	87,620	6,820
Total stock-based compensation	$ 108,568	$ 144,187	$ 379,622	$ 368,459

Restricted stock awards:

A summary of the Company's restricted stock activity in the nine months ended September 30, 2017 is presented here:

	Number of Shares	Weighted Average Grant-Date Fair Value
Unvested at January 1, 2017	-	$ -
Granted	422,000	3.69
Vested	(42,622)	3.20
Forfeited	(40,000)	3.13
Unvested at September 30, 2017	339,378	$ 3.75

During the nine months ended September 30, 2017, the Company granted 402,000 restricted shares to members of its Board of Directors and 20,000 restricted shares to an officer. Upon the separation of two Directors, 40,000 restricted shares were subsequently forfeited, including 833 restricted shares that were re-acquired by the Company as part of the equity rights terminations (see Note 6). The weighted-average grant date fair value of restricted shares granted during the nine months ended September 30, 2017 was $3.69 per share based upon the share price as of the date of grant. The total fair value of restricted stock granted, net of forfeitures, during the nine months ended September 30, 2017 was approximately $1,431,000, including approximately $136,000 which vested in the period.

The value of restricted stock grants are measured based on their fair market value on the date of grant and amortized over their respective vesting periods, generally twenty-four months. As of September 30, 2017, there was approximately $1,248,000 of unrecognized compensation cost related to unvested restricted stock awards, which is expected to be recognized over a remaining weighted-average vesting period of approximately 1.6 years.

Stock options:

The Company currently provides stock-based compensation to employees, directors and consultants, both under the Company's 2017 Equity Incentive Plan (the "Plan"), and with non-qualified options and warrants issued outside of the Plan. During August 2017, the Company's shareholders approved the Plan including reservation of 895,000 shares of common stock under the Plan. The Company estimates the fair value of the share-based awards on the date of grant using the Black-Scholes option-pricing model (the "Black-Scholes model"). Using the Black-Scholes model, the value of the award that is ultimately expected to vest is recognized over the requisite service period in the statement of operations. Option forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. The Company attributes compensation to expense using the straight-line single option method for all options granted.

The Company's determination of the estimated fair value of share-based payment awards on the date of grant is affected by the following variables and assumptions:

- Grant date exercise price – the closing market price of the Company's common stock on the date of the grant;
- Estimated option term – based on historical experience with existing option holders;
- Estimated dividend rates – based on historical and anticipated dividends over the life of the option;
- Term of the option – based on historical experience, grants have lives of approximately 3-5 years;
- Risk-free interest rates – with maturities that approximate the expected life of the options granted;
- Calculated stock price volatility – calculated over the expected life of the options granted, which is calculated based on the daily closing price of the Company's common stock over a period equal to the expected term of the option; and
- Option exercise behaviors – based on actual and projected employee stock option exercises and forfeitures.

Stock incentive plan options:

The Company currently provides stock-based compensation to employees, directors and consultants under the Plan. The Company utilized assumptions in the estimation of fair value of stock-based compensation for the nine months ended September 30, 2017 and 2016 as follows:

	2017	2016
Dividend yield	0%	0%
Expected price volatility	101%	99-100%
Risk free interest rate	1.92%	1.20%
Expected term	5 years	5 years

A summary of activity under the Plan for the nine months ended September 30, 2017 is presented below:

	Shares Underlying Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2017	566,747	$ 20.46		
Granted	20,000	4.02		
Exercised	(34,000)	2.89		
Forfeited	(495,414)	22.98		
Outstanding at September 30, 2017	57,333	$ 3.32	9.1	$ 105,700
Exercisable at September 30, 2017	27,500	$ 3.07	8.8	$ 57,500

The aggregate intrinsic value in the table above represents the total intrinsic value (the difference between the Company's closing stock price on September 30, 2017 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders, had all option holders been able to, and in fact had, exercised their options on September 30, 2017.

During the nine months ended September 30, 2017, 20,000 options were issued to a director under the Plan, exercisable at $4.02 per share with a grant date fair value of $3.04 per share. The options expire ten years from the date of grant and vest monthly in arrears, over a 24 month period.

During the nine months ended September 30, 2017, 34,000 options outstanding under the Plan were exercised generating $98,260 in cash proceeds. The 34,000 options exercised had a total intrinsic value when exercised of $53,180. During the nine months ended September 30, 2016, no options were exercised.

During the nine months ended September 30, 2016, 77,000 options were issued to non-employee directors under the Plan, exercisable at an average of $2.89 per share. The options expire ten years from the date of grant and vest 50% upon on the date of grant, and 25% on each of July 1, 2016 and October 1, 2016. During the nine months ended September 30, 2016, 150,000 options were issued to officers and employees under the Plan, exercisable at an average of $2.89 per share. The options expire ten years from the date of grant and vest 50% upon each of the nine month and the one year anniversary of the grant date.

During the nine months ended September 30, 2017, a total of 495,414 options granted under the Plan were forfeited as part of the equity rights terminations (see Note 6). Of the total, 438,414 options were vested, exercisable at an average exercise price of $25.59 and 57,000 were unvested, exercisable at an average exercise price of $2.92. During the nine months ended September 30, 2016, a total of 25,445 options that were granted under the Plan were forfeited as a result of option holders' terminations from the Company, of which 21,825 were vested and 3,620 were unvested. The vested options were exercisable at an average of $39.81 per share and the unvested options were exercisable at an average of $15.13 per share.

The total fair value of stock options granted to employees and directors that vested and became exercisable during the nine months ended September 30, 2017 and 2016, was approximately $110,000 and $363,000, respectively. Based upon the Company's experience, approximately 80% of the outstanding September 30, 2017 nonvested stock options, or approximately 24,000 options, are expected to vest in the future, under their terms.

A summary of the activity of nonvested options under the Plan to acquire common shares granted to employees, officers, directors and consultants during the nine months ended September 30, 2017 is presented below:

Nonvested Shares	Nonvested Shares Underlying Options	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value
Nonvested at January 1, 2017	97,738	$ 3.51	$ 2.58
Granted	20,000	4.02	3.04
Vested	(30,905)	4.92	3.57
Forfeited	(57,000)	2.92	2.16
Nonvested at September 30, 2017	29,833	$ 3.54	$ 2.67

At September 30, 2017, based upon employee and director options granted under the Plan to that point, there was approximately $54,000 of additional unrecognized compensation cost related to stock options that will be recorded over a weighted average future period of approximately one year.

Other common stock purchase options and warrants:

As of September 30, 2017, in addition to the Plan options discussed above, the Company had outstanding 3,157,929 warrants in connection with offerings that were not issued under the Plan.

In March 2017, the Company completed a total of $7.0 million in private placements of securities and in connection with those offerings, granted investors in the offerings, warrants which are classified as equity, exercisable six-months after issuance, to purchase a total of 2,800,000 shares of common stock, with 900,000 warrants at an exercise price of $3.50 per share and 1,900,000 warrants at an exercise price of $3.56 per share, all expiring in March 2020. See Note 6.

During the nine month period ended September 30, 2016, 95,000 options were granted outside of the Plan. During the nine months ended September 30, 2017, these 95,000 options were forfeited. Operating expenses for the nine months ended September 30, 2017 and 2016, included $87,620 and $6,820, respectively, related to stock-based compensation.

Following is a summary of outstanding options and warrants that were issued outside of the Plan for the nine months ended September 30, 2017:

	Shares Underlying Options / Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2017	527,003	$ 13.36		
Granted	2,800,000	3.54		
Exercised	-	-		
Forfeited	(169,074)	18.62		
Outstanding at September 30, 2017	3,157,929	$ 4.37	2.3	$ 4,534,000
Exercisable at September 30, 2017	3,157,929	$ 4.37	2.3	$ 4,534,000

The aggregate intrinsic value in the table above represents the total intrinsic value (the difference between the Company's closing stock price on September 30, 2017 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders, had all option holders been able to, and in fact had, exercised their options on September 30, 2017.

During the nine months ended September 30, 2017 and 2016, no warrants were exercised. At September 30, 2017 the 3,157,959 total outstanding warrants are non-compensatory rights, exercisable at an average of $4.37 per common share, expiring through March 2020, granted in connection with offerings. No rights are outstanding that have been granted under compensatory arrangements.

During the nine months ended September 30, 2017, a total of 169,074 options and warrants that were granted outside of the Plan were forfeited. Of the total forfeited, 71,574 warrants expired under their terms and 60,000 options lapsed (15,000 vested and 45,000 unvested) due to the holders' terminations from the Company. The 60,000 options which lapsed were exercisable at an average of $3.78 per share. The remaining 37,500, which were forfeited resulted from negotiated payments made to each holder to waive their rights to the outstanding options. See Note 6.

Note 8. Animal Health License Agreements:

Effective May 1, 2004, Washington University in St. Louis ("WU") and the Company entered into an Exclusive License Agreement ("WU License Agreement"), which granted the Company exclusive license and right to sublicense WU's technology (as defined under the WU License Agreement) for veterinary products worldwide, except where such products are prohibited under U.S. laws for export. The term of the WU License Agreement continues until the expiration of the last of WU's patents (as defined in the WU License Agreement) expire. The Company agreed to pay minimum annual royalties of $20,000 during the term of the WU License Agreement and such amounts are creditable against future royalties. Royalties payable to WU under the WU License Agreement for covered product sales by the Company carry a mid-single digit royalty rate and for sublicense fees received by the Company carry a low double-digit royalty rate. The WU License Agreement contains customary terms for confidentiality, prosecution and infringement provisions for licensed patents, publication rights, indemnification and insurance coverage. The WU License Agreement is cancelable by the Company with ninety days advance notice at any time and by WU with sixty days advance notice if the Company materially breaches the WU License Agreement and fails to cure such breach.

In July 2012, the Company entered into an Exclusive License Agreement (the "License Agreement") with Ceva Santé Animale S.A. ("Licensee"), pursuant to which the Company granted the Licensee an exclusive royalty-bearing license, until December 31, 2028, to the Company's intellectual property and other assets, including patent rights and know-how, relating to recombinant single chain reproductive hormone technology for use in non-human mammals (the "Company's Animal Health Assets"). The License Agreement is subject to termination by the Licensee (a) for convenience on 180 days prior written notice, (b) in the Licensee's discretion in the event of a sale or other disposal of the Company's animal health assets, (c) in the Licensee's discretion upon a change in control of the Company, (d) for a material breach of the License Agreement by the Company, or (e) in the Licensee's discretion, if the Company becomes insolvent. The License Agreement is also terminable by the Company if there is a material breach of the License Agreement by the Licensee, or if the Licensee challenges the Company's ownership of designated intellectual property. The License Agreement includes a sublicense of the technology licensed to the Company by WU. Under the terms of the WU License Agreement, a portion of license fees and royalties the Company receives from sublicensing agreements will be paid to WU. The obligation for such license fees due to WU is included in accrued expenses at September 30, 2017.

Under the License Agreement, the Licensee obtained a worldwide exclusive license to develop, seek regulatory approval for and offer to sell, market, distribute, import and export luteinizing hormone ("LH") and/or follicle-stimulating hormone ("FSH") products for bovine (cattle), equine and swine in the field of the assistance and facilitation of reproduction in bovine, equine and swine animals.

Under the License Agreement, as of September 30, 2017, the following future milestone payments are provided, assuming future milestones are successfully achieved:

- milestone payments, totaling up to a potential of $1.1 million in the aggregate, based on the satisfactory conclusion of milestones as defined in the License Agreement;
- potential for milestone payments of up to an additional $2 million for development and receipt of regulatory approval for additional licensed products; and
- royalties, at low double digit rates, based on sales of licensed products.

Revenue recognition related to the License Agreement and WU License Agreement is based primarily on the Company's consideration of ASC 808-10-45, "*Accounting for Collaborative Arrangements.*" For financial reporting purposes, the license fees and milestone payments received from the License Agreement, net of the amounts due to third parties, including WU, have been recorded as deferred revenue and are amortized over the term of the License Agreement. License fees and milestone revenue currently totaling a net of approximately $1,556,000 commenced being amortized into income upon the July 2012 date of milestone achievement. As of September 30, 2017, deferred revenue of $96,698 has been classified as a current liability and $992,792 has been classified as a long-term liability. The current liability represents the next twelve months' portion of the amortizable milestone revenue. During each of the nine months ended September 30, 2017 and 2016, $72,524 was recorded as the amortized license fee revenue arising from the License Agreement.

A tabular summary of the revenue categories and cumulative amounts of revenue recognition associated with the License Agreement follows:

Category	Totals
License fees and milestone amounts paid / achieved	$ 1,920,000
Third party obligations recorded, including WU	(363,700)
Deferred revenue balance	1,556,300
Revenue amortization to September 30, 2017	(466,810)
Net deferred revenue balance at September 30, 2017	$ 1,089,490

Commencement of license fees revenue recognition	Upon signing or receipt
Commencement of milestone revenue recognition	Upon milestone achievement over then remaining life
Original amortization period	197 months

Note 9. Acquisition and Discontinued Operations:

Acquisition:

On September 12, 2016, the Company completed the strategic acquisition of BDI, a privately-held entity. Pursuant to a purchase agreement (the "Purchase Agreement"), through a wholly-owned subsidiary ("Venaxis Sub"), the Company acquired all of the outstanding shares of Series 1 Preferred Stock of BDI from the selling shareholders (the "Seller"), representing more than 98% of the outstanding voting stock of BDI, and BDI thereupon become a majority owned subsidiary of the Company.

Under the terms of the Purchase Agreement, the consideration consisted of an aggregate of 627,010 shares of the Company's common stock (the "Shares") which Shares were distributed in accordance with the liquidation preferences set forth in BDI's Fifth Amended and Restated Certificate of Incorporation, as amended. The Shares were valued at approximately $2,577,000 (based upon the closing value of our common stock on the acquisition date) and the issuance represented approximately 14% of the Company's then outstanding common stock at the closing. The Purchase Agreement contained customary representations and warranties of the parties, including BDI, and the Sellers have customary indemnification obligations to the Company relating to BDI, which are subject to certain limitations described further in the Purchase Agreement. The issuance of the Shares was effected as a private placement of securities. The Company also entered into a registration rights agreement with the Sellers.

The total consideration transferred consisted of the 627,010 shares of the Company's common stock with a value of $2,577,000.

Under the acquisition method of accounting, the total estimated purchase consideration was allocated to the acquired tangible and intangible assets and assumed liabilities based on their estimated fair values as of the acquisition date. Following was the allocation of the purchase consideration:

Cash and cash equivalents	$ 17,000
Accounts receivable	21,000
Inventory	379,000
Prepaid and other assets	51,000
Equipment	1,000
Identifiable intangible assets:	
Trademarks (5 year estimated useful life)	99,000
Customer base (6 year estimated useful life)	37,000
Developed technology (4 year estimated useful life)	1,864,000
Total identifiable intangible assets	2,000,000
Goodwill	430,000
Accounts payable	(118,000)
Accrued and other liabilities	(175,000)
Non-controlling interest	(29,000)
Purchase price	$ 2,577,000

Intangible assets acquired consisted of the following as of December 31, 2016:

Trademarks	$	99,000
Customer base		37,000
Developed technology		1,864,000
Total		2,000,000
Less accumulated amortization		(148,264)
Balance at December 31, 2016	$	1,851,736

As of November 30, 2016, the Company paid approximately $29,000 to acquire the non-controlling interest in BDI, which was accounted for as an equity transaction.

The unaudited supplemental pro forma information for the nine months ended September 30, 2016, as if the BDI acquisition had occurred as of January 1, 2016, would have reflected total revenue of $174,000, net loss of $2,102,000 and loss per share of $0.47. These pro forma condensed consolidated financial results have been prepared for comparative purposes only and include certain adjustments to reflect the pro forma results of operations as if the acquisition had occurred as of the beginning of the periods presented, such as increased amortization for the fair value of acquired intangible assets. The pro forma information does not reflect the effect of costs or synergies that would have been expected to result from the integration of the acquisition. The pro forma information does not purport to be indicative of the results of operations that actually would have resulted had the combination occurred at the beginning of each period presented, or of future results of the consolidated entities.

As of December 31, 2016 inventories, included with current assets of discontinued operations, totaled approximately $416,000, consisting of $188,000 in raw materials and $228,000 in finished goods, all associated with the BDI operations. As of September 30, 2017 no inventories were on hand.

Discontinued operations:

During the quarter ended March 31, 2017, the Company made the decision to discontinue the operations of its wholly-owned subsidiary BDI. BDI had developed a proprietary Enhanced Surface Plasmon Resonance technology platform for the detection of molecular interactions. The decision to adopt this plan was made following an evaluation by the Company's Board of Directors in January 2017 of the estimated results of operations projected during the near to mid-term period for BDI, including consideration of product development required and updated sales forecasts, and estimated additional cash resources required. The Company expects to dispose of the assets and operations during 2017 by selling the assets and licensing the intellectual property rights. The Company has recognized the exit of BDI in accordance with Accounting Standards Codification (ASC) 205-20, *Discontinued Operations*. As such, the historical results of BDI, following its 2016 acquisition, have been classified as discontinued operations.

The Company's historical financial statements have been revised to present the operating results of the BDI business as a discontinued operation. Assets and liabilities related to the discontinued operations of BDI are approximately as follows as of September 30, 2017 and December 31, 2016:

		September 30, 2017		December 31, 2016
Current assets:				
Accounts receivable	$	8,000	$	5,000
Inventories		-		416,000
Prepaid expenses		4,000		66,000
Total current assets	$	12,000	$	487,000
Equipment and furnishings, net	$	-	$	36,000
Intangible assets, net		-		2,281,000
Deposit		-		37,000
Total noncurrent assets	$	-	$	2,354,000
Current liabilities:				
Accounts payable	$	37,000	$	174,000
Accrued expenses		28,000		85,000
Deferred revenue		137,000		-
Total current liabilities	$	202,000	$	259,000

Summarized results of the discontinued operation are as follows for the three and nine months ended September 30, 2017:

	Three Months	Nine Months
Sales	$ 7,000	$ 37,000
Cost of sales	2,000	6,000
Gross margin	5,000	31,000
Operating expenses (credit)	(26,000)	975,000
Operating income (loss)	31,000	(944,000)
Escrow forfeiture gain	-	135,000
Impairment (loss)	-	(2,754,000)
Income (loss) from discontinued operations	$ 31,000	$ (3,563,000)

Included in the impairment loss recognized for the nine months ended September 30, 2017 on the discontinuance of BDI are impairment losses recognized on inventories of $453,000, equipment and furnishings of $29,000, identifiable intangible assets of $1,833,000, goodwill of $430,000, and a $9,000, net expense from all other items, all associated with the assets and operations of BDI. For the three and nine months ended September 30, 2016 the loss from discontinued operations of $236,000, consisted of revenues of $2,000, less operating and other expenses totaling $238,000, including amortization and depreciation of $24,000. Additional costs associated with the exit of operations of the Company's subsidiary BDI may be incurred as strategic options for BDI are evaluated.

Note 10. Commitments and contingencies:
Commitments:

The Company's subsidiary, BDI, had a lease commitment on its office and laboratory space that was scheduled to expire March 31, 2018, requiring future non-cancellable lease payments as of May 2017 of approximately $294,000 for the remainder of its original term. During May 2017, an agreement with the subsidiary's landlord was reached to terminate the lease by surrendering the facility in May 2017, making a $80,419 prepayment of rent through July 31, 2017 and surrendering the $37,000 lease deposit. Rent expense for the nine months ended September 30, 2017 totaled approximately $229,000, including $216,000 in rent expense for BDI, inclusive of the payment of the early termination fee and the surrender of the $37,000 lease deposit and $13,000 in rent expense incurred by the Company under short-term rent agreements. The Company’s rent expense for the nine months ended September 30, 2016 was immaterial.

On February 25, 2016, the Company completed the sale of its corporate headquarters, land, building and certain fixtures and equipment to a third party at a purchase price of $4,053,000. The sale resulted in a gain of approximately $1,933,000 and generated approximately $1,799,000 in net cash after expenses and mortgage payoffs. The Company is renting space in the building under short-term lease agreements that provide certain storage space.

As of September 30, 2017, the Company has an employment agreement with one officer providing aggregate annual minimum commitments totaling approximately $272,000. The agreement contains customary confidentiality and benefit provisions.

Contingencies:

In the ordinary course of business and in the general industry in which the Company is engaged, it is not atypical to periodically receive a third party communication which may be in the form of a notice, threat, or "cease and desist" letter concerning certain activities. For example, this can occur in the context of the Company's pursuit of intellectual property rights. This can also occur in the context of operations such as the using, making, having made, selling, and offering to sell products and services, and in other contexts. The Company makes rational assessments of each situation on a case-by-case basis as such may arise. The Company periodically evaluates its options for trademark positions and considers a full spectrum of alternatives for trademark protection and product branding.

We are currently not a party to any legal proceedings, the adverse outcome of which would, in our management's opinion, have a material adverse effect on our business, financial condition and results of operations.

Note 11. Subsequent Events:

Corporate Name Change:

On October 2, 2017 the Board of Directors of the Company approved a merger (the "Merger") of the Company with its wholly-owned subsidiary, Riot Blockchain, Inc., a Nevada corporation (the "Merger Sub"), solely for the purpose of changing the name of the Company. Upon consummation of the Merger, the separate existence of Merger Sub ceased. As permitted by Chapter 92A.180 of Nevada Revised Statutes, the purpose of the Merger was to effect a change of the Company's name to Riot Blockchain, Inc. from Bioptix, Inc. Upon approval by NASDAQ, on October 19, 2017, the Company's name was thereupon changed.

Cash Dividend:

On October 2, 2017, the Company's Board of Directors approved a cash dividend pursuant to which the holders of the Company's common stock and Series A Preferred Stock, would receive $1.00 for each share of Common Stock held, including each share of Common Stock that would be issuable upon conversion of the Series A Preferred Stock, on an as converted basis. The cash dividend totaled approximately $9,562,000 with a record date of the close of business on October 13, 2017 and payment date of October 18, 2017.

Temporary Reduction in Warrant Exercise Prices:

On October 10, 2017, the Company's Board of Directors approved a temporary reduction in the exercise price of warrants issued in the March 2017 private offerings to $3.00 per share. The approval covered any of the 2,800,000 outstanding warrants which would be exercised by their holders from October 10, 2017 through October 20, 2017, for cash. During that period 620,000 warrants were exercised for cash, as described below. Any such warrant holder who exercises such warrants for cash at the reduced price shall not be entitled to the benefit of any cashless exercise feature on such exercised warrants for cash. The fair value of the temporary modification of the exercise price will be recorded as an additional expense and a credit to capital in the fourth quarter of 2017. The fair value will be computed based upon the 620,000 warrants actually exercised times the increase in value of the warrants immediately before and immediately after the reduction in exercise price.

Common Stock Transactions:

Subsequent to September 30, 2017, the holders of 8,284.04 shares of Series A Preferred Stock exercised their right to convert such shares into 828,404 shares of common stock. Separately, the holders of 620,000 warrants issued in the March 2017 private offerings (420,000 from the common stock offering and 200,000 from the convertible note offering), exercised their warrants for cash during the temporary reduction in exercise price period, described above, and were issued 620,000 shares of common stock generating $1,860,000 in cash proceeds. Additionally, the holders of 2,060,000 warrants issued in the March 2017 private offerings (360,000 from the common stock offering, exercisable at $3.50 per share and 1,700,000 from the convertible note offering, exercisable at $3.56 per share), exercised their warrants on a cashless basis, as provided in the offering agreements and were issued 1,228,690 shares of common stock in exchange for surrender of their warrants.

Tess Inc. Acquisition:

On October 20, 2017, the Company acquired approximately 52% of TESS which is developing blockchain solutions for telecommunications companies. Under the terms of the Purchase Agreement (the "Purchase Agreement") the Company invested cash of $320,000 and issued 75,000 shares of restricted Common Stock in exchange for 2,708,333 shares of common stock of TESS. Accordingly, TESS became a majority-owned subsidiary of the Company. In connection with the transaction, the Company and TESS entered into a registration rights agreement pursuant to which the Company agreed to file a registration statement within three months to register the resale of 25,000 shares (of 75,000 shares) of Common Stock issued to TESS. As of October 20, 2017 TESS has net tangible assets of approximately $10,000 and the Company expects that the purchase price will be allocated to intangible assets including in-process research and development and goodwill.

Kairos Global Technology, Inc. Acquisition:

On November 1, 2017, the Company entered into a business combination share exchange agreement (the "Agreement") with Kairos Global Technology, Inc., a Nevada corporation and on November 3, 2017, closed on the agreement. Under the Agreement, the shareholders of Kairos agreed to exchange all outstanding shares of Kairos' common stock to the Company and the Company agreed to issue an aggregate of One Million Seven Hundred Fifty Thousand and One (1,750,001) newly-designated shares of Series B Convertible Preferred Stock (the "Series B Preferred Stock") which are convertible into an aggregate of One Million Seven Hundred Fifty Thousand and One (1,750,001) shares of the Company's common stock, no par value per share (the transaction, the "Kairos Transaction") to such shareholders. The shareholders of Kairos also will receive a royalty to be paid from cash flow generated from operations, which shall entitle such shareholders to receive 40% of the gross profits generated on a monthly basis until they have received a total of $1,000,000, at which point the royalty is extinguished. Karios is the owner of certain computer equipment and other assets used for the mining of cryptocurrency, specifically servers consisting of 700 AntMiner S9s and 500 AntMiner L3s, all manufactured by Bitmain.

The shares of Series B Preferred Stock are convertible into shares of common stock based on a conversion calculation equal to the stated value of the Series B Preferred Stock, plus all accrued and unpaid dividends, if any, on such Series B Preferred Stock, as of such date of determination, divided by the conversion price. The stated value of each share of Series B Preferred Stock is $6.80 and the initial conversion price is $6.80 per share, each subject to adjustment for stock splits, stock dividends, recapitalizations, combinations, subdivisions or other similar events. The holders of Series B Preferred Stock are entitled to receive dividends if and when declared by the Company's board of directors. The Series B Preferred Stock will participate on an "as converted" basis, with all dividends when and if declared, on the Company's common stock. Each holder is entitled to vote on all matters submitted to stockholders of the Company,

and will have the number of votes equal to the number of shares of common stock issuable upon conversion of such holder's Series B Preferred Stock. Under the agreement the Company is prohibited from effecting a conversion of the Series B Preferred Stock to the extent that, as a result of such conversion, the holder would beneficially own more than 4.99% percent of the number of shares of common stock outstanding immediately after giving effect to the issuance of shares of common stock upon conversion of the Series B Preferred Stock, which beneficial ownership limitation may be increased by the holder up to, but not exceeding, 9.99% percent. The Series B Preferred Stock contains a blocker pursuant to which, if the Company has not obtained the approval of its shareholders in accordance with NASDAQ Listing Rule 5635(d), then the Company may not issue upon conversion of the Series B Preferred Stock a number of shares of common stock, which, when aggregated with any other shares of common stock underlying the Series B Preferred Stock issued pursuant to the Agreement would exceed 19.99% of the shares of common stock issued and outstanding as of the date of the Agreement, subject to adjustment for reverse and forward stock splits, stock dividends, stock combinations and other similar transactions of the common stock that occur after the date of the Agreement.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's plans and basis of presentation:

The Company has experienced recurring losses and negative cash flows from operations. At September 30, 2017, the Company had approximate balances of cash and cash equivalents of $13,140,000, working capital of $12,555,000, total stockholders' equity of $15,466,000 and an accumulated deficit of $120,823,000. To date, the Company has in large part relied on equity financing to fund its operations. The Company expects to continue to incur losses from operations for the near-term and these losses could be significant as we incur costs and expenses associated with our recent and potential future acquisitions and investments, as well as public company and administrative related expenses are incurred and winding-down BDI's operations. The Company believes its upcoming near-term cash needs relative to the recent acquisitions will be covered by cash acquired in the acquisitions combined with the Company's available cash. The Company believes that its current working capital position will be sufficient to meet its estimated cash needs for at least a year and a day from this filing. The Company is closely monitoring its cash balances, cash needs and expense levels.

The recently announced Kairos, Tess and Coinsquare acquisitions, as well as our new name, reflect a new focus (in addition to veterinary and life science oriented businesses of the Company) being pursued by the Company. The decision to invest in companies exposed to blockchain and digital currency related risks is a strategic decision by the Company. The Company's strategy will be to continue to pursue opportunistic investments and controlling positions in these new and emerging technologies which will continue to expose the Company to the numerous risks and volatility associated with this sector.

Effective January 14, 2017, we adopted a plan to exit the business of BDI and commenced a significant reduction in the workforce. The decision to adopt this plan was made following an evaluation by the Company's Board of Directors in January 2017, of the estimated results of operations projected during the near to mid-term period for BDI, including consideration of product development required and updated sales forecasts, and estimated additional cash resources required. We are reviewing possible strategic alternatives relative to the business to maximize shareholder value.

Management's strategic plans include the following:

- continuing to evaluate opportunities for investments in the blockchain and digital currency sector;
- exploring other possible strategic options and financing opportunities available to the Company;
- evaluating options to monetize, partner or license the Company's assets, including appendicitis product portfolio; and
- continuing to implement cost control initiatives to conserve cash.

NASDAQ listing:

On April 10, 2017, the Company was notified by The NASDAQ Stock Market, LLC of its failure to comply with Nasdaq Listing Rule 5605 (the "Rule") which requires that the Company's audit committee be comprised of at least three independent directors, as defined under the Rule. On May 5, 2017, the Company appointed a new independent director to the Board of Directors and to the Company's audit committee, which resulted in the Company regaining compliance with the Rule.

Results of Operations

Comparative Results for the Nine Months Ended September 30, 2017 and 2016

During each of the nine month periods ended September 30, 2017 and 2016, $73,000 of license payments under the License Agreement was recognized as revenue. See further discussion regarding the License Agreement below under the heading "Liquidity and Capital Resources."

Selling, general and administrative expenses in the nine months ended September 30, 2017 totaled $2,694,000, which is an approximately $639,000, or 19%, decrease as compared to the 2016 period. Compensation related expenses decreased by approximately $316,000 due to fewer employees and lower bonuses in the 2017 period. Legal and accounting expenses increased by $204,000 for the 2017 period due to additional legal services on various matters and costs associated with a change in audit firms. A decrease in strategic evaluation costs of approximately $373,000 related to the completion of strategic evaluations in 2016. Commercialization and marketing related expenses decreased by approximately $133,000 in the 2017 period as the Company had substantially wound down *APPY*1 commercialization activities in 2016. A decrease of $48,000 in general operating expenses was due to the winding down of operations combined with the sale of Company's facility in 2016.

Research and development expenses in the nine months ended September 30, 2017 totaled $63,000, which is an approximately $436,000, or 87%, decrease as compared to the 2016 period. Substantially all of the decrease was due to winding down development and commercialization of *APPY*2 and *APPY*1 operations that had ceased in 2016.

Interest expense for the nine months ended September 30, 2017 totaled $4,802,000, compared to $28,000 in the 2016 period. The interest expense in the 2017 period primarily related to the accrual of interest on the March 2017 convertible note offering combined with the interest recognized in the period from the accretion of values allocated to the value of the warrants and the beneficial conversion feature computed upon the release of the securities from escrow. Interest in 2016, primarily related to the mortgage loans on the building that was paid off in the first quarter of 2016 upon the building's sale. For the nine months ended September 30, 2017, the Company recorded investment income of approximately $83,000, compared to investment income of $103,000 in the 2016 period, with the difference resulting from an average lower invested balances and lower rates on average investments with shorter maturities.

On February 25, 2016, the Company completed the sale of its corporate headquarters, land, building and certain fixtures and equipment to a third party at a purchase price of $4,053,000. The sale including subsequent equipment sales resulted in a gain of approximately $1,933,000 and generated approximately $1,799,000 in net cash after expenses and mortgage payoffs.

No income tax benefit was recorded on the net loss for the nine months ended September 30, 2017 and 2016, as management was unable to determine that it was more likely than not that such benefit would be realized.

Comparative Results for the Three Months Ended September 30, 2017 and 2016

During each of the three month periods ended September 30, 2017 and 2016, $24,000 in each period, of license payments under the License Agreement was recognized as revenue.

Selling, general and administrative expenses in the three months ended September 30, 2017 totaled $597,000, which is approximately $883,000, or 60%, decrease as compared to the 2016 period. Compensation related expenses decreased by approximately $744,000 due to fewer employees and lower bonuses in the 2017 period. Legal and accounting expenses decreased by $86,000 for the 2017 period due the level of legal and audit services on various matters in the 2017 period. Stock based compensation decreased by approximately $36,000 for the three months ended September 30, 2017, as compared to the 2016 period due to less equity rights being outstanding. Commercialization and marketing related expenses decreased by approximately $49,000 in the 2017 period as the Company had substantially wound down *APPY*1 commercialization activities in 2016.

Research and development expenses in the three months ended September 30, 2017 totaled $18,000, which is approximately a $35,000, or 67%, decrease as compared to the 2016 period. This decrease resulted from the wind down activities of development and manufacturing activities from our previous area of focus, the *APPY*1 Test, in 2016, combined with lower animal health related expenses in 2017.

Interest expense for the three months ended September 30, 2017, totaled approximately $4,773,000 compared to virtually nil in the 2016 period. The interest expense in the 2017 period primarily related to the accrual of interest on the March 2017 convertible note offering combined with the interest recognized in the period from the accretion of values allocated to the value of the warrants and the beneficial conversion feature upon the release of the convertible note securities from escrow and conversion to Series A Preferred Stock.

Liquidity and Capital Resources

At September 30, 2017, we had working capital of $12,555,000, which included cash and cash equivalents of $13,140,000. We reported a net loss of $10,968,000, consisting of a net loss from continuing operations of $7,404,000 and a net loss from discontinued operations of $3,564,000, during the nine months ended September 30, 2017. The net loss from continuing operations included $5,113,000 in non-cash items consisting of amortization of debt discount to interest of $4,750,000, stock-based compensation totaling $380,000, depreciation and amortization totaling $56,000, net of amortization of license fees totaling $73,000.

In March 2017, the Company entered into private placement agreements, under which during the nine months ended September 30, 2017, the Company received net proceeds after offering expenses totaling $1,914,000 from the sale of 900,000 shares of common stock, including the issuance of 900,000 warrants.

In March 2017, the Company also closed on a convertible note financing with certain accredited investors with gross proceeds totaling $4,750,000. The convertible note financing proceeds were held in escrow until their release in August 2017, upon waiver of release conditions by the lead investor.

During the nine months ended September 30, 2017, the Company negotiated and executed agreements with holders of stock rights (stock options and restricted shares) to have such holders waive their rights to the stock rights in exchange for a one time cash payment. Under the agreements, a total of 532,911 rights were forfeited, consisting of; 494,578 stock options under the Company's 2002 Plan, 37,500 non-qualified options issued outside of the Plan and 833 restricted common shares. The total consideration under the agreements was $299,500. Of the total paid, $291,995 was charged to stockholders' equity and $7,505 was charged to compensation expense.

In September 2017, the Company acquired a minority interest for $3,000,000 USD, in Coinsquare, which operates a digital crypto-currency exchange platform operating in Canada.

In October 2017, the Company acquired approximately 52% of TESS, which is developing blockchain solutions for telecommunications companies. Under the terms of the purchase agreement the Company invested cash of $320,000 and issued 75,000 shares of restricted common stock in exchange for 2,708,333 shares of common stock of TESS. Accordingly, TESS became a majority-owned subsidiary of the Company.

On October 2, 2017, the Company's Board of Directors approved a cash dividend which was paid on October 18, 2017, and totaled approximately $9,562,000.

In October 2017, the holders of 620,000 warrants issued in the March 2017 private offerings (420,000 from the common stock offering and 200,000 from the convertible note offering), exercised their warrants and were issued 620,000 shares of common stock generating $1,860,000 in cash proceeds.

We expect to continue to incur losses from operations for the near-term and these losses could be significant as we incur costs and expenses associated with our recent and potential future investments, as well as public company and administrative related expenses are incurred and any possible expenses which may be incurred from final shutdown of BDI's operations. We believe that our current working capital position will be sufficient to meet our estimated cash needs for at least a year and a day from this filing. We may pursue potential additional financing opportunities. However, there can be no assurance that we will be able to obtain sufficient additional financing on terms acceptable to us, if at all. We are closely monitoring our cash balances, cash needs and expense levels. The accompanying financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that might result in our possible inability to continue as a going concern.

In July 2012, we entered the License Agreement with the Licensee, pursuant to which we granted the Licensee an exclusive royalty-bearing license, until December 31, 2028, to our intellectual property and other assets, including patent rights and know-how, relating to recombinant single chain reproductive hormone technology for use in non-human mammals. The License Agreement is subject to termination by the Licensee (a) for convenience on 180 days prior written notice, (b) in the Licensee's discretion in the event of a sale or other disposal of the Company's Animal Health Assets, (c) in the Licensee's discretion upon a change in control of the Company, (d) for a material breach of the License Agreement by us, or (e) in the Licensee's discretion, if we become insolvent. The License Agreement is also terminable by us if there is a material breach of the License Agreement by the Licensee, or if the Licensee challenges our ownership of designated intellectual property. The License Agreement includes a sublicense of the technology licensed to the Company by WU. Under the terms of the WU license agreement, a portion of license fees and royalties we receive from sublicensing agreements will be paid to WU. The obligation for such license fees due to WU is included in accrued expenses at September 30, 2017.

Under the License Agreement, as of September 30, 2017, the following future milestone payments are provided, assuming future milestones are successfully achieved:

- milestone payments, totaling up to a potential of $1.1 million in the aggregate, based on the satisfactory conclusion of milestones as defined in the License Agreement;
- potential for milestone payments of up to an additional $2 million for development and receipt of regulatory approval for additional licensed products; and
- royalties, at low double digit rates, based on sales of licensed products.

The Company periodically enters into generally short-term consulting agreements, which at this time are primarily for assistance with our strategic evaluations. Such commitments at any point in time may be significant but the agreements typically contain cancellation provisions.

On February 25, 2016, the Company completed the sale of its corporate headquarters, land, building and certain fixtures and equipment to a third party at a purchase price of $4,053,000. The sale including subsequent equipment sales resulted in a gain of approximately $1,933,000 and generated approximately $1,749,000 in net cash after expenses and mortgage payoffs. The Company is leasing back space in the building under a short-term lease agreement that provide storage space.

Due to recent market events that have adversely affected all industries and the economy as a whole, management has placed increased emphasis on monitoring the risks associated with the current environment, particularly the investment parameters of the short-term investments, the recoverability of current assets, the fair value of assets, and the Company's liquidity. At this point in time, there has not been a material impact on the Company's assets and liquidity. Management will continue to monitor the risks associated with the current environment and their impact on the Company's results.

Operating Activities

Net cash consumed by operating activities was $3,164,000, consisting of $2,234,000 from continuing operations and $930,000 from discontinued operations during the nine months ended September 30, 2017. Cash was consumed from continuing operations by the loss of $7,404,000, less non-cash items of $5,113,000 in non-cash items consisting of amortization of debt discount to interest of $4,750,000, stock-based compensation totaling $380,000, depreciation and amortization totaling $56,000, net of amortization of license fees totaling

$73,000. Decreases in prepaid and other current assets of $192,000 provided cash, primarily related to reductions in operating activities. There was a net $135,000 decrease in accounts payable and accrued expenses in the nine months ended September 30, 2017, primarily due to reductions in operating activities and the payment of 2016 litigation settlement accrual in early 2017.

Net cash consumed by operating activities was $3,841,000, consisting of $3,466,000 from continuing operations and $375,000 from discontinued operations during the nine months ended September 30, 2016. Cash was consumed from continuing operations by the loss of $1,751,000, less non-cash expenses of $643,000 for stock-based compensation, depreciation and amortization, and impairment of patent costs, offset by the gain on sale of property and equipment of $1,933,000 and amortization of license fees totaling $73,000. Increases in prepaid and other current assets of $222,000 used cash, primarily related to routine changes in operating activities. There was a $574,000 decrease in accounts payable and accrued expenses in the nine months ended September 30, 2016, primarily due to the payment of 2015 accrued incentives in early 2016, and a reduction in overall expenses due to the wind-down of the *APPY*1 activities.

Investing Activities

Net cash inflows from investing activities provided cash of $4,497,000, consisting of $4,493,000 from continuing operations and a cash inflow of $4,000 from discontinued operations during the nine months ended September 30, 2017. Sales of marketable securities investments totaling approximately $7,507,000 provided cash. Cash of $3,000,000 was used in the Coinsquare investment. A $14,000 use of cash was attributable to additional costs incurred from patent filings.

Net cash inflows from investing activities provided cash of $4,505,000, consisting of $4,489,000 from continuing operations and a cash inflow of $17,000 from discontinued operations during the nine months ended September 30, 2016. Sales of marketable securities investments totaling approximately $16,523,000 provided cash, net of marketable securities purchased totaling approximately $13,819,000. A $14,000 use of cash was attributable to additional costs incurred from patent filings. The sale of the land, building and assets generated approximately $1,799,000 in cash. As part of the BDI acquisition $17,000 in cash was acquired.

Financing Activities

Net cash inflows from financing activities provided $6,277,000 from continuing operations, during the nine months ended September 30, 2017 consisting of net proceeds of $4,750,000 from convertible notes payable, $2,012,000 from the sale of common stock and exercise of warrants and options, net of $193,000 in scheduled payments under debt agreements, and $292,000 consumed from the redemption of equity rights payments.

Net cash outflows from financing activities consumed $229,000 during the nine months ended September 30, 2016 in scheduled payments under debt agreements.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and accompanying notes. Future events and their effects cannot be determined with absolute certainty. Therefore, the determination of estimates requires the exercise of judgment. Actual results inevitably will differ from those estimates, and such differences may be material to the financial statements. The most significant accounting estimates inherent in the preparation of our financial statements include estimates associated with revenue recognition, impairment analysis of intangibles and stock-based compensation.

The Company's financial position, results of operations and cash flows are impacted by the accounting policies the Company has adopted. In order to get a full understanding of the Company's financial statements, one must have a clear understanding of the accounting policies employed. A summary of the Company's critical accounting policies follows:

Investments: Our investments in equity securities of companies over which we do not have significant influence are accounted for under the cost method. The investment is originally recorded at cost and adjusted for additional contributions or distributions. Management periodically reviews cost-method investments for instances where fair value is less than the carrying amount and the decline in value is determined to be other than temporary. If the decline in value is judged to be other than temporary, the carrying amount of the security is written down to fair value and the resulting loss is charged to operations. We currently do not have investments in which we own 20% to 50% and exercise significant influence over operating and financial policies, therefore we do not account for any investment under the equity method.

***Intangible Assets*:** Intangible assets primarily represent legal costs and filings associated with obtaining patents on the Company's new discoveries. The Company amortizes these costs over the shorter of the legal life of the patent or its estimated economic life using the straight-line method. The Company tests intangible assets with finite lives upon significant changes in the Company's business environment. The testing resulted in no patent impairment charges written off during the nine month period ended September 30, 2017 and $168,000 net patent impairment charges written off during the nine months ended September 30, 2016.

***Revenue Recognition*:** The Company's revenues are recognized when products are shipped or delivered to unaffiliated customers. The Securities and Exchange Commission's Staff Accounting Bulletin (SAB) No. 104 provides guidance on the application of GAAP to select revenue recognition issues. The Company has concluded that its revenue recognition policy is appropriate and in accordance with SAB No. 104. Revenue is recognized under sales, license and distribution agreements only after the following criteria are met: (i) there exists adequate evidence of the transactions; (ii) delivery of goods has occurred or services have been rendered; and (iii) the price is not contingent on future activity; and (iv) collectability is reasonably assured.

***Stock-based Compensation*:** ASC 718, *Share-Based Payment*, defines the fair-value-based method of accounting for stock-based employee compensation plans and transactions used by the Company to account for its issuances of equity instruments to record compensation cost for stock-based employee compensation plans at fair value as well as to acquire goods or services from non-employees. Transactions in which the Company issues stock-based compensation to employees, directors and consultants and for goods or services received from non-employees are accounted for based on the fair value of the equity instruments issued. The Company utilizes pricing models in determining the fair values of options and warrants issued as stock-based compensation. These pricing models utilize the market price of the Company's common stock and the exercise price of the option or warrant, as well as time value and volatility factors underlying the positions.

***Recently issued and adopted accounting pronouncements*:**

The Company has evaluated all recently issued accounting pronouncements and believes such pronouncements do not have a material effect on the Company's financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

General

We have limited exposure to market risks from instruments that may impact the Balance Sheets, Statements of Operations, and Statements of Cash Flows. Such exposure is due primarily to changing interest rates.

Interest Rates

The primary objective for our investment activities is to preserve principal while maximizing yields without significantly increasing risk. This is accomplished by investing excess cash in highly liquid debt and equity investments of highly rated entities which are classified as trading securities. As of September 30, 2017, 100% of the investment portfolio was in cash and cash equivalents with very short-term maturities and therefore not subject to any significant interest rate fluctuations. We have no investments denominated in foreign currencies and therefore our investments are not subject to foreign currency exchange risk.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Management of the Company, including the Chief Executive Officer and the Chief Financial Officer, has conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rule 13a-15(e)) as of the last day of the period of the accompanying financial statements. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective as of September 30, 2017.

Changes in Internal Control Over Financial Reporting

There was no change in the Company's internal control over financial reporting that occurred during the fiscal quarter to which this report relates that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

We are not a party to any legal proceedings, the adverse outcome of which would, in our management's opinion, have a material adverse effect on our business, financial condition and results of operations.

Item 1A. Risk Factors

If any of the risks as disclosed below or as disclosed in our Annual Report on Form 10-K, for the year ended December 31, 2016, actually occur, they could materially adversely affect our business, financial condition or operating results. In that case, the trading price of our common stock could decline.

RISK FACTORS

An investment in the Company's common stock involves a high degree of risk. In determining whether to purchase the Company's common stock, an investor should carefully consider all of the material risks described below, together with the other information contained in this report and the Company's other public filings before making a decision to purchase the Company's securities. An investor should only purchase the Company's securities if he or she can afford to suffer the loss of his or her entire investment.

The following risk factors are intended to supplement and should be read along with the "Risk Factors" contained in our Annual Report on Form 10-K filed with the SEC, and our other filings and reports with the SEC, which risk factors are incorporated herein by reference.

General Cryptocurrency Risks

Cryptocurrency exchanges and other trading venues (including the Company's Coinsquare exchange) are relatively new and, in most cases, largely unregulated and may therefore may be subject to fraud and failures

When cryptocurrency exchanges or other trading venues (whether involving the Company's Coinsquare exchange or others) are involved in fraud or experience security failures or other operational issues, such events could result in a reduction in cryptocurrency prices or confidence and impact the success of the Company and have a material adverse effect on the ability of the Company to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the business, prospects or operations of the Company.

Cryptocurrency market prices depend, directly or indirectly, on the prices set on exchanges and other trading venues, which are new and, in most cases, largely unregulated as compared to established, regulated exchanges for securities, commodities or currencies. For example, during the past three years, a number of bitcoin exchanges have closed due to fraud, business failure or security breaches. In many of these instances, the customers of the closed exchanges were not compensated or made whole for partial or complete losses of their account balances. While smaller exchanges are less likely to have the infrastructure and capitalization that may provide larger exchanges with some stability, larger exchanges may be more likely to be appealing targets for hackers and "malware" (i.e., software used or programmed by attackers to disrupt computer operation, gather sensitive information or gain access to private computer systems) and may be more likely to be targets of regulatory enforcement action. The Company does not maintain any insurance to protect from such risks, and does not expect any insurance for customer accounts to be available (such as federal deposit insurance) at any time in the future, putting customer accounts at risk from such events. In the event the Company faces fraud, security failures, operational issues or similar events such factors would have a material adverse effect on the ability of the Company to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the business, prospects or operations of the Company.

Regulatory changes or actions may alter the nature of an investment in the Company or restrict the use of cryptocurrencies in a manner that adversely affects the Company's business, prospects or operations.

As cryptocurrencies have grown in both popularity and market size, governments around the world have reacted differently to cryptocurrencies, with certain governments deeming them illegal while others have allowed their use and trade. On-going and future regulatory actions may impact the ability of the Company to continue to operate and such actions could affect the ability of the Company to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the business, prospects or operations of the Company.

The effect of any future regulatory change on the Company or any cryptocurrency that the Company may mine or hold for others is impossible to predict, and such change could have a material adverse effect on the ability of the Company to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the business, prospects or operations of the Company.

Governments may in the future curtail or outlaw the acquisition, use or redemption of cryptocurrencies. Ownership of, holding or trading in cryptocurrencies may then be considered illegal and subject to sanction. Governments may also take regulatory action that may increase the cost and/or subject cryptocurrency companies to additional regulation.

On July 25, 2017 the SEC released an investigative report which states that the United States would, in some circumstances, consider the offer and sale of blockchain tokens pursuant to an initial coin offering ("ICO") subject to federal securities laws. Thereafter, China released statements and took similar actions. Although the Company does not participate in ICOs, its clients and customers may participate in ICOs and these actions may be a prelude to further action which chills widespread acceptance of

blockchain and cryptocurrency adoption and have a material adverse effect the ability of the Company to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the business, prospects or operations of the Company.

Governments may in the future take regulatory actions that prohibit or severely restrict the right to acquire, own, hold, sell, use or trade cryptocurrencies or to exchange cryptocurrencies for fiat currency. Similar actions by governments or regulatory bodies (such as an exchange on which the Company's securities are listed, quoted or traded) could result in restriction of the acquisition, ownership, holding, selling, use or trading in the Company's securities. Such a restriction could result in the Company liquidating its inventory at unfavorable prices and may adversely affect the Company's shareholders and have a material adverse effect on the ability of the Company to continue as a going concern or to pursue this segment at all, raise new capital or maintain a securities listing with an exchange (such as the Company's current listing with NASDAQ) which would have a material adverse effect on the business, prospects or operations of the Company and harm investors in the Company's securities.

The development and acceptance of cryptographic and algorithmic protocols governing the issuance of and transactions in cryptocurrencies is subject to a variety of factors that are difficult to evaluate.

The use of cryptocurrencies to, among other things, buy and sell goods and services and complete transactions, is part of a new and rapidly evolving industry that employs digital assets based upon a computer-generated mathematical and/or cryptographic protocol. The growth of this industry in general, and the use of cryptocurrencies in particular, is subject to a high degree of uncertainty, and the slowing or stopping of the development or acceptance of developing protocols may occur and is unpredictable. The factors include, but are not limited to:

- Continued worldwide growth in the adoption and use of cryptocurrencies;
- Governmental and quasi-governmental regulation of cryptocurrencies and their use, or restrictions on or regulation of access to and operation of the network or similar cryptocurrency systems;
- Changes in consumer demographics and public tastes and preferences;
- The maintenance and development of the open-source software protocol of the network;
- The availability and popularity of other forms or methods of buying and selling goods and services, including new means of using fiat currencies;
- General economic conditions and the regulatory environment relating to digital assets; and
- Negative consumer sentiment and perception of bitcoin specifically and cryptocurrencies generally.

Such events would have a material adverse effect on the ability of the Company to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the business, prospects or operations of the Company and potentially the value of any cryptocurrencies the Company holds or expects to acquire for its own account and harm investors in the Company's securities.

Banks and financial institutions may not provide banking services, or may cut off services, to businesses that provide cryptocurrency-related services or that accept cryptocurrencies as payment, including financial institutions of investors in the Company's securities.

A number of companies that provide bitcoin and/or other cryptocurrency-related services have been unable to find banks or financial institutions that are willing to provide them with bank accounts and other services. Similarly, a number of companies and individuals or businesses associated with cryptocurrencies may have had and may continue to have their existing bank accounts closed or services discontinued with financial institutions. We also may be unable to obtain or maintain these services for our business. The difficulty that many businesses that provide bitcoin and/or other cryptocurrency-related services have and may continue to have in finding banks and financial institutions willing to provide them services may be decreasing the usefulness of cryptocurrencies as a payment system and harming public perception of cryptocurrencies and could decrease its usefulness and harm its public perception in the future. Similarly, the usefulness of cryptocurrencies as a payment system and the public perception of cryptocurrencies could be damaged if banks or financial institutions were to close the accounts of businesses providing bitcoin and/or other cryptocurrency-related services. This could occur as a result of compliance risk, cost, government regulation or public pressure. The risk applies to securities firms, clearance and settlement firms, national stock and commodities exchanges, the over the counter market and the Depository Trust Company, which, if any of such entities adopts or implements similar policies, rules or regulations, could result in the inability of our investors to open or maintain stock or commodities accounts, including the ability to deposit, maintain or trade the Company's securities. Such factors would have a material adverse effect the ability of the Company to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the business, prospects or operations of the Company and harm investors.

The price of the Company's shares could be subject to wide price swings since the value of cryptocurrencies may be subject to pricing risk and have historically been subject to wide swings in value.

The Company's shares are subject to arbitrary pricing factors that are not necessarily associated with traditional factors that influence stock prices or the value of non-cryptocurrency assets such as revenue, cashflows, profitability, growth prospects or business activity levels since the value and price, as determined by the investing public, may be influenced by future anticipated adoption or appreciation in value of cryptocurrencies or the blockchain generally, factors over which the Company has little or no influence or control. The Company's share prices may also be subject to pricing volatility due to supply and demand factors associated with few or limited public company options for investment in the segment, which may benefit the Company in the near term and change over time.

Cryptocurrency market prices are determined primarily using data from various exchanges, over-the-counter markets, and derivative platforms. Furthermore, such prices may be subject to factors such as those that impact commodities, more so than business activities, which could be subjected to additional influence from fraudulent or illegitimate actors, real or perceived scarcity, and political, economic, regulatory or other conditions. Pricing may be the result of, and may continue to result in, speculation regarding future appreciation in the value of cryptocurrencies, or the Company or its share price, inflating and making their market prices more volatile or creating "bubble" type risks.

In addition, the success of the Company, the Company's share price, and the interest in investors and the public in the Company as an early entrant into the blockchain and cryptocurrency ecosystem may in large part be the result of the Company's early emergence as a publicly traded company in which holders of appreciated cryptocurrency have an opportunity to invest inflated cryptocurrency profits for shares of the Company, which could be perceived as a way to maintaining investing exposure to the blockchain and cryptocurrency markets without exposing the investor to the risk in a particular cryptocurrency. Cryptocurrency holders have realized exponential value due to large increases in the prices of cryptocurrencies and may seek to lock in cryptocurrency appreciation, which investing in the Company's securities may be perceived as a way to achieve that result, but may l not continue in the future. As a result, the value of the Company's securities, and the value of cryptocurrencies generally may be more likely to fluctuate due to changing investor confidence in future appreciation (or depreciation) in market prices, profits from related or unrelated investments or holdings of cryptocurrency. Such factors or events would have a material adverse effect on the ability of the Company to continue as a going concern or to pursue this segment at all, or on the price of the Company's securities, which would have a material adverse effect on the business, prospects or operations of the Company and potentially the value of any cryptocurrencies the Company holds or expects to acquire for its own account.

The impact of geopolitical events on the supply and demand for cryptocurrencies is uncertain.

Crises may motivate large-scale purchases of cryptocurrencies which could increase the price of cryptocurrencies rapidly. This may increase the likelihood of a subsequent price decrease as crisis-driven purchasing behavior wanes, adversely affecting the value of the Company's inventory. Such risks are similar to the risks of purchasing commodities in general uncertain times, such as the risk of purchasing, holding or selling gold.

As an alternative to gold or fiat currencies that are backed by central governments, cryptocurrencies, which are relatively new, are subject to supply and demand forces. How such supply and demand will be impacted by geopolitical events is uncertain but could be harmful to the Company and investors in the Company's securities. Nevertheless, political or economic crises may motivate large-scale acquisitions or sales of cryptocurrencies either globally or locally. Such events would have a material adverse effect on the ability of the Company to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the business, prospects or operations of the Company and potentially the value of any cryptocurrencies the Company holds or expects to acquire for its own account.

Acceptance and/or widespread use of cryptocurrency is uncertain

Currently, there is a relatively small use of bitcoins and/or other cryptocurrencies in the retail and commercial marketplace for goods or services. In comparison there is relatively large use by speculators contributing to price volatility. .

The relative lack of acceptance of cryptocurrencies in the retail and commercial marketplace limits the ability of end-users to use them to pay for goods and services. Such lack of acceptance or decline in acceptances would have a material adverse effect on the ability of the Company to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the business, prospects or operations of the Company and potentially the value of any cryptocurrencies the Company holds or expects to acquire for its own account.

Possibility of the cryptocurrency algorithm transitioning to proof of stake validation and other mining related risks

Proof of stake is an alternative method in validating cryptocurrency transactions. Should the algorithm shift from a proof of work validation method to a proof of stake method, mining would require less energy and may render any Company that maintains advantages in the current climate (for example from lower priced electric, processing, real estate, or hosting) less competitive. The Company, which does not presently own or operate a mining facility, may be exposed to risk if it owns or acquires such a facility in the future, but may still be impacted to the extent that counterparties with which the Company interacts or who participate with Coinsquare, are affected. Such events would have a material adverse effect on the ability of the Company to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the business, prospects or operations of the Company and potentially the value of any cryptocurrencies the Company holds or expects to acquire for its own account.

If a malicious actor or botnet obtains control of more than 50% of the processing power on a cryptocurrency network, such actor or botnet could manipulate the blockchain to adversely affect the Company which would adversely affect an investment in the Company or the ability of the Company to operate.

If a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the processing power dedicated to mining a cryptocurrency, it may be able to alter the blockchain on which transactions of cryptocurrency resides and rely by constructing fraudulent blocks or preventing certain transactions from completing in a timely manner, or at all. The malicious actor or botnet could control, exclude or modify the ordering of transactions, though it could not generate new units or transactions using such control. The malicious actor could "double-spend" its own cryptocurrency (i.e., spend the same bitcoins in more than one transaction) and prevent the confirmation of other users' transactions for so long as it maintained control. To the extent that such malicious actor or botnet did not yield its control of the processing power on the network or the cryptocurrency community did not reject the fraudulent blocks as malicious, reversing any changes made to the blockchain may not be possible. The foregoing description is not the only means by which the entirety of the blockchain or cryptocurrencies may be compromised, but is only and example.

Although there are no known reports of malicious activity or control of the blockchain achieved through controlling over 50% of the processing power on the network, it is believed that certain mining pools may have exceeded the 50% threshold in bitcoin. The possible crossing of the 50% threshold indicates a greater risk that a single mining pool could exert authority over the validation of bitcoin transactions. To the extent that the bitcoin ecosystem, and the administrators of mining pools, do not act to ensure greater decentralization of bitcoin mining processing power, the feasibility of a malicious actor obtaining control of the processing power will increase, which may adversely affect an investment in the Company. Such lack of controls and responses to such circumstances would have a material adverse effect on the ability of the Company to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the business, prospects or operations of the Company and potentially the value of any cryptocurrencies the Company holds or expects to acquire for its own account and harm investors.

To the extent that the profit margins of bitcoin mining operations are not high, operators of bitcoin mining operations are more likely to immediately sell bitcoins earned by mining in the market, resulting in a reduction in the price of bitcoins that could adversely impact the Company and similar actions could affect other cryptocurrencies.

Over the past two years, bitcoin mining operations have evolved from individual users mining with computer processors, graphics processing units and first generation ASIC servers. Currently, new processing power is predominantly added by incorporated and unincorporated "professionalized" mining operations. Professionalized mining operations may use proprietary hardware or sophisticated ASIC machines acquired from ASIC manufacturers. They require the investment of significant capital for the acquisition of this hardware, the leasing of operating space (often in data centers or warehousing facilities), incurring of electricity costs and the employment of technicians to operate the mining farms. As a result, professionalized mining operations are of a greater scale than prior miners and have more defined, regular expenses and liabilities. These regular expenses and liabilities require professionalized mining operations to more immediately sell bitcoins earned from mining operations, whereas it is believed that individual miners in past years were more likely to hold newly mined bitcoins for more extended periods. The immediate selling of newly mined bitcoins greatly increases the supply of bitcoins, creating downward pressure on the price of bitcoins.

The extent to which the value of bitcoin mined by a professionalized mining operation exceeds the allocable capital and operating costs determines the profit margin of such operation. A professionalized mining operation may be more likely to sell a higher percentage of its newly mined bitcoin rapidly if it is operating at a low profit margin—and it may partially or completely cease operations if its profit margin is negative. In a low profit margin environment, a higher percentage could be sold more rapidly, thereby potentially reducing bitcoin prices. Lower bitcoin prices could result in further tightening of profit margins, particularly for professionalized mining operations with higher costs and more limited capital reserves, creating a network effect that may further

reduce the price of bitcoin until mining operations with higher operating costs become unprofitable and remove mining power. The network effect of reduced profit margins resulting in greater sales of newly mined bitcoin could result in a reduction in the price of bitcoin that could adversely impact the Company.

The foregoing risks associated with bitcoin could be equally applicable to other cryptocurrencies, existing now or introduced in the future. Such circumstances would have a material adverse effect on the ability of the Company to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the business, prospects or operations of the Company and potentially the value of any cryptocurrencies the Company holds or expects to acquire for its own account and harm investors.

Political or economic crises may motivate large-scale sales of Bitcoins and Ethereum, or other cryptocurrencies, which could result in a reduction in value and adversely affect the Company.

As an alternative to fiat currencies that are backed by central governments, digital assets such as bitcoins and Ethereum, which are relatively new, are subject to supply and demand forces based upon the desirability of an alternative, decentralized means of buying and selling goods and services, and it is unclear how such supply and demand will be impacted by geopolitical events. Nevertheless, political or economic crises may motivate large-scale acquisitions or sales of bitcoins and Ethereum and other cryptocurrencies either globally or locally. Large-scale sales of bitcoins and Ethereum or other cryptocurrencies would result in a reduction in their value and could adversely affect the Company. Such circumstances would have a material adverse effect on the ability of the Company to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the business, prospects or operations of the Company and potentially the value of any cryptocurrencies the Company holds or expects to acquire for its own account and harm investors.

It may be illegal now, or in the future, to acquire, own, hold, sell or use bitcoins, Ethereum, or other cryptocurrencies, participate in the blockchain or utilize similar digital assets in one or more countries, the ruling of which would adversely affect the Company.

Although currently bitcoins, Ethereum, and other cryptocurrencies, the blockchain and digital assets generally are not regulated or are lightly regulated in most countries, including the United States, one or more countries such as China and Russia may take regulatory actions in the future that could severely restrict the right to acquire, own, hold, sell or use these digital assets or to exchange for fiat currency. Such restrictions may adversely affect the Company. Such circumstances would have a material adverse effect on the ability of the Company to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the business, prospects or operations of the Company and potentially the value of any cryptocurrencies the Company holds or expects to acquire for its own account and harm investors.

If regulatory changes or interpretations require the regulation of bitcoins or other digital assets under the securities laws of the United States or elsewhere, including the Securities Act of 1933, the Securities Exchange Act of 1934 and the Investment Company Act of 1940 or similar laws of other jurisdictions and interpretations by the SEC, CFTC, IRS, Department of Treasury or other agencies or authorities, the Company may be required to register and comply with such regulations, including at a state or local level. To the extent that the Company decides to continue operations, the required registrations and regulatory compliance steps may result in extraordinary expense or burdens to the Company. The Company may also decide to cease certain operations. Any disruption of the Company's operations in response to the changed regulatory circumstances may be at a time that is disadvantageous to the Company.

Current and future legislation and SEC rulemaking and other regulatory developments, including interpretations released by a regulatory authority, may impact the manner in which bitcoins or other cryptocurrency is viewed or treated for classification and clearing purposes. In particular, bitcoins and other cryptocurrency may not be excluded from the definition of "security" by SEC rulemaking or interpretation requiring registration of all transactions, unless another exemption is available, including transacting in bitcoin or cryptocurrency amongst owners and require registration of trading platforms as "exchanges" such as Coinsquare. The Company cannot be certain as to how future regulatory developments will impact the treatment of bitcoins and other cryptocurrencies under the law. If the Company determines not to comply with such additional regulatory and registration requirements, the Company may seek to cease certain of its operations or be subjected to fines, penalties and other governmental action. Any such action may adversely affect an investment in the Company. Such circumstances would have a material adverse effect on the ability of the Company to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the business, prospects or operations of the Company and potentially the value of any cryptocurrencies the Company holds or expects to acquire for its own account and harm investors.

Lack of liquid markets, and possible manipulation of blockchain/cryptocurrency based assets

Digital assets that are represented and trade on a ledger-based platform may not necessarily benefit from viable trading markets. Stock exchanges have listing requirements and vet issuers, requiring them to be subjected to rigorous listing standards and rules and monitoring investors transacting on such platform for fraud and other improprieties. These conditions may not necessarily be replicated on a distributed ledger platform, depending on the platform's controls and other policies. The more lax a distributed ledger platform is about vetting issuers of digital assets or users that transact on the platform, the higher the potential risk for fraud or the manipulation of digital assets. These factors may decrease liquidity or volume, or increase volatility of digital securities or other assets trading on a ledger-based system, which may adversely affect the Company. Such circumstances would have a material adverse effect on the ability of the Company to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the business, prospects or operations of the Company and potentially the value of any cryptocurrencies the Company holds or expects to acquire for its own account and harm investors.

Company Blockchain and Cryptocurrency Risks

The Company has an evolving business model

As digital assets and blockchain technologies become more widely available, the Company expects the services and products associated with them to evolve. As a result to stay current with the industry, the Company's business model may need to evolve as well. From time to time, the Company may modify aspects of its business model relating to its product mix and service offerings. The Company cannot offer any assurance that these or any other modifications will be successful or will not result in harm to the business. The Company may not be able to manage growth effectively, which could damage its reputation, limit its growth and negatively affect its operating results. Such circumstances would have a material adverse effect on the ability of the Company to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the business, prospects or operations of the Company and potentially the value of any cryptocurrencies the Company holds or expects to acquire for its own account and harm investors.

The Company operations, investment strategies, and profitability may be adversely affected by competition from other methods of investing in cryptocurrencies.

The Company competes with other users and/or companies that are mining cryptocurrencies and other potential financial vehicles, including securities backed by or linked to cryptocurrencies through entities similar to the Company, such as ETF (exchange traded fund). Market and financial conditions, and other conditions beyond the Company's control, may make it more attractive to invest in other financial vehicles, or to invest in cryptocurrencies directly which could limit the market for the Company's shares and reduce their liquidity. The emergence of other financial vehicles and ETFs have been scrutinized by regulators and such scrutiny and negative impressions or conclusions could be applicable to the Company and impact the ability of the Company to successfully pursue this segment or operate at all, or to establish or maintain a public market for its securities. Such events would have a material adverse effect on the ability of the Company to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the business, prospects or operations of the Company and potentially the value of any cryptocurrencies the Company holds or expects to acquire for its own account.

Cryptocurrency inventory, including that maintained by or for the Company, may be exposed to cybersecurity threats and hacks.

As with any computer code generally, flaws in cryptocurrency codes may be exposed by malicious actors. Several errors and defects have been found previously, including those that disabled some functionality for users and exposed users' information. Flaws in and exploitations of the source code allow malicious actors to take or create money have previously occurred. A hacking occurred in July 2017 and a hacker exploited a critical flaw to drain three large wallets that had a combined total of over $31 million worth of Ethereum. If left undetected, the hacker could have been able to steal an additional $150 million. Such events would have a material adverse effect on the ability of the Company to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the business, prospects or operations of the Company and potentially the value of any cryptocurrencies the Company holds or expects to acquire for its own account.

Competing blockchain platforms and technologies

The development and acceptance of competing blockchain platforms or technologies may cause consumers to use alternative distributed ledgers or an alternative to distributed ledgers altogether. This may adversely affect the Company and its exposure to various blockchain technologies. Such circumstances would have a material adverse effect on the ability of the Company to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the business, prospects or operations of the Company and potentially the value of any cryptocurrencies the Company holds or expects to acquire for its own account and harm investors.

The Company's coins may be subject to loss, theft or restriction on access.

There is a risk that some or all of the Company's coins could be lost or stolen. Access to the Company's coins could also be restricted by cybercrime (such as a denial of service ("DOS") attack) against a service at which the Company maintains a hosted online wallet. Any of these events may adversely affect the operations of the Company and, consequently, its investments and profitability. The loss or destruction of a private key required to access the Company's digital wallets may be irreversible and the Company denied access for all time to its cryptocurrency holdings or the holdings of others. The Company's loss of access to its private keys or its experience of a data loss relating to the Company's digital wallets could adversely affect its investments and assets.

Cryptocurrencies are controllable only by the possessor of both the unique public and private keys relating to the local or online digital wallet in which they are held, which wallet's public key or address is reflected in the network's public blockchain. The Company will publish the public key relating to digital wallets in use when it verifies the receipt of transfers and disseminates such information into the network, but it will need to safeguard the private keys relating to such digital wallets. To the extent such private keys are lost, destroyed or otherwise compromised, the Company will be unable to access its cryptocurrency coins and such private keys will not be capable of being restored by any network. Any loss of private keys relating to digital wallets used to store the Company's or its client’s cryptocurrencies would have a material adverse effect the ability of the Company to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the business, prospects or operations of the Company and potentially the value of any cryptocurrencies the Company holds or expects to acquire for its own account.

Incorrect or fraudulent coin transactions may be irreversible

Cryptocurrency transactions are irrevocable and stolen or incorrectly transferred coins may be irretrievable. As a result, any incorrectly executed or fraudulent coin transactions could adversely affect the Company's investments and assets.

Coin transactions are not, from an administrative perspective, reversible without the consent and active participation of the recipient of the transaction. In theory, cryptocurrency transactions may be reversible with the control or consent of a majority of processing power on the network. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer of a coin or a theft of coin generally will not be reversible and the Company may not be capable of seeking compensation for any such transfer or theft. It is possible that, through computer or human error, or through theft or criminal action, the Company's coins could be transferred in incorrect amounts or to unauthorized third parties, or to uncontrolled accounts. Such events would have a material adverse effect on the ability of the Company to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the business, prospects or operations of the Company and potentially the value of any cryptocurrencies the Company holds or expects to acquire for its own account.

If the award of coins for solving blocks and transaction fees are not sufficiently high, miners may not have an adequate incentive to continue mining and may cease their mining operations.

As the number of coins awarded for solving a block in the blockchain decreases, the incentive for miners to continue to contribute processing power to the network will transition from a set reward to transaction fees. Either the requirement from miners of higher transaction fees in exchange for recording transactions in the blockchain or a software upgrade that automatically charges fees for all transactions may decrease demand for the relevant coins and prevent the expansion of the network to retail merchants and commercial businesses, resulting in a reduction in the price of the relevant cryptocurrency that could adversely impact the Company's cryptocurrency inventory and investments.

In order to incentivize miners to continue to contribute processing power to the network, the network may either formally or informally transition from a set reward to transaction fees earned upon solving for a block. This transition could be accomplished either by miners independently electing to record on the blocks they solve only those transactions that include payment of a transaction fee or by the network adopting software upgrades that require the payment of a minimum transaction fee for all transactions. If transaction fees paid for the recording of transactions in the Blockchain become too high, the marketplace may be reluctant to accept the network as a means of payment and existing users may be motivated to switch between cryptocurrencies or to fiat currency. Decreased use and demand for coins may adversely affect their value and result in a reduction in the market price of coins.

If the award of coins 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 could increase the likelihood of a malicious actor or botnet obtaining control in excess of 50 percent of the processing power active on the blockchain, potentially permitting such actor or botnet to manipulate the blockchain in a manner that adversely affects the Company's activities.

If the award of coins for solving blocks and transaction fees are not sufficiently high, miners may not have an adequate incentive to continue mining and may cease their mining operations. Miners ceasing operations would reduce collective processing power, which would adversely affect the confirmation process for transactions (i.e., decreasing the speed at which blocks are added to the blockchain until the next scheduled adjustment in difficulty for block solutions) and make the network more vulnerable to a malicious actor or botnet obtaining control in excess of 50 percent of the processing power. A reduction in confidence in the confirmation process or processing power of the network could result and be irreversible. Such events would have a material adverse effect on the ability of the Company to continue to pursue this segment at all, which would have a material adverse effect on the business, prospects or operations of the Company and potentially the value of any cryptocurrencies the Company holds or expects to acquire for its own account.

The price of coins may be affected by the sale of coins by other vehicles investing in coins or tracking cryptocurrency markets.

To the extent that other vehicles investing in coins or tracking cryptocurrency markets form and come to represent a significant proportion of the demand for coins, large redemptions of the securities of those vehicles and the subsequent sale of coins by such vehicles could negatively affect cryptocurrency prices and therefore affect the value of the inventory held by the Company. Such events would have a material adverse effect on the ability of the Company to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the business, prospects or operations of the Company and potentially the value of any cryptocurrencies the Company holds or expects to acquire for its own account.

Risk related to shortages, technological obsolescence and difficulty in obtaining hardware

Should new services/software embodying new technologies emerge, the Company’s or its investments’ ability to recognize the value of the use of existing hardware and equipment and its underlying technology, may become obsolete and require substantial capital to replace such equipment.

The increase in interest and demand for cryptocurrencies has led to a shortage of mining hardware as individuals purchase equipment for mining at home and large scale mining evolved. For example, according to PC Gamer, AMD's Radeon RX 580 and Radeon RX 570 have been out of stock for months and are widely viewed as hardware that is unique for cryptocurrency purposes. Equipment in the mining facilities will require replacement from time to time. Shortages of graphics processing units may lead to unnecessary downtime for miners and limit the availability or accessibility of mining processing capabilities in the industry. Such events would have a material adverse effect on the ability of the Company to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the business, prospects or operations of the Company and potentially the value of any cryptocurrencies the Company holds or expects to acquire for its own account.

Since there has been limited precedence set for financial accounting of bitcoin, Ethereum, and other digital assets, it is unclear how the Company will be required to account for digital assets transactions in the future.

Since there has been limited precedence set for the financial accounting of digital assets, it is unclear how the Company will be required to account for digital asset transactions or assets. Furthermore, a change in regulatory or financial accounting standards could result in the necessity to restate the Company's financial statements. Such a restatement could negatively impact the Company's business, prospects, financial condition and results of operation. Such circumstances would have a material adverse effect on the ability of the Company to continue as a going concern or to pursue this segment at all, which would have a material adverse effect on the business, prospects or operations of the Company and potentially the value of any cryptocurrencies the Company holds or expects to acquire for its own account and harm investors.

Item 6. Exhibits

EXHIBIT	DESCRIPTION
10.1	Form of Subscription Agreement between Riot Blockchain, Inc. (f/k/a Bioptix, Inc.) and goNumerical Ltd. *
10.2	Form of Purchase Agreement between Riot Blockchain, Inc. and Tess Inc. *
10.3	Form of Registration Rights Agreement between Riot Blockchain, Inc. and Tess Inc. *
10.4	Form of Share Exchange Agreement by and among Riot Blockchain, Inc., Kairos Global Technology, Inc., and the shareholders of Kairos Global Technology, Inc.*
10.5	Form of Separation Agreement between Riot Blockchain, Inc. and Michael Beeghley *
10.6	Form of Employment Agreement between Riot Blockchain, Inc. and John O'Rourke *
31.1	Rule 13a-14(a)/15d-14(a) - Certification of Chief Executive Officer. *
31.2	Rule 13a-14(a)/15d-14(a) - Certification of Chief Financial Officer.*
32	Section 1350 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Furnished herewith.
101	Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Balance Sheets, (ii) the Statements of Operations, (iii) the Statement of Cash Flows and (iv) the Notes to Condensed Financial Statements.

* Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Riot Blockchain, Inc.
(Registrant)

Dated: November 13, 2017

/s/ John O'Rourke
John O'Rourke
Chief Executive Officer and Chairman of the Board (Principal Executive Officer)

Dated: November 13, 2017

/s/ Jeffrey G. McGonegal
Jeffrey G. McGonegal
Chief Financial Officer (Principal Financial and Accounting Officer)

EXHIBIT 32

CERTIFICATION PURSUANT
TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q (the "Report") of Riot Blockchain, Inc. (the "Company") for the quarter ended September 30, 2017, each of the undersigned John O'Rourke and Jeffrey G. McGonegal, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of the undersigned's knowledge and belief:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 13, 2017

/s/ John O'Rourke
John O'Rourke, Chief Executive Officer and Chairman of the Board (Principal Executive Officer)

November 13, 2017

/s/ Jeffrey G. McGonegal
Jeffrey G. McGonegal, Chief Financial Officer (Principal Financial and Accounting Officer)

* * * * *

EXHIBIT 31.2

CERTIFICATION

I, Jeffrey G. McGonegal, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Riot Blockchain, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 13, 2017

/s/ Jeffrey G. McGonegal

Jeffrey G. McGonegal, Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT 31.1

CERTIFICATION

I, John O'Rourke, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Riot Blockchain, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 13, 2017

/s/ John O'Rourke

John O'Rourke, Chief Executive Officer and Chairman
of the Board (Principal Executive Officer)

GONUMERICAL LTD.

SUBSCRIPTION AGREEMENT

A completed and originally executed copy of this Subscription Agreement, including all applicable schedules hereto, must be delivered in hard copy or electronically, by no later than 5:00 p.m. (Toronto time) on September 28, 2017 to: goNumerical ltd., ICO Fasken Martineau DuMoulin LLP, 2400-333 Bay Street, Toronto ON M5H 2T6 - Attention: Reid Crombie

TO: goNumerical ltd. (the "**Corporation**")

The undersigned (the "**Subscriber**") hereby irrevocably subscribes for and agrees to purchase the number of Units (as defined herein) of the Corporation set out below, at a price of **C$1.73** per Unit, subject to the following terms and conditions. This subscription agreement, which for certainty includes and incorporates the attached Terms and Conditions of Subscription (the "**Terms and Conditions of Subscription**") and the schedules attached hereto, are collectively referred to as the "**Subscription Agreement**". The Subscriber agrees to be bound by this Subscription Agreement, including without limitation the representations, warranties and covenants set forth in the schedules attached thereto, and acknowledges and agrees, without limitation, that the Corporation and its counsel may rely on the Subscriber's representations, warranties and covenants contained in the Subscription Agreement.

Instructions regarding the completion of this Subscription Agreement and the applicable schedules hereto are set out in Section 2 of this Subscription Agreement.

All references to $ or dollars are to Canadian dollars.

DATED this 29th day of September, 2017.

Issuer: goNumerical ltd.	**Issue:** Units
Issue Price Per Unit:	C$1.73
No. of Units Purchased:	1,816,079
Total Issue Price:	C$ 3,141,817.00

1. Subscriber Information:

Bioptix Inc.
(Name of Subscriber - please print)

by _____
Authorized Signature

CEO
(Official Capacity or Title – please print)

Michael M. Beeghley
(Please print name of individual whose signature appears above if different than the name of the Subscriber printed above.)

834-F South Perry St.
(Subscriber's Address)

Castle Rock, CO 80104
(Address)

_____
(Telephone Number)

_____
(E-mail Address)

2. Registration Instructions:

Bioptix Inc.
(Name)

_____
(Account Reference, if applicable)

834-F South Perry St
(Address)

Castle Rock, CO 80104
(Address)

_____
(Address)

3.

4. Delivery Instructions:

Same
(Name)

_____
(Account Reference, if applicable)

Michael Beeghley
(Contact Name)

_____
(Address)

_____
(Address)

_____
(Address)

_____
(Telephone Number)

_____
(E-mail Address)

ACCEPTANCE

The foregoing is acknowledged, accepted, and agreed to this __ day of September, 2017.

GONUMERICAL LTD

By: _____
Name: Cole Diamond
Title: CEO

TERMS AND CONDITIONS OF SUBSCRIPTION

Acceptance of Purchase

This Subscription Agreement and payment of the Issue Price must be forwarded by the Subscriber to the Corporation as set forth herein.

The subscription by the Subscriber for Units hereunder (the "**Subscriber's Securities**") is being made on a private placement basis exempt from the requirement that the Corporation prepare and file a prospectus with respect to such distribution in accordance with applicable securities laws. The Subscriber acknowledges that the representations and warranties provided in this Subscription Agreement, including all schedules hereto, are being made with the intent that they may be relied upon by the Corporation and its legal counsel in determining the undersigned's eligibility to purchase the Subscriber's Securities under applicable securities laws. The Subscriber's Securities will be subject to resale restrictions.

Definitions

"**Common Shares**" means the common shares of the Corporation, each of which carries one vote and the right to participate in all distributions made by the Corporation on a pro rata basis with all other common shares of the Corporation;

"**Exercise Price**" means the price at which the Warrant is exercisable, which for the purposes of this Subscription Agreement is $4.85 per Warrant Share which Exercise Price may be adjusted in accordance with the warrant certificate for such Warrant;

"**Governmental Authority**" means governments, regulatory authorities, governmental departments, agencies, stock exchanges, commissions, bureaus, officials, ministers, crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law, rule or regulation-making organizations or entities (i) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them, or (ii) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;

"**Knowledge**" means the actual knowledge of Virgile Rostand and Cole Diamond after reasonable enquiry;

"**Lien**" means any mortgage, charge, pledge, hypothec, claim, security interest, assignment, lien (statutory or otherwise), defect, restriction on transfer, restrictive covenant or other encumbrance of any nature, including any arrangement or condition which, in substance, secures payment or performance of an obligation, or any contract or agreement to create any of the foregoing;

"**Material Adverse Effect**" means any fact, effect, change, event, occurrence, or any development involving a change, that (i) is or is reasonably likely to be materially adverse to the results of operations, financial condition, assets, properties, capital, liabilities (contingent or otherwise), cash flows, income or business operations of the Corporation and its subsidiaries taken as a whole and as a going concern;

"**Personally Identifiable Information**" means any information that alone or in combination with other information held by the Corporation or any of its subsidiaries can be used to specifically identify a person including but not limited to a natural person's name, street address, telephone number, e-mail address, photograph, social insurance number, driver's license number, passport number, credit or debit card number or customer or financial account number or any similar information that is treated as "Personally Identifiable Information" under any applicable laws;

"**Unit**" consists of one Common Share and one half of one Warrant;

"**Warrant**" means a Common Share purchase warrant exercisable into one Warrant Shares at the Exercise Price prior to May 30, 2018; and

"**Warrant Share**" means one Common Share issued upon the exercise of one Warrant.

Delivery and Payment

The Subscriber agrees that the following shall be delivered to the Corporation at ICO Fasken Martineau DuMoulin LLP, 2400-333 Bay Street, Toronto ON M5H 2T6 - Attention: Reid Crombie, **no later than 5:00 p.m. on September 28, 2017**, or such other time, date or place as the Corporation may advise:

a completed and duly signed copy of this Subscription Agreement;

if the Subscriber is a resident of Canada, a duly completed and executed Accredited Investor Status Certificate in the form attached hereto as Schedule A (including, if applicable, Exhibit A thereto);

if the Subscriber is a resident of a country other than Canada or the United States of America, its territories and possessions, any State of the United States and the District of Columbia (the "**United States**"), a duly completed and executed International Purchaser Certificate in the form attached hereto as Schedule B;

if the Subscriber is a U.S. Purchaser (as defined herein) and a U.S. Accredited Investor (as defined herein), a duly completed and executed copy of the Certificate of U.S. Accredited Investor in the form attached hereto as Schedule C; or

payment by **wire transfer** in immediately available funds representing the aggregate Purchase Price payable by the Subscriber delivered to Fasken Martineau DuMoulin LLP in accordance with the instructions set forth in Schedule D or by **certified cheque** or **bank draft** made payable on or before the Closing Date (or such other date as the Corporation may advise) (**non-certified cheques will NOT be accepted**); and

the Subscriber executing and delivering all documentation required in respect of the purchase of the Subscriber's Securities pursuant to this Subscription Agreement and applicable securities laws.

The Subscriber acknowledges and agrees that such documents, when executed and delivered by the Subscriber, will form part of and will be incorporated into this Subscription Agreement with the same effect as if each constituted a representation and warranty or covenant of the Subscriber hereunder in favour of the Corporation. The Subscriber acknowledges and agrees that this offer, the Issue Price and any other documents delivered in connection herewith will be held by the Corporation until such time as the conditions set out in this Subscription Agreement are satisfied.

Closing

The transactions contemplated hereby will be completed at the offices of Fasken Martineau DuMoulin LLP, counsel to the Corporation, in Toronto, on September 29, 2017 (the "**Closing Date**") or such other date as the Corporation may determine.

On the Closing Date, the Subscriber will take up, purchase and pay for the Subscriber's Securities upon acceptance of this offer by the Corporation, and the Corporation will deliver one or more share certificates representing the Subscriber's Securities to, and registered in the name of, the Subscriber in accordance with the instructions set forth on page hereof.

Conditions of Closing

The Subscriber acknowledges that the Corporation's obligation to sell the Subscriber's Securities to the Subscriber is subject to, among other things, the following conditions:

the Subscriber fully completing, executing and returning to the Corporation the Subscription Agreement, including, without limitation, the applicable schedules attached hereto by no later than the date and time set out on the face page hereof;

the offer, issue, sale and delivery of the Subscriber's Securities being exempt from the requirements to file a prospectus or registration statement or any similar document under applicable securities laws in Canada or the United States and other applicable securities laws relating to the sale of the Subscriber's Securities, or the Corporation having received such orders, consents or approvals as may be required to permit such sale without the requirement of filing a prospectus or any similar document;

the representations and warranties of the Subscriber set out herein, including the applicable schedules attached hereto, being true and correct on the Closing Date; and

the Subscriber providing the Corporation with a duly and validly executed adherence document confirming their acceptance and understanding of the amended and restated shareholders' agreement of the Corporation (and any addendum thereto)

Acceptance or Rejection

The Subscriber acknowledges and agrees that the acceptance of this offer will be conditional upon the issue and sale of the Subscriber's Securities to the Subscriber being exempt from any prospectus requirements under applicable securities laws of Canada and the United States and the equivalent provisions of securities laws of any other applicable jurisdiction. The Corporation will be deemed to have accepted this Subscription Agreement upon the Corporation's execution of the acceptance of this Subscription Agreement and the delivery on the Closing Date of the Subscriber's Securities to or upon the direction of the Subscriber, in accordance with the provisions hereof.

Representations, Warranties and Covenants

Representation, Warranties and Covenants of the Subscriber. The Subscriber hereby represents, warrants and covenants to the Corporation as follows and acknowledges that the Corporation and its counsel are relying on such representations, warranties and covenants in connection with the transactions contemplated in this Subscription Agreement:

the Subscriber is resident in, or otherwise subject to the securities laws of the province, territory, state, country or other applicable jurisdiction set out on page of this Subscription Agreement under “Subscriber Information”;

if the Subscriber is an individual, such Subscriber is of the age of majority and has the capacity and competence to enter into and be bound by this Subscription Agreement and this Subscription Agreement constitutes a legal, valid and binding agreement enforceable against the Subscriber in accordance with its terms;

if the Subscriber is not an individual (including, without limitation, a corporation, syndicate, partnership, trust, association or other form of unincorporated organization):

the Subscriber: a) if a corporation, is a valid and subsisting corporation and is in good standing under the laws of the jurisdiction of its incorporation and b) if not a corporation, has been created and is existing under the laws of the jurisdiction of its formation and is in good standing under such laws;

the Subscriber: c) if a corporation, has the corporate capacity and authority to execute and deliver this Subscription Agreement and to observe and perform its obligations hereunder and d) if not a corporation, has the capacity and authority to execute and deliver this Subscription Agreement and to observe and perform its obligations hereunder;

this Subscription Agreement has been duly authorized, executed and delivered by the Subscriber and is a legal, valid and binding agreement, enforceable against the Subscriber, in accordance with its terms; and

the execution and delivery of this Subscription Agreement by the Subscriber will not result in the violation of, or constitute a default under, or conflict with or cause the acceleration of any obligation of the Subscriber under e) any contract to which the Subscriber is a party or by which it is bound, f) if not an individual, any provision of the constating documents of the Subscriber, g) any judgment, decree, order or award of any court, government body or arbitrator having jurisdiction over the Subscriber or h) any law applicable to the Subscriber;

if the Subscriber is a corporation:

the Subscriber has not taken any steps to terminate its existence, to amalgamate, to continue into any other jurisdiction or to change its corporate existence in any way and no proceedings have been commenced or threatened, or actions taken or resolutions passed that could result in the corporation ceasing to exist;

the Subscriber is not insolvent and no acts or proceedings have been taken by or against the Subscriber or are pending in connection with the Subscriber, and the Subscriber is not in the course of, and has not received any notice or other communications, in each case, in respect of, any amalgamation, dissolution, liquidation, insolvency, bankruptcy or reorganization involving the Subscriber, or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer with respect to all or any of its assets or revenues or of any proceedings to cancel its corporate existence or to otherwise terminate its existence or of any situation which, unless remedied, would result in such cancellation or termination;

the Subscriber has not failed to file such returns, pay such taxes, or take such steps as may constitute grounds for the cancellation or forfeiture of its corporate existence;

no person has made to the Subscriber any written or oral representation:

that any person will resell or repurchase the Subscriber's Securities;

that any person will refund the purchase price of the Subscriber's Securities; or

as to the future price or value of the Subscriber's Securities.

the Subscriber has such knowledge of financial and business affairs as to be capable of evaluating the merits and risks of its investment and is able to bear the economic risk of loss of its investment;

the investment of the Subscriber in the Corporation does not represent a material investment when compared to such person's total financial capacity;

the Subscriber understands the merits and risks of an investment in the Corporation, has evaluated same and has decided to purchase the Subscriber's Securities having determined that they meet the investment needs of the Subscriber;

United States Purchasers. If the Subscriber is a U.S. Purchaser, it is purchasing the Subscriber's Securities as principal and no other person, corporation, firm or other organization will have a beneficial interest in the Subscriber's Securities, and the Subscriber:

(i) is an accredited investor as defined in Rule 501(a) of Regulation D (a "**U.S. Accredited Investor**") and is purchasing the Subscriber's Securities pursuant to the exemption from registration provided by Section 4(a)(2) of the United States *Securities Act of 1933*, as amended, including the rules and regulation promulgated thereunder (the "**U.S. Securities Act**") and Rule 506(b) of Regulation D thereunder, and has executed and delivered herewith a copy of Schedule C;

(ii) is purchasing the Subscriber's Securities for its own account for investment, and not with a view to the resale or distribution of all or any of the Subscriber's Securities in violation of the U.S. Securities Act or any applicable United States state securities laws ("**State Laws**");

(iii) is not a party to any contract, undertaking, agreement or arrangement with any person to sell, transfer or pledge to such person, or anyone else, the Subscriber's Securities, or any part thereof, or any interest therein and the Subscriber has no present plans to enter into any such contract, undertaking, agreement or arrangement;

(iv) is not planning to offer, sell or otherwise transfer any of the Subscriber's Securities, and, if it does, it will not offer, sell or otherwise transfer any of the Subscriber's Securities, directly or indirectly, unless the sale is:

(A) to the Corporation;

(B) made outside the United States in a transaction meeting the requirements of Rule 904 of Regulation S under the U.S. Securities Act and in compliance with applicable local laws and regulations; or

(C) made in a transaction that is exempt from registration under the U.S. Securities Act pursuant to Section 4(a)(7) as a private resale of restricted securities, Rule 144 or Rule 144A, if available, or under applicable States Laws or does not require registration under the U.S. Securities Act or any applicable States Laws and the Purchaser has furnished to the Corporation, prior to such sale, an opinion of counsel of recognized standing or other evidence of exemption reasonably satisfactory to the Corporation confirming the compliance of such sale with the U.S. Securities Act and applicable States Laws;

(v) is not subscribing for the Subscriber's Securities as a result of any form of general solicitation or general advertising, as those terms are used in Regulation D under the U.S. Securities Act, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media, or broadcast over radio or television, or other form of telecommunications, or published or broadcast on the Internet or other forms of electronic display, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising; and

(vi) acknowledges and agrees that, because the Corporation is incorporated outside of the United States, it may not be possible for U.S. shareholders of the Corporation to enforce outside of the United States judgments against the Corporation that are obtained in the United States, including actions predicated upon the civil liability provisions of the U.S. Securities Act. While reciprocal enforcement of judgment legislation exists between Canada and the United States, the Corporation may have defences available to avoid in Canada the effect of U.S. judgments under Canadian law, making enforcement difficult or impossible, and as such there is uncertainty as to whether Canadian courts would enforce (a) judgments of United States courts obtained against the Corporation predicated upon the civil liability provisions of the United States federal and state securities laws or (b) in original actions brought in Canada, liabilities against the Corporation predicated upon the United States federal and state securities laws. Therefore, shareholders of the Corporation in the United States may have to avail themselves of remedies under Canadian corporate and securities laws. Canadian law may not provide for remedies equivalent to those available under U.S. law,

For the purposes of this Subscription Agreement, "**U.S. Purchaser**" means a Subscriber that (i) was offered the Subscriber's Securities while in the United States, (ii) executed this Subscription Agreement or otherwise placed its purchase order for the Subscriber's Securities while in the United States, or (iii) is, or is acting on behalf of or for the account or benefit of, a U.S. Person or a person in the United States, and has completed the Certificate of U.S. Accredited Investor attached as Schedule C;

acknowledges that the Subscriber's Securities have not been registered under the U.S. Securities Act or any States Laws and therefore may not be offered or sold in the United States or to, or for the account or benefit of, a U.S. person as defined in Rule 902(k) of Regulation S (a "**U.S. Person**"), unless registered under the U.S. Securities Act and any applicable States Laws or an exemption from such registration requirements is available, and the Subscriber therefore acknowledges and understands that the Subscriber's Securities will be "restricted securities" as defined in Rule 144(a)(3) under the U.S. Securities Act and the Corporation has no obligation to file, and has no present intention of filing, a registration statement under the U.S. Securities Act in respect of resales of the Subscriber's Securities.

the funds being used to purchase the Subscriber's Securities advanced hereunder do not represent proceeds of crime within the meaning of the *Criminal Code* (Canada). The Subscriber confirm that it is in compliance with i) Part II.1 of the *Criminal Code* (Canada), ii) the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the "**PoC Act**") or in the case of a U.S. Person, the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* (the "**Patriot Act**"), iii) the *Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism* (Canada), and iv) the *United Nations Al-Qaida and Taliban Regulations* (Canada). To the best of the knowledge of the Subscriber none of the funds to be provided by the Subscriber, for whom the Subscriber is acting, as the case may be, (a) has been or will be directly or indirectly derived from or is directly or indirectly related to any activity that is deemed illegal or criminal under the laws of any jurisdiction, or (b) is being tendered on behalf of a person who has not been identified to the Subscriber. The Subscriber shall promptly notify the Corporation if the Subscriber discovers that any of such representations ceases to be true and undertakes to provide the Corporation with appropriate information in connection therewith. The Subscriber as the case may be, acknowledges and agrees that it will provide to the Corporation such supplemental or additional information as the Corporation may request, and take such other reasonable actions upon request as may be advisable in the reasonable judgment of the Corporation or its agents and advisors, to enable the Corporation to satisfy and discharge its obligations under the PoC Act, the Patriot Act or any other similar laws;

all evidence of identity required to be provided in connection with this subscription is genuine and all related information furnished is accurate, and the Subscriber acknowledges that due to anti-money laundering requirements v) further identification or other information may be required before transactions can be processed; and vi) disclosure may be required to be made to third parties of information relating to the Subscriber by the Corporation and/or the Corporation to comply with such requirements;

the Subscriber is purchasing the Subscriber's Securities in accordance with the terms of this Subscription Agreement, and the Subscriber complies with the requirements of all applicable securities legislation in respect of the purchase of the Subscriber's Securities in their jurisdiction of residence or to which they are otherwise subject and will provide such evidence of compliance as the Corporation may request;

the Subscriber is aware of the characteristics of the Subscriber's Securities subscribed for herein, including their speculative nature and the fact that the Subscriber's Securities subscribed for herein generally may not be transferred without the approval of the board of directors of the Corporation;

the Subscriber is capable of assessing the proposed investment in the Subscriber's Securities as a result of its financial and investment experience and business acumen and is capable of evaluating the merits and risks of its investment in the Subscriber's Securities and is able to bear the economic risk of a loss of its entire investment in the Subscriber's Securities and has independently assessed the merits of the purchase and has not relied on the Corporation or any of its officers or directors in making any determination concerning the suitability of such investment in the Subscriber's Securities;

the Subscriber has not received or been provided with a prospectus, offering memorandum or similar document relating to this subscription for the Subscriber's Securities and its decision to enter into this agreement and to purchase the Subscriber's Securities has not been based upon any verbal or written representation as to fact or otherwise, made by or on behalf of the Corporation, and its decision (or the decision of others for whom it is contracting hereunder) is based entirely upon information received in respect of the Subscriber's own inquiries;

the Subscriber is not purchasing the Subscriber's Securities as a result of any general solicitation or general advertising, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio, television or the Internet, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;

the Subscriber is purchasing the Subscriber's Securities for investment only and not with a view to resale or distribution and will not resell or otherwise transfer or dispose of the Subscriber's Securities except in accordance with the provisions of the applicable securities laws and the regulations, rules and policies thereunder and subject to the approval of the board of directors;

the acknowledgements contained in any forms or documents delivered by the Subscriber under applicable securities laws are true and correct as of the date of execution of this Subscription Agreement, and fully and truly state those facts necessary for the Corporation to be entitled to rely on the relevant exemption from the prospectus requirements within the meaning of applicable securities legislation of the province or territory of residence of the Subscriber;

the Subscriber understands that vii) there is no right to demand any distribution from the Corporation prior to the Corporation's termination, viii) it is not anticipated that there will be any public market for the Subscriber's Securities, and ix) it may not be possible to redeem, sell or dispose of the Subscriber's Securities;

the Subscriber shall, prior to the Closing Date, notify the Corporation immediately if it anticipates that any representation or warranty made by the Subscriber in this Subscription Agreement will cease to be correct or if it becomes aware that any such representation or warranty has ceased to be correct;

the Subscriber is purchasing the Subscriber's Securities as principal for its own account and not for the benefit of any other person;

the Subscriber, if a resident of Canada, has properly completed, executed and delivered to the Corporation the Accredited Investor Status Certificate (dated as of the date hereof) set forth in Schedule A attached hereto, including Exhibit A to Schedule A, if applicable, and the information contained therein is true and correct and the representations, warranties and covenants contained in the applicable schedules attached hereto will be true and correct both as of the date of execution of this Subscription Agreement and as at the Closing Date;

the Subscriber if an "accredited investor" as described in paragraph (m) of the definition of accredited investor in section 1.1 of National Instrument 45-106 – *Prospectus Exemptions* ("**NI 45-106**"), is not a person that was created or used solely to purchase or hold securities as an accredited investor and has fully and accurately completed Schedule A;

the Subscriber if a resident of a country other than Canada or the United States (an "**International Jurisdiction**"), then in addition to the other representations and warranties contained herein, the Subscriber represents and warrants that:

the Subscriber is knowledgeable of, or has been independently advised as to, the applicable securities laws of the International Jurisdiction which would apply to this Subscription Agreement, if any;

the Subscriber is purchasing the Subscriber's Securities pursuant to exemptions from the prospectus, financial promotion and registration requirements under the applicable securities laws of that International Jurisdiction or, if such is not applicable, the Subscriber is permitted to purchase the Subscriber's Securities under the applicable securities laws of the International Jurisdiction without the need to rely on an exemption;

the applicable securities laws of the International Jurisdiction do not require the Corporation to file a prospectus, offering memorandum or similar document or to register or qualify the distribution of the Subscriber's Securities or for the Corporation to be registered with or to make any filings or seek any approvals of any kind whatsoever from any governmental or regulatory authority of any kind whatsoever in the International Jurisdiction;

the delivery of this Subscription Agreement, the acceptance of it by the Corporation and the issuance of the Subscriber's Securities to the Subscriber complies with all applicable laws of the Subscriber's jurisdiction of residence or domicile and all other applicable laws and will not cause the Corporation to become subject to or comply with any continuous disclosure, prospectus or other periodic filing or reporting requirements under any such applicable laws;

the Subscriber will not sell, transfer or dispose of the Subscriber's Securities except in accordance with all applicable laws, including applicable securities laws of Canada and the United States, and the Subscriber acknowledges that the Corporation shall have no obligation to register any such purported sale, transfer or disposition which violates applicable Canadian or United States securities laws or other securities laws;

the Subscriber shall not sell the Subscriber's Securities until all applicable hold periods have expired; and

the Subscriber has properly completed, executed and delivered to the Corporation the International Purchaser Certificate (dated the date hereof) set forth in Schedule B attached hereto and the information contained therein is true and correct and the representations, warranties and covenants contained therein will be true and correct both as of the date of execution of this Subscription Agreement and as at the Closing Date; and

Non-U.S. Purchasers. Unless the Subscriber is purchasing the Subscriber's Securities pursuant to Section 4(a)(2) of the U.S. Securities Act and Rule 506(b) of Regulation D thereunder and is providing the Corporation with a completed copy of Schedule C, the Subscriber represents and warrants that:

the Subscriber is not a U.S. Purchaser and is not purchasing the Subscriber's Securities on behalf of, or for the account or benefit of, a U.S. Person or a person in the United States;

the Subscriber did not receive an offer to buy the Subscriber's Securities at any time when the Subscriber was in the United States;

did not sign or deliver this Subscription Agreement, or otherwise place its purchase order for the Subscriber's Securities, while in the United States;

the current structure of the offering of the Subscriber's Securities and all related transactions and activities contemplated under this Subscription Agreement are not a scheme to avoid the registration requirements of the U.S. Securities Act;

the Subscriber's Securities are not being purchased as a result of any form of directed selling efforts, as such term is defined in Rule 902(c) of Regulation S; and

the Subscriber has no intention to distribute either directly or indirectly any of the Subscriber's Securities in the United States, except in compliance with the U.S. Securities Act and applicable States Laws.

The foregoing representations and warranties in this Subscription Agreement shall survive the completion of the purchase and sale of the Subscriber's Securities and shall continue in full force and effect.

The Subscriber acknowledges that the representations and warranties in this Subscription Agreement are made with the intent that they may be relied upon by the Corporation and its legal counsel in determining the Subscriber's eligibility to purchase the Subscriber's Securities under applicable securities laws.

The Corporation acknowledges that the representations and warranties in this Subscription Agreement are made with the intent that they may be relied upon by the Subscriber and its legal counsel in determining whether or not to purchase the Subscriber's Securities.

Acknowledgements of the Subscriber

The Subscriber hereby acknowledges and agrees that:

the offer made by this Subscription Agreement is irrevocable, except as in accordance with applicable securities laws, and requires acceptance by the Corporation;

the Subscriber's Securities to be issued on acceptance of this subscription will be issued in a transaction that is exempt from the prospectus requirement, and no securities regulatory authority, stock exchange or other entity has made any finding or determination as to the merits of an investment in the Subscriber's Securities, nor have any such agencies or governmental authorities made any recommendation or endorsement with respect to the Subscriber's Securities;

there is no government or other insurance covering the Subscriber's Securities;

there are risks associated with the purchase of the Subscriber's Securities and the Subscriber may lose his, her or its entire investment;

the Subscriber's Securities are not and will not be listed for trading on any stock exchange or other market;

if required by applicable securities legislation, policy or order of a securities commission or other regulatory authority or any applicable anti-money laundering legislation or similar laws, the Subscriber will execute, deliver, file and otherwise assist the Corporation in filing any reports, undertakings and other documents with respect to the issue of the Subscriber's Securities as may be required;

the Corporation is relying on an exemption from the requirements to provide the Subscriber with a prospectus and, as a consequence of acquiring securities pursuant to this exemption, certain protections, rights and remedies provided by applicable securities laws will not be available;

the Corporation may, subject to compliance with the Corporation's articles, by-laws and any shareholders' agreement in place from time to time, complete additional equity or non-equity financings in the future;

the Subscriber has been independently advised by, or has had the opportunity to consult with, the Subscriber's own legal advisors and tax advisors with respect to the merits, risks and tax consequences of an investment in the Subscriber's Securities and applicable resale restrictions;

the Subscriber is responsible for obtaining such legal, tax or other advice as the Subscriber considers appropriate in connection with the execution, delivery and performance by the Subscriber of this Subscription Agreement and the transactions contemplated hereby;

all costs and expenses incurred by the Subscriber (including any fees and disbursements of any legal counsel retained by the Subscriber) relating to the sale of the Subscriber's Securities to the Subscriber shall be borne by the Subscriber;

unless permitted under securities legislation, a holder of Subscriber's Securities must not trade the Subscriber's Securities before the date that is four months and a day after the later of i) the date the Subscriber's Securities are issued, and j) the date the Corporation became a reporting issuer in any province or territory of Canada and is referred to Section 8.1(g) of this Subscription Agreement;

the Subscriber, and not the Corporation, is solely responsible for compliance with applicable resale restrictions and the Subscriber further acknowledges that he, she or it has been advised to consult his, her or its own legal counsel in his, her or its jurisdiction of residence for full particulars in respect of the resale restrictions applicable to him, her or it; and

the Subscriber has been encouraged to obtain independent legal advice, tax advice and investment advice with respect to its subscription for the Subscriber's Securities and accordingly, has had the opportunity to acquire an understanding of the meanings of all terms contained herein relevant to the Subscriber for purposes of giving representations, warranties, and covenants under this Subscription Agreement.

Representations and Warranties of the Corporation

The Corporation hereby represents and warrants to the Subscriber that:

the Corporation is a valid and subsisting corporation duly incorporated and in good standing under the laws of the jurisdiction in which it is incorporated;

this Subscription Agreement, upon acceptance by the Corporation, will have been duly authorized and will constitute a valid and binding obligation of the Corporation, enforceable against the Corporation in accordance with its terms;

this Subscription Agreement has been duly executed and delivered by, and constitutes a legal, valid and binding obligation of, the Corporation, enforceable against the Corporation in accordance with its terms subject only to any limitation under applicable laws relating to (i) bankruptcy, winding-up, insolvency, arrangement and other similar laws of general application affecting the enforcement of creditors' rights and (ii) the discretion that a court may exercise in interpreting enforceability of a provision or in the granting of extraordinary remedies such as specific performance and injunction;

the execution, delivery and performance by the Corporation of this Subscription Agreement will not result in any violation of any law;

at the Closing Date, every consent, approval, authorization or order that is required for the transactions herein contemplated to occur at the Closing Date will have been obtained and will be in effect;

the Subscriber's Securities will, at the time of issue, be duly allotted, reserved, validly issued, fully paid and non-assessable;

the authorized capital of the Corporation consists of an unlimited number of Common Shares of which, 15,000,000 Common Shares are issued and outstanding as at September 26, 2017, and upon the conversion of certain SAFE instruments of the Corporation (the "SAFEs") and the exercise of certain options pursuant to the SAFEs and the closing of the offering pursuant to this Subscription Agreement 20,585,589 Common Shares will be issued and outstanding, and of which no preferred shares are issued and outstanding;

each of the Corporation and Coinsquare Ltd. ("**Coinsquare**") has the power and authority to own, lease and operate its properties and assets (including licenses and other similar rights) and to conduct its business and is registered to transact business and is in good standing under the laws of all jurisdictions in which its business is carried on or in which it owns or leases properties;

the Corporation has no direct or indirect material subsidiaries or any material investment or proposed material investment in any person other than Coinsquare, the Corporation's wholly-owned subsidiary. The Corporation beneficially owns, directly or indirectly, all of the issued and outstanding shares, or other equity interests in, the capital of Coinsquare, and all of such shares or other equity interests have been duly and validly authorized and issued, are fully paid and non-assessable, and are owned directly or indirectly by the Corporation free and clear of any Lien;

at the Closing Date, other than provided for in the Corporation's shareholders' agreement dated February 1, 2017 (the "**Shareholders' Agreement**"), no person, firm or corporation has any agreement or option, or right or privilege (whether pre-emptive or contractual) capable of becoming an agreement or option, for the purchase from the Corporation or Coinsquare of any unissued shares of the Corporation or Coinsquare, except for (i) 812,690 stock options of the Corporation, each exercisable to acquire one common share of the Corporation; (ii) 1,125,278 common shares of the Corporation to be issued upon the completion of this offering, pursuant to certain SAFE agreements issued by the Corporation on or about March 15, 2017 and May 17, 2017; (iii) 912,408 common share purchase warrants to be issued pursuant to the completion of this offering; and (iv) certain common share purchase warrants to be issued to Wildlaw Capital Markets Inc.

other than the Permitted Indebtedness (as defined in the Shareholders' Agreement) and certain short term loans (the " **Operational Loans**") used in the operati

on of the business, the principal and interest accrued in respect thereof are repaid to the shareholder within fifteen (15) days of the end of the month in which the Operational Loans are advanced to the Corporation from time to time, neither the Corporation nor Coinsquare has outstanding any debentures, notes, mortgages or other indebtedness, other than customary trade payables;

other than the Permitted Indebtedness, the Operational Loans and certain existing arrangements between shareholder owned corporations, as previously disclosed to the Subscriber, the there are no business relationships, related-party transactions or off-balance sheet transactions involving the Corporation or Coinsquare, or any other person;

all material agreements of the Corporation and Coinsquare have been made available to the Subscribers in the Corporation's data room, and all material agreements are valid, binding and enforceable obligations of the Corporation or Coinsquare, as applicable, and are in good standing; and (i) no event of default or event which after the giving of notice or the lapse of time or both would constitute an event of default, has occurred and is outstanding under any material agreement; (ii) the Corporation has no knowledge of any default by the other parties to each material agreement; and (iii) neither of the Corporation nor Coinsquare has waived any material rights under any material agreement;

there is no requirement to obtain a consent, approval or waiver of a party under any material agreement in respect of any of the transactions contemplated by this Agreement, other than such consents, approvals and waivers as have been obtained by the Corporation or Coinsquare as at the date hereof;

the form and terms of the certificates representing the common shares of the Corporation have been duly approved by the Corporation and comply with the provisions of the articles and by-laws of the Corporation and the requirements of the *Business Corporations Act (Ontario)*;

there is no litigation, arbitration or governmental or other proceeding, suit or investigation at law or in equity before any court or arbitrator or before or by any federal, provincial, state, municipal or other governmental or public department, commission, board, agency or body, domestic or foreign, in progress, pending or, to the Knowledge of the Corporation or Coinsquare, threatened against, or involving the assets, properties or business of, the Corporation or Coinsquare which is material or which would adversely affect the consummation of the transactions contemplated by this Agreement in any material respect or the performance by the Corporation or Coinsquare of its obligations hereunder;

each of the Corporation and Coinsquare has security measures and safeguards in place to protect Personally Identifiable Information that it may collect from customers and other parties from illegal or unauthorized access or use by its personnel or third parties or access or use by its personnel or third parties in a manner that violates the privacy rights of third parties. Each of the Corporation and Coinsquare has complied in all material respects with all applicable privacy and consumer protection laws and neither has collected, received, stored, disclosed, transferred, used, misused or permitted unauthorized access to any information protected by privacy laws, whether collected directly or from third parties, in an unlawful manner. Each of the Corporation and Coinsquare has taken all reasonable steps to protect Personally Identifiable Information against loss or theft and against unauthorized access, copying, use, modification, disclosure or other misuse;

there are no bonuses, distributions or salary payments which will be payable, outside the ordinary course of business by the Corporation, to any officer, director, employee or consultant of the Corporation or Coinsquare after the Closing Date relating to their employment with, or services rendered to, the Corporation or Coinsquare prior to the Closing Date;

(i) the Corporation or Coinsquare, as the case may be, owns or has the right to use all patents, patent rights, licences, inventions, copyrights, know how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trade-marks, service marks, trade names and other intellectual property (collectively, "**Intellectual Property**") and all technology used or held for use in the conduct of the business now operated by the Corporation or Coinsquare without any conflict with or infringement upon the rights of others, in each case with such exceptions as would not, individually or in the aggregate, result in a Material Adverse Effect and subject to limitations contained in any applicable license agreement; (ii) to the extent any Intellectual Property owned by the Corporation or Coinsquare has been created in whole or in part by current or past employees, consultants or independent contractors, any rights therein of such persons have been irrevocably assigned in writing to the Corporation and, as applicable, such persons have waived all moral rights in such persons' contribution to such Intellectual Property or component thereof; (iii) there are no third parties who have or, to the Knowledge of the Corporation, who will be able to establish rights to any Intellectual Property owned or licensed by the Corporation or Coinsquare or rights in the subject matter of such Intellectual Property; (iv) the Corporation has no knowledge of any Intellectual Property held by others that would prevent the development, use, sale, lease, license and service of products now existing or under development by the Corporation or Coinsquare, other than those sourced from third parties; (v) to the Knowledge of the Corporation, there is no material infringement by third parties of such Intellectual Property; (vi) there is no action, suit, proceeding or claim pending or, to the Knowledge of the Corporation, threatened by others challenging the Corporation's or Coinsquare's rights in or to any Intellectual Property or the validity or scope of any Intellectual Property owned, licensed or commercialized by the Corporation or Coinsquare, and the Corporation has no knowledge of any other fact which could form a reasonable basis for any such action, suit, proceeding or claim in each case; (vii) to the Knowledge of the Corporation, all trade secrets and other confidential proprietary information forming part of or in relation to the Intellectual Property being owned or licensed by the Corporation and Coinsquare is and remains confidential to the Corporation and Coinsquare, as the case may be;

the Corporation and Coinsquare do not own any real property and have good and marketable title to all personal and movable properties owned by them, in each case, free and clear of all liens;

(i) all real property, offices, stores and buildings, held under lease by the Corporation or Coinsquare (the " **Leased Properties**") are held by them under valid, subsisting and enforceable leases (the "**Leases**"); (ii) the buildings, improvements, fixtures and other structures located on the Leased Properties, and the operation and maintenance thereof, as now operated and maintained, comply in all material respects with all applicable laws and regulations, municipal or otherwise, and with the terms and conditions of the Leases; (iii) neither the Corporation nor Coinsquare is in default of any of its material obligations under any of the Leases and, to the Knowledge of the Corporation, none of the landlords or other parties to any of the Leases are in default of any their material obligations under any of the Leases;

except for the late filing of the Corporation's tax return for the fiscal year ending December 31, 2016, the Corporation and Coinsquare, as the case may be, have each (i) timely filed (or has had timely filed on their behalf) all returns, declarations, reports, estimates, information returns, elections and statements ("**Returns**") required to be filed with or sent to any taxing authority having jurisdiction since incorporation or organization, and all such Returns have, in all material respects, been prepared in accordance with the provisions of all applicable legislation and are true, correct and complete in all material respects; (ii) timely and properly paid (or has had paid on its behalf), all governmental taxes and other charges due or claimed to be due by a Governmental Authority (including all instalments on account of taxes for the current year); and (iii) has properly withheld or collected and remitted all amounts required to be withheld or collected and remitted by it in respect of any governmental taxes or other charges;

there is no litigation or governmental or other proceeding or investigation at law or in equity before any Governmental Authority, domestic or foreign, in progress, pending or, to the Corporation's knowledge, threatened (and the Corporation does not know of any basis therefor) against, or involving the assets, properties or business of, the Corporation or Coinsquare, nor are there any matters under discussion with any Governmental Authority relating to taxes, governmental charges, orders or assessments asserted by any such authority, and to the Corporation's knowledge there are no facts or circumstances which would reasonably be expected to form the basis for any such litigation, governmental or other proceeding or investigation, taxes, governmental charges, orders or assessments;

policies of insurance issued by insurers of recognized financial responsibility are maintained in respect of the operations, properties and assets, employees, directors and officers of the Corporation and Coinsquare in such amounts and covering such risks as are prudent and customary in the businesses in which they are engaged, and such policies of insurance will, on and after the Closing Date, be maintained for the benefit of the Corporation and Coinsquare. All such policies of insurance are in full force and effect and no material default exists under such policies of insurance as to the payment of premiums or otherwise under the terms of any such policy, there are no claims by the Corporation or Coinsquare under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause; and the Corporation has no knowledge that it will not be able to renew the Corporation's or Coinsquare's existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue their business. Neither the Corporation nor Coinsquare has been denied any insurance coverage which it has sought or for which it has applied;

copies of the complete minute books and records of the Corporation and Coinsquare made available to counsel for the Subscribers in connection with their due diligence investigation in respect of the Offering constitute all of the minute books and records of such entities;

other than Wildlaw Capital Markets Inc., there is no person acting at the request of the Corporation who is entitled to any brokerage or agency fee in connection with the sale of the Subscriber's Securities contemplated herein; and

the Corporation has no knowledge of any pending change to any law, regulation of a Governmental Authority that would reasonably be expected to have a Material Adverse Effect.

Legends

The Subscriber understands and hereby acknowledges that:

the Subscriber's Securities will be subject to certain resale restrictions imposed under Canadian securities laws, the U.S. Securities Act and the rules of regulatory bodies having jurisdiction thereunder;

the certificates representing the Common Shares issued to residents in Canada will bear the following legend denoting the restrictions on transfer under Canadian securities laws (including, but not limited to, National Instrument 45-102 – *Resale of Securities*):

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF (I) [INSERT THE DISTRIBUTION DATE]., AND (II) THE DATE THE CORPORATION BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.

Provided, that if the Subscriber is a U.S. Purchaser then, upon the issuance of the Subscriber's Securities, and until such time as the same is no longer required under the applicable requirements of the U.S. Securities Act or applicable States Laws, the certificates representing the Common Shares shall bear the following legend:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"). THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (C) IN COMPLIANCE WITH THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT PROVIDED BY SECTION 4(a)(7) AS A PRIVATE RESALE OF RESTRICTED SECURITIES OR (i) RULE 144 OR (ii) RULE 144A THEREUNDER, IF AVAILABLE, AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE LAWS, AND THE HOLDER HAS, PRIOR TO SUCH SALE, FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OR OTHER EVIDENCE OF EXEMPTION, IN EITHER CASE REASONABLY SATISFACTORY TO THE CORPORATION."

the Subscriber will not sell, assign, or transfer the Subscriber's Securities except in accordance with the provisions of applicable securities laws and stock exchange rules, if applicable, that are in effect at the time of such sale, assignment or transfer; and

the Subscriber acknowledges that there are restrictions contained in the articles of incorporation of the Corporation, which provide that the approval of the board of directors or the shareholders is required prior to any transfer, sale, or any other disposition of shares.

The Subscriber also acknowledge that it has been advised to consult its own independent legal advisor with respect to the applicable resale restrictions and the Subscriber is solely responsible for complying with such restrictions, and the Corporation is not responsible for ensuring compliance by the Subscriber of the applicable resale restrictions.

Assignment

The Subscriber may not assign this Subscription Agreement, or any part of this Subscription Agreement, without the prior written consent of the Corporation. Any purported assignment without such consent is not binding or enforceable against any party.

Acknowledgement and Indemnification

The Subscriber understands, acknowledges and agrees that the representations, warranties and agreements of the Subscriber contained herein and in any other writing delivered in connection with the transactions contemplated hereby are made with the intent that they may be relied upon by the Corporation, and the Subscriber hereby agrees to indemnify and hold harmless the Corporation and any of its direct and indirect securityholders, directors, officers, employees, advisors, affiliates, agents and legal counsel against any loss, cost, expense, damage or any other liability any of them may suffer as a result of an inaccuracy in a representation or a misrepresentation by the Subscriber.

No party shall be liable for indirect or consequential damages.

Enurement

This Subscription Agreement enures to the benefit of and binds the parties and their respective heirs, executors, administrators, successors and permitted assigns.

Entire Agreement

Upon acceptance of this offer to purchase, this Subscription Agreement (including the schedules hereto) constitutes the entire agreement of the parties hereto relating to the subject matter hereof and there are no representations, warranties, covenants, understandings or other agreements relating to the subject matter hereof except as stated or referred to herein. This Subscription Agreement may be amended or modified only by a written instrument signed by all parties. The headings contained herein are for convenience only and shall not affect the meanings or interpretation hereof.

Severance

If any provision of this Subscription Agreement is determined to be void or unenforceable in whole or in part, it shall be deemed not to affect or impair the validity of any other provision of this Subscription Agreement and such void or unenforceable provision shall be severable from this Subscription Agreement.

Counterparts

This Subscription Agreement may be executed in any number of counterparts, and may be executed by facsimile or other electronic means (e.g. scanned original), each of which shall be deemed to be an original and all of which together shall constitute one and the same agreement. Acceptance by the Corporation of this Subscription Agreement shall create a legal, valid, and binding agreement between the parties.

Collection, Use and Disclosure of Personal Information

The Subscriber consents to the Corporation's collection of the personal information relating to the Subscriber contained in this Subscription Agreement or gathered in connection with the Subscriber's investment in the Corporation. The Subscriber acknowledges that such personal information will be used by the Corporation, and its affiliates in order to administer and manage the Corporation and the Subscriber's investment in the Corporation, and may be disclosed to third parties that provide administrative and other services in respect of the Corporation and to government agencies where it is permitted or required by law, including any applicable anti-money laundering legislation or similar laws.

The Subscriber acknowledges and agrees that the Subscriber has been notified by the Corporation: i) of the delivery to applicable Canadian securities regulatory authorities of personal information pertaining to the Subscriber, including, without limitation, the full name, residential address and telephone number of the Subscriber, the number and type of securities purchased and the total subscription price paid in respect of the Subscriber's Securities; ii) that this information is being collected indirectly by such securities regulatory authorities under the authority granted to them under securities legislation; iii) that this information is being collected for the purposes of the administration and enforcement of the securities legislation of Canada; and iv) that the title, business address and business telephone number of the public official of each of the securities regulatory authorities who can answer questions about the indirect collection of personal information is attached hereto as Schedule E.

Time of Essence

Time is of the essence of this Subscription Agreement.

Effective Date

This Subscription Agreement is intended to and shall take effect on the effective date of acceptance hereof by the Corporation, notwithstanding its actual date of execution or delivery by any of the parties.

Governing Law

This Subscription Agreement shall be governed exclusively by and construed exclusively in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein notwithstanding the principles, if any, that would otherwise govern the choice of applicable law and the Subscriber hereby irrevocably submits to the non-exclusive jurisdiction of the courts of the Province of Ontario and any courts competent to hear appeals therefrom.

Language

The parties hereto confirm their express wish that this Subscription Agreement and all documents and agreements directly or indirectly relating thereto be drawn up in the English language. *Les parties reconnaissent leur volonté expresse que la présente entente ainsi que tous les documents et contrats s'y rattachant directement ou indirectement soient rédigés en anglais.*

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PURCHASE AGREEMENT

THIS AGREEMENT is made as of October 16, 2017.

BETWEEN:

TESS INC.
(“**TESS**”)

- and –

RIOT BLOCKCHAIN, INC.
(“**Riot Blockchain**”)

RECITALS:

Riot Blockchain is a Nevada corporation whose shares of common stock are listed for trading on NASDAQ.

TESS is a private Ontario company with 2,500,000 common shares expected to be issued and outstanding as of the date of the Closing (as defined below), which issued and outstanding shares shall include the subscription of 500,000 shares offered and sold for $250,000 which shall close on or prior to the Closing Date.

Riot Blockchain proposes to subscribe for 2,708,333 common shares of TESS (the “**TESS Shares**”), representing 52% of the issued and outstanding shares of TESS after Closing in consideration for a cash payment of CAD$400,000 and the issuance to TESS of 75,000 shares of restricted common stock of Riot Blockchain (the “**Riot Blockchain Shares**”).

IN CONSIDERATION of the premises and the mutual agreements in this Agreement, and of other consideration (the receipt and sufficiency of which are acknowledged by each Party), the Parties (as hereinafter defined) agree as follows.

INTERPRETATION

Definitions

In this Agreement, the terms herein shall have the following meanings:

“Agreement” means this purchase agreement and all attached schedules, in each case as the same may be supplemented, amended, restated or replaced from time to time;

“Closing” means the completion of the sale to, and purchase by Riot Blockchain of, the TESS Shares pursuant to this Agreement;

"Closing Date" means October 19, 2017 or such other day as the Parties agree in writing as the date that the Closing shall take place;

"Disclosure Documents" means all information regarding Riot Blockchain (and its predecessors) that is, or becomes, publicly available on EDGAR or otherwise available to the public, including the financial statements, press releases, material change reports, prospectuses and information circulars;

"Parties" means Riot Blockchain and TESS, and "Party" means either one of them;

"Person" is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, a governmental authority, and the executors, administrators or other legal representatives of an individual in such capacity;

"Riot Blockchain" means Riot Blockchain, Inc.;

"Riot Blockchain Shares" has the meaning in the recitals hereto;

"TESS" means TESS Inc.; and

"TESS Shares" has meaning in the recitals hereto.

PURCHASE AND SALE OF SHARES

Purchase and Sale of Shares - Riot Blockchain agrees to purchase the TESS Shares from TESS and TESS agrees to issue and sell the TESS Shares to Riot Blockchain on the terms and conditions contained in this Agreement.

Purchase Price - The purchase price shall be $1,354,166.50 representing a price of $0.50 per TESS Share, which shall be satisfied by the delivery from Riot Blockchain to TESS of (i) the Riot Blockchain Shares, and (ii) certified funds in the amount of $400,000.

Closing - The Closing shall take place at the Toronto offices of Peterson McVicar LLP at 11:00 am (Toronto time) on the Closing Date, or as the Parties may otherwise agree in writing.

Resale Restrictions – With respect to the TESS Shares and the Riot Blockchain Shares:

Riot Blockchain hereby agrees and consents by acceptance hereof that the certificate representing the TESS Shares shall be impressed with a legend in the following form:

"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS FOUR MONTHS AND A DAY AFTER THE LATER OF (I) OCTOBER ▲, 2017; AND (II) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY."

No prospectus has been filed with respect to the TESS Shares or this Agreement with any securities regulatory authority. For as long as this legend is in effect, Riot Blockchain understands that the TESS Shares cannot be sold or otherwise distributed in the absence of an exemption from the registration and prospectus requirements of applicable provincial securities laws.

TESS hereby agrees and consents by acceptance hereof that the certificate representing the Riot Blockchain Shares shall be impressed with a legend in the following form:

"THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THESE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT SECURED BY SUCH SECURITIES.

THESE SECURITIES WERE ISSUED IN AN OFFSHORE TRANSACTION TO PERSONS WHO ARE NOT U.S. PERSONS (AS DEFINED HEREIN) PURSUANT TO REGULATION S UNDER THE UNITED STATES SECURITIES ACT. ACCORDINGLY, NONE OF THE SECURITIES TO WHICH THIS CERTIFICATE RELATES HAVE BEEN REGISTERED UNDER THE SECURITIES ACT, OR ANY U.S. STATE SECURITIES LAWS, AND, UNLESS SO REGISTERED, NONE MAY BE OFFERED OR SOLD IN THE UNITED STATES (AS DEFINED HEREIN) OR, DIRECTLY OR INDIRECTLY, TO U.S. PERSONS (AS DEFINED HEREIN) EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN EACH CASE ONLY IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS. IN ADDITION, HEDGING TRANSACTIONS INVOLVING THESE SECURITIES MAY NOT BE CONDUCTED UNLESS IN ACCORDANCE WITH THE SECURITIES ACT. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED BY REGULATION S UNDER THE SECURITIES ACT."

TESS hereby agrees, acknowledges and consents by acceptance hereof that the Blockchain Shares are characterized as "restricted securities" under the Securities Act inasmuch as this Agreement contemplates that, if acquired by TESS pursuant hereto, the Blockchain Shares would be acquired in a transaction not involving a public offering. TESS further acknowledges that if the Blockchain Shares are issued to TESS in accordance with the provisions of this Agreement, such Blockchain Shares may not be resold without registration under the Securities Act or the existence of an exemption therefrom.

Closing Deliveries - Subject to the satisfaction of the conditions to the obligation to close the transactions contemplated herein:

TESS shall deliver the certificate representing the TESS Shares registered as instructed by Riot Blockchain;

Riot Blockchain shall deliver the certificate representing the Riot Blockchain Shares, with TESS as owner thereof, as instructed by TESS;

Riot Blockchain shall remit by wire transfer of immediately available funds the amount of $400,000 payable to, "Peterson McVicar LLP, in trust", which funds shall be released to TESS at and subject to the Closing; and

Riot Blockchain shall remit the Investor Rights Agreement in the form attached hereto as Exhibit "A".

Post-Closing Covenants – The Parties agree to the following post-closing covenants:

TESS hereby agrees to use reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable, in the most expeditious manner practicable, to consummate, to make effective, and to satisfy all conditions to and necessary deliverable in connection with Riot Blockchain's acquisition of the TESS Shares, including but not limited (i) delivery of audited financial statements of TESS for the period from incorporation to September 30, 2017 (the "**Financial Statements**") (ii) the obtaining of all other necessary actions or nonactions, waivers, consents, licenses, permits, authorizations, orders and approvals from any governmental entities and the making of all other necessary registrations and filings, (iii) the obtaining of all consents, approvals or waivers from third parties related to or required in connection with the acquisition of the TESS Shares or required to prevent a material adverse effect on TESS occurring prior to the Financial Statements, (iv) the satisfaction of all conditions precedent to the parties' obligations hereunder, and (iv) the execution and delivery of any additional instruments necessary to consummate all transactions contemplated by, and to fully carry out the purposes of, this Agreement.

For as long as Riot Blockchain holds voting securities of TESS carrying more than 50 per cent of the votes, Riot Blockchain agrees not to vote such securities to elect a majority of the board of directors of TESS.

REPRESENTATIONS WARRANTIES AND COVENANTS

Representations and Warranties of TESS - TESS represents, warrants and covenants to Riot Blockchain as of the date of this Agreement and as of the Closing Date:

TESS has been duly incorporated and is validly existing under the laws of the Province of Ontario and has all necessary corporate power, authority and capacity to enter into this Agreement and to observe and perform its obligations hereunder, all of which have been duly and validly authorized by all necessary corporate proceedings, and this Agreement constitutes a legal, valid and binding contract of TESS;

upon issuance of the TESS Shares in accordance with the terms hereof, the TESS Shares will be duly and validly issued and outstanding as fully paid and non-assessable shares in the capital of TESS;

the share capital of TESS consists of an unlimited number of common shares of which there are: (i) 2,500,000 common shares validly issued and outstanding representing fully paid and non-assessable shares in the capital stock of the Corporation, which includes a private placement of 500,000 common shares at $0.50 per share for gross proceeds of $250,000; (ii) no shares subject to issuance; and, (iii) no pooling or shareholder agreements pursuant to which TESS or, to its knowledge, any shareholders are a party;

neither the execution of this Agreement nor its performance by TESS will result in the breach of any term or provision of, or constitute a default under, the constating documents of TESS or any contract or agreement to which TESS is a party; and

that the consummation of any transaction constituting a going public transaction by way of a reverse merger or shell company acquisition will be subject to shareholder vote, and require a minimum of 50% of the outstanding capital stock of TESS for approval, which shall include the shares issued to Riot Blockchain.

Representations and Warranties of Riot Blockchain – Riot Blockchain represents and warrants to TESS that:

Riot Blockchain has been duly incorporated and is validly existing under the laws of the State of Nevada and has all necessary corporate power, authority and capacity to enter into this Agreement and to observe and perform its obligations hereunder, all of which have been duly and validly authorized by all necessary corporate proceedings, and this Agreement constitutes a legal, valid and binding contract of Riot Blockchain;

upon issuance of the Riot Blockchain Shares in accordance with the terms hereof, the Riot Blockchain Shares will be duly and validly issued and outstanding as fully paid and non-assessable shares of capital stock of Riot Blockchain;

since December 31, 2016: (A) there has been no material change (actual, anticipated, contemplated or threatened, whether financial or otherwise) in the business, affairs, prospects, operations, assets, liabilities (contingent or otherwise), financial condition or capital of Riot Blockchain taken as a whole and (B) no transaction has been entered into by Riot Blockchain which is or would be material to Riot Blockchain, except in each case as disclosed in the Disclosure Documents;

the latest financial statements accurately reflect the financial position of Riot Blockchain as at the date thereof and no material changes in such position have taken place since the date thereof, save in the ordinary course of Riot Blockchain's business or as publicly announced;

neither the execution of this Agreement nor its performance by Riot Blockchain will result in the breach of any term or provision of, or constitute a default under, the constating documents of Riot Blockchain or any contract or agreement to which Riot Blockchain is a party.

no order ceasing or suspending trading in the securities of Riot Blockchain nor prohibiting sale of the securities of Riot Blockchain has been issued to and is outstanding against the Corporation or its directors, officers or promoters and to the best of the Corporation's knowledge no investigations or proceedings for such purposes are pending or threatened;

the Corporation is a reporting issuer pursuant to the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), its common stock are listed for trading on NASDAQ, and the Corporation is not in default of any requirement of the legislation, regulations, rules, instruments and policies of the Exchange Act, the US Securities and Exchange Commission or NASDAQ; and

there shall not be any consents, approvals, authorizations, orders or agreements of any stock exchanges, securities commissions or similar authorities in Canada, governmental agencies or regulators, courts or any other, persons which may be required for the issuance of the Riot Blockchain Shares and the delivery of certificates representing the Riot Blockchain Shares to TESS, not obtained and not in effect on the date of delivery of such certificates.

GENERAL

Applicable Law - This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

Currency - Unless specified otherwise, all statements of or references to dollar amounts in this Agreement are to Canadian dollars.

Counterparts and Facsimile - This Agreement may be executed and delivered by facsimile transmission or scanned PDF file format in any number of counterparts. Each executed counterpart shall be deemed to be an original. All executed counterparts taken together shall constitute one agreement.

Survival – All representations, warranties and covenants contained in this Agreement shall survive the Closing of the transaction contemplated herein and, notwithstanding such Closing, shall continue in full force and effect following the Closing for a period of two (2) years.

Entire Agreement and Waiver – This Agreement sets forth the entire understanding of the Parties with respect to the subject matter hereof, and supersedes any and all prior agreements, arrangements and understandings with respect to the subject matter hereof and may be modified only by a written instrument duly executed by each Party affected by any such modification. No misrepresentation and no breach of any covenant, agreement or warranty made herein will be deemed waived unless expressly waived in writing by the Party who might assert such breach, and no such waiver will constitute a waiver of any other provision hereof (whether or not similar) or a continuing waiver.

Time of Essence – Time shall be of the essence of this Agreement and every part hereof and no extension of this Agreement or any part hereof shall operate as a waiver of this provision.

Notices – Any notices or other communications to be given hereunder shall be delivered by hand, facsimile or sent by other means of recorded electronic communication, and if delivered by hand, shall be deemed to have been given on the date of delivery or, if sent by facsimile or other means of recorded electronic communication, on the date of transmission if sent before 5:00 p.m. (Toronto time) and such day is a business day or, if not, on the first business day following the date of transmission.

Notices to TESS shall be addressed to:

TESS Inc.
390 Bay Street, Suite 806
Toronto, ON M5H 2Y2
Attn: Jeffrey Mason, President
Fax: 416-352-5693
E-Mail: jeff.mason@tesspay.io

and if to Riot Blockchain, shall be addressed to:

Riot Blockchain, Inc.
834-F South Perry Street, Suite 443
Castle Rock, CO 80104
Attn: John O'Rourke, President
Fax: (303) 794-2000
E-Mail: tagjohn@gmail.com

Further Assurances – From time to time after the date hereof, upon reasonable notice and without further consideration, each Party will execute, acknowledge and deliver all such other documents and will take all such other action as may be necessary or appropriate, in the reasonable judgment of the other Party, to carry out the intent and purposes of this Agreement and to consummate the transactions contemplated hereby.

[Signature Page Follows.]

IN WITNESS WHEREOF this Agreement has been executed by all of the parties hereto effective as of the date first set out above.

TESS INC.

Per: _____
Name: Jeffrey Mason
Title: President

RIOT BLOCKCHAIN, INC.

Per: _____
Name: John O'Rourke
Title: President

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement") is made and entered into as of October 20, 2017, by and between RIOT BLOCKCHAIN, INC., a Nevada corporation (the "Company"), and TESS INC., an Ontario corporation (the "Investor").

This Agreement is made pursuant to a Purchase Agreement, dated as of the date hereof between the Company and the Investor (the "SPA"), relating to shares of the Company's Common Stock issued to the Investor in connection therewith (this Agreement, together with SPA, the "Investment Documents").

The Company and the Investor hereby agree as follows:

1. Definitions. Capitalized terms used and not otherwise defined herein that are defined in the Investment Documents shall have the meanings given such terms in the Investment Documents. As used in this Agreement, the following terms shall have the following meanings:

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person as such terms are used in and construed under Rule 144. With respect to a Purchaser, any investment fund or managed account that is managed on a discretionary basis by the same investment manager as such Purchaser will be deemed to be an Affiliate of such Purchaser.

"Business Day" means any day except Saturday, Sunday and any day which shall be a federal legal holiday or a day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

"Common Stock" means the common stock of the Company, no par value and any securities into which such Common Stock may hereafter be reclassified.

"Effectiveness Date" means, with respect to the Registration Statement required to be filed hereunder, the earlier of (a) the 60th calendar day following the Filing Date and (b) the fifth Trading Day following the date on which the Company is notified by the Commission that the Registration Statement will not be reviewed or is no longer subject to further review and comments.

"Effectiveness Period" shall have the meaning set forth in Section 2(a).

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Filing Date" means, with respect to the Registration Statement required to be filed hereunder, January 20, 2018.

"Holder" or "Holders" means the holder or holders, as the case may be, from time to time of Registrable Securities.

"Indemnified Party" shall have the meaning set forth in Section 5(c).

"Indemnifying Party" shall have the meaning set forth in Section 5(c).

"Losses" shall have the meaning set forth in Section 5(a).

"Proceeding" means an action, claim, suit, investigation or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"Prospectus" means the prospectus included in the Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by the Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

"Registrable Securities" means 25,000 shares of Common Stock of the Shares but excluding (i) any Registrable Securities that have been publicly sold without registration under the Securities Act either pursuant to Rule 144 of the Securities Act or otherwise, or that are eligible to be sold without restriction pursuant to an exemption from registration under the Securities Act; or (ii) any Registrable Securities sold by a person in a transaction pursuant to a registration statement filed under the Securities Act.

"Registration Statement" means the registration statements required to be filed hereunder, including (in each case) the Prospectus, amendments and supplements to the registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto, and all material incorporated by reference or deemed to be incorporated by reference in the registration statement.

"Rule 415" means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"Rule 424" means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"Securities Act" means the Securities Act of 1933, as amended.

"Shares" the 75,000 shares of Common Stock issued to the Investor pursuant to the SPA.

"Trading Day" means (i) a day on which the Common Stock is traded on a Trading Market, or (ii) if the Common Stock is not listed on a Trading Market, a day on which the Common Stock is traded on the over-the-counter market, as reported by the OTC Bulletin Board, or (iii) if the Common Stock is not quoted on the OTC Bulletin Board, a day on which the Common Stock is quoted in the over-the-counter market as reported by the National Quotation Bureau Incorporated (or any similar organization or agency succeeding to its functions of reporting prices); provided, that in the event that the Common Stock is not listed or quoted as set forth in (i), (ii) and (iii) hereof, then Trading Day shall mean a Business Day.

"Trading Market" means the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NASDAQ-OMX, the New York Stock Exchange, the NYSE Market, the OTC Markets, the OTC Bulletin Board, or any other market on which the Shares trade.

2. Registration. On or prior to the Filing Dates, the Company shall prepare and file with the Commission the Registration Statement covering the resale of the Registrable Securities for an offering to be made on a continuous basis pursuant to Rule 415. The Registration Statement required hereunder shall be on Form S-3 (except if the Company is not then eligible to register for resale the Registrable Securities on Form S-3, in which case the Registration shall be on another appropriate form in accordance herewith). The Registration Statement required hereunder shall contain (except if otherwise directed by the Holders or the Commission) the "Plan of Distribution" in substantially the form attached hereto as Annex A. The Company shall cause the Registration Statement to become effective and remain effective as provided herein. The Company shall use its commercially reasonable efforts to cause the Registration Statement to be declared effective under the Securities Act as promptly as possible after the filing thereof, but in any event not later than the Effectiveness Date, and shall use its commercially reasonable efforts to keep the Registration Statement continuously effective under the Securities Act until the date which is one year after the Closing Date or such later date when all Registrable Securities covered by the Registration Statement (a) have been sold pursuant to the Registration Statement or an exemption from the registration requirements of the Securities Act or (b) may be sold without volume restrictions as determined by the counsel to the Company pursuant to a written opinion letter to such effect, addressed and acceptable to the Company's transfer agent and the affected Holders (the "Effectiveness Period").

3. Registration Procedures. In connection with the Company's registration obligations hereunder, the Company shall:

(a) Not less than three Trading Days, which shall not be included in the calculation of time period for the purposes of the Company's obligations under this Agreement or under the Investment Documents, prior to the filing of the Registration Statement or any related Prospectus or any amendment or supplement thereto, the Company shall, (i) furnish to the Holders copies of all such documents proposed to be filed (including documents incorporated or deemed incorporated by reference to the extent requested by such Person) which documents will be subject to the review of such Holders, and (ii) cause its officers and directors, counsel and independent certified public accountants to respond to such inquiries as shall be necessary, in the reasonable opinion of respective counsel to conduct a reasonable investigation within the meaning of the Securities Act. The Company shall not file the Registration Statement or any such Prospectus or any amendments or supplements thereto to which the Holders of a majority of the Registrable Securities shall reasonably object in good faith, which objection shall not be the cause of any condition on which the Holders deem the Company to be in default of the Company's obligations hereunder.

(b) (i) Prepare and file with the Commission such amendments, including post-effective amendments, to the Registration Statement and the Prospectus used in connection therewith as may be necessary to keep the Registration Statement continuously effective as to the applicable Registrable Securities for the Effectiveness Period; (ii) cause the related Prospectus to be amended or supplemented by any required Prospectus supplement, and as so supplemented or amended to be filed pursuant to Rule 424; (iii) respond as promptly as reasonably possible, and in any event within 15 Trading Days, to any comments received from the Commission with respect to the Registration Statement or any amendment thereto and, as promptly as reasonably possible, upon request, provide the Holders true and complete copies of all correspondence from and to the Commission relating to the Registration Statement; and (iv) comply in all material respects with the provisions of the Securities Act and the Exchange Act with respect to the disposition of all Registrable Securities covered by the Registration Statement during the applicable period in accordance with the intended methods of disposition by the Holders thereof set forth in the Registration Statement as so amended or in such Prospectus as so supplemented.

(c) Notify the Holders of Registrable Securities to be sold as promptly as reasonably possible (and, in the case of (i)(A) below, not less than two Trading Days prior to such filing) and (if requested by any such Person) confirm such notice in writing promptly following the day (i)(A) when a Prospectus or any Prospectus supplement or post-effective amendment to the Registration Statement is proposed to be filed; (B) when the Commission notifies the Company whether there will be a "review" of the Registration Statement and whenever the Commission comments in writing on the Registration Statement (the Company shall upon request provide true and complete copies thereof and all written responses thereto to each of the Holders); and (C) with respect to the Registration Statement or any post-effective amendment, when the same has become effective; (ii) of any request by the Commission or any other Federal or state governmental authority during the period of effectiveness of the Registration Statement for amendments or supplements to the Registration Statement or Prospectus or for additional information; (iii) of the issuance by the Commission or any other federal or state governmental authority of any stop order suspending the effectiveness of the Registration Statement covering any or all of the Registrable Securities or the initiation of any Proceedings for that purpose; (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose; and (v) of the occurrence of any event or passage of time that makes the financial statements included in the Registration Statement ineligible for inclusion therein or any statement made in the Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to the Registration Statement, Prospectus or other documents so that, in the case of the Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(d) Use its commercially reasonable efforts to avoid the issuance of, or, if issued, obtain the withdrawal of (i) any order suspending the effectiveness of the Registration Statement, or (ii) any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, at the earliest practicable moment.

(e) If requested by the Holders, furnish to each Holder, without charge, at least one conformed copy of the Registration Statement and each amendment thereto, including financial statements and schedules, all documents incorporated or deemed to be incorporated therein by reference to the extent requested by such Person, and all exhibits to the extent requested by such Person (including those previously furnished or incorporated by reference) promptly after the filing of such documents with the Commission.

(f) Promptly deliver to each Holder, without charge, as many copies of the Prospectus or Prospectuses (including each form of prospectus) and each amendment or supplement thereto as such Persons may reasonably request in connection with resales by the Holder of Registrable Securities. The Company hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any amendment or supplement thereto, except after the giving on any notice pursuant to Section 3(c).

(g) Prior to any resale of Registrable Securities by a Holder, use its commercially reasonable efforts to register or qualify or cooperate with the selling Holders in connection with the registration or qualification (or exemption from the Registration or qualification) of such Registrable Securities for the resale by the Holder under the securities or Blue Sky laws of such jurisdictions within the United States as any Holder reasonably requests in writing, to keep each the Registration or qualification (or exemption therefrom) effective during the Effectiveness Period and to do any and all other acts or things reasonably necessary to enable the disposition in such jurisdictions of the Registrable Securities covered by the Registration Statement; provided, that the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified, subject the Company to any material tax in any such jurisdiction where it is not then so subject or file a general consent to service of process in any such jurisdiction.

(h) If requested by the Holders, cooperate with the Holders to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be delivered to a transferee pursuant to the Registration Statement, which certificates shall be free, to the extent permitted by the Investment Documents, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such Holders may request.

(i) Upon the occurrence of any event contemplated by Section 3(c)(v), as promptly as reasonably possible, prepare a supplement or amendment, including a post-effective amendment, to the Registration Statement or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, neither the Registration Statement nor such Prospectus will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(j) Comply with all applicable rules and regulations of the Commission.

(k) The Company may require each selling Holder to furnish to the Company a certified statement as to the number of shares of Common Stock beneficially owned by such Holder and, if required by the Commission, the person thereof that has voting and dispositive control over the Shares. Each Holder agrees to reasonably cooperate with the Company in the preparation of the Registration Statement and response by the Company to any comments by the Commission.

4. Registration Expenses. All fees and expenses incident to the performance of or compliance with this Agreement by the Company shall be borne by the Company whether or not any Registrable Securities are sold pursuant to the Registration Statement. The fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses (A) with respect to filings required to be made with the Trading Market on which the Common Stock is then listed for trading, and (B) in compliance with applicable state securities or Blue Sky laws), (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities and of printing prospectuses if the printing of prospectuses is reasonably requested by the holders of a majority of the Registrable Securities included in the Registration Statement), (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for the Company, (v) Securities Act liability insurance, if the Company so desires such insurance, and (vi) fees and expenses of all other Persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement. In addition, the Company shall be responsible for all of its internal expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit and the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange as required hereunder.

5. Indemnification

(a) Indemnification by the Company. The Company shall, notwithstanding any termination of this Agreement, indemnify and hold harmless each Holder, the officers, directors, agents and employees of each of them, each Person who controls any such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, agents and employees of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable attorneys' fees) and expenses (collectively, "Losses"), as incurred, to the extent arising out of or relating to any untrue or alleged untrue statement of a material fact contained in the Registration Statement, any Prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading, except to the extent, but only to the extent, that (1) such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in the Registration Statement, such Prospectus or such form of Prospectus or in any amendment or supplement thereto (it being understood that the Holder has approved Annex A hereto for this purpose) or (2) in the case of an occurrence of an event of the type specified in Section 3(c)(ii)-(v), the use by such Holder of an outdated or defective Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated or defective and prior to the receipt by such Holder of the Advice contemplated in Section 6(d). The Company shall notify the Holders promptly of the institution, threat or assertion of any Proceeding of which the Company is aware in connection with the transactions contemplated by this Agreement.

(b) Indemnification by Holders. Each Holder shall, severally and not jointly, indemnify and hold harmless the Company, its directors, officers, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling Persons, to the fullest extent permitted by applicable law, from and against all Losses, as incurred, to the extent arising out of or based upon: (x) such Holder's failure to comply with the prospectus delivery requirements of the Securities Act or (y) any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus, or any form of prospectus, or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading (i) to the extent, but only to the extent, that such untrue statement or omission is contained in any information so furnished in writing by such Holder to the Company specifically for inclusion in the Registration Statement or such Prospectus or (ii) to the extent that (1) such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in the Registration Statement (it being understood that the Holder has approved Annex A hereto for this purpose), such Prospectus or such form of Prospectus or in any amendment or supplement thereto or (2) in the case of an occurrence of an event of the type specified in Section 3(c)(ii)-(v), the use by such Holder of an outdated or defective Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated or defective and prior to the receipt by such Holder of the Advice contemplated in Section 6(d). In no event shall the liability of any selling Holder hereunder be greater in amount than the dollar amount of the net proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

(c) Conduct of Indemnification Proceedings. If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an "Indemnified Party"), such Indemnified Party shall promptly notify the Person from whom indemnity is sought (the "Indemnifying Party") in writing, and the Indemnifying Party shall have the right to assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with defense thereof; provided, that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have prejudiced the Indemnifying Party.

An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed in writing to pay such fees and expenses; (2) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding; or (3) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by counsel that a conflict of interest is likely to exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and the reasonable fees and expenses of one separate counsel shall be at the expense of the Indemnifying Party). The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent, which consent shall not be unreasonably withheld. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding.

All reasonable fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section) shall be paid to the Indemnified Party, as incurred, within ten Trading Days of written notice thereof to the Indemnifying Party; provided, that the Indemnified Party shall promptly reimburse the Indemnifying Party for that portion of such fees and expenses applicable to such actions for which such Indemnified Party is not entitled to indemnification hereunder, determined based upon the relative faults of the parties.

(d) Contribution. If a claim for indemnification under Section 5(a) or 5(b) is unavailable to an Indemnified Party (by reason of public policy or otherwise), then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in Section 5(c), any reasonable attorneys' or other reasonable fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section was available to such party in accordance with its terms.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 5(d), no Holder shall be required to contribute, in the aggregate, any amount in excess of the amount by which the proceeds actually received by such Holder from the sale of the Registrable Securities subject to the Proceeding exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission, except in the case of fraud by such Holder. The indemnity and contribution agreements contained in this Section are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties.

6. Miscellaneous

(a) Remedies. In the event of a breach by the Company or by a Holder, of any of their obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The Company and each Holder agree that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall waive the defense that a remedy at law would be adequate.

(b) Compliance. Each Holder covenants and agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it in connection with sales of Registrable Securities pursuant to the Registration Statement.

(c) Discontinued Disposition. Each Holder agrees by its acquisition of such Registrable Securities that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in Section 3(c), such Holder will forthwith discontinue disposition of such Registrable Securities under the Registration Statement until such Holder's receipt of the copies of the supplemented Prospectus and/or amended Registration Statement or until it is advised in writing (the "Advice") by the Company that the use of the applicable Prospectus may be resumed, and, in either case, has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such Prospectus or Registration Statement. The Company may provide appropriate stop orders to enforce the provisions of this paragraph.

(d) Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the same shall be in writing and signed by the Company and each Holder of the then outstanding Registrable Securities.

(e) Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number provided for below prior to 6:30 p.m. (New York City time) on a Trading Day, (ii) the Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number provided for below later than 6:30 p.m. (New York City time) on any date and earlier than 11:59 p.m. (New York City time) on such date, (iii) the Trading Day following the date of mailing, if sent by nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be delivered and addressed as set forth in the Investment Documents

(f) Assignment; Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties and shall inure to the benefit of each Holder. Each Holder may assign their respective rights hereunder in the manner and to the Persons as permitted under the Investment Documents.

(g) Decisions with respect to the Shares. All decisions and elections to be made by the Investor shall be made by a majority of directors and/or officers who are not Affiliates of the Company.

(h) Execution and Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and, all of which taken together shall constitute one and the same Agreement. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile signature were the original thereof.

(i) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof.

(j) Cumulative Remedies. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

(k) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(l) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

RIOT BLOCKCHAIN, INC.

By: _____
Name: John O'Rourke
Title: President

TESS INC.

By _____
Name: Jeffrey Mason
Title: President

ANNEX A

Plan of Distribution

The Selling Stockholders and any of their pledgees, assignees and successors-in-interest may, from time to time, sell any or all of their shares of Common Stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions. These sales may be at fixed or negotiated prices. The Selling Stockholders may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- settlement of short sales;
- broker-dealers may agree with the Selling Stockholders to sell a specified number of such shares at a stipulated price per share;
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

The Selling Stockholders may also sell shares under Rule 144 under the Securities Act, if available, rather than under this prospectus.

Broker-dealers engaged by the Selling Stockholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the Selling Stockholders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated. The Selling Stockholders do not expect these commissions and discounts to exceed what is customary in the types of transactions involved.

The Selling Stockholders may from time to time pledge or grant a security interest in some or all of the shares of common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of common stock from time to time under this prospectus, or under an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act of 1933 amending the list of Selling Stockholders to include the pledgee, transferee or other successors in interest as Selling Stockholders under this prospectus.

The Selling Stockholders and any broker-dealers or agents that are involved in selling the shares may be deemed to be "underwriters" within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. The Selling Stockholders have informed the Company that it does not have any agreement or understanding, directly or indirectly, with any person to distribute the Common Stock.

The Company is required to pay all fees and expenses incident to the registration of the shares. The Company has agreed to indemnify the Selling Stockholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

SHARE EXCHANGE AGREEMENT

This SHARE EXCHANGE AGREEMENT (this "Agreement"), dated as of [____], 2017, is by and among Riot Blockchain, Inc., a Nevada corporation (the "Parent"), Kairos Global Technology, Inc., a Nevada corporation (the "Company"), and the shareholders of the Company (each a "Shareholder" and collectively the "Shareholders"). Each of the parties to this Agreement is individually referred to herein as a "Party" and collectively as the "Parties."

BACKGROUND

The Company has 1,750,001 shares of common stock, $0.001 par value per share (the "Company Shares") outstanding, all of which are held by the Shareholders. The Shareholders have agreed to transfer the Company Shares in exchange for an aggregate of 1,750,001 newly issued shares of Series B Convertible Preferred Stock (the "Parent Stock") which are convertible into an aggregate of One Million Seven Hundred and Fifty Thousand and One (1,750,001) shares of common stock, no par value per share, of the Parent (the "Parent Common Stock") and have such terms and rights as set forth in the Certificate of Designation of Rights, Powers, Preferences, Privileges and Restrictions of 0% Series B Convertible Preferred Stock, in the form attached hereto as Exhibit A (the "Certificate of Designations").

The exchange of Company Shares for Parent Stock is intended to constitute a reorganization within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"), or such other tax free reorganization or restructuring provisions as may be available under the Code.

The Board of Directors of each of the Parent and the Company has determined that it is desirable to affect this plan of reorganization and share exchange.

AGREEMENT

NOW THEREFORE, for good and valuable consideration the receipt and sufficiency is hereby acknowledged, the Parties hereto intending to be legally bound hereby agree as follows:

Exchange of Shares

(a) Exchange by the Shareholders. At the Closing (as defined in Section 1.02), the Shareholders shall sell, transfer, convey, assign and deliver to the Parent all of the Company Shares free and clear of all Liens in exchange for an aggregate of 1,750,001 shares of Parent Stock, as set forth on Exhibit B, attached hereto.

Closing. The closing (the "Closing") of the transactions contemplated by this Agreement (the "Transactions") shall take place at such location to be determined by the Company and Parent, commencing upon the satisfaction or waiver of all conditions and obligations of the Parties to consummate the Transactions contemplated hereby (other than conditions and obligations with respect to the actions that the respective Parties will take at Closing) or such other date and time as the Parties may mutually determine (the "Closing Date").

Representations and Warranties of the Shareholders

Each Shareholder individually, hereby represents and warrants to the Parent, as follows:

Good Title. The Shareholder is the record and beneficial owner, and has good and marketable title to its Company Shares, with the right and authority to sell and deliver such Company Shares to Parent as provided herein. Upon registering of the Parent as the new owner of such Company Shares in the share register of the Company, the Parent will receive good title to such Company Shares, free and clear of all liens, security interests, pledges, equities and claims of any kind, voting trusts, shareholder agreements and other encumbrances (collectively, "Liens").

Power and Authority. All acts required to be taken by the Shareholder to enter into this Agreement and to carry out the Transactions have been properly taken. This Agreement constitutes a legal, valid and binding obligation of the Shareholder, enforceable against such Shareholder in accordance with the terms hereof.

No Conflicts. The execution and delivery of this Agreement by the Shareholder and the performance by the Shareholder of his obligations hereunder in accordance with the terms hereof: (i) will not require the consent of any third party or any federal, state, local or foreign government or any court of competent jurisdiction, administrative agency or commission or other governmental authority or instrumentality, domestic or foreign ("Governmental Entity") under any statutes, laws, ordinances, rules, regulations, orders, writs, injunctions, judgments, or decrees (collectively, "Laws"); (ii) will not violate any Laws applicable to such Shareholder; and (iii) will not violate or breach any contractual obligation to which such Shareholder is a party.

No Finder's Fee. The Shareholder has not created any obligation for any finder's, investment banker's or broker's fee in connection with the Transactions that the Company or the Parent will be responsible for.

Purchase Entirely for Own Account. The Parent Stock proposed to be acquired by the Shareholder hereunder will be acquired for investment for his own account, and not with a view to the resale or distribution of any part thereof, and the Shareholder has no present intention of selling or otherwise distributing the Parent Stock or the shares of Parent Common Stock issuable upon conversion thereof (the "Parent Conversion Shares"), except in compliance with applicable securities laws.

Available Information. The Shareholder has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of an investment in the Parent.

Non-Registration. The Shareholder understands that the Parent Stock and the Parent Conversion Shares have not been registered under the Securities Act of 1933, as amended (the "Securities Act") and, if issued in accordance with the provisions of this Agreement, will be issued by reason of a specific exemption from the registration provisions of the Securities Act which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of the Shareholder's representations as expressed herein.

Restricted Securities. The Shareholder understands that the Parent Stock and the Parent Conversion Shares are characterized as "restricted securities" under the Securities Act inasmuch as this Agreement contemplates that, if acquired by the Shareholder pursuant hereto, the Parent Stock and the Parent Conversion Shares would be acquired in a transaction not involving a public offering. The Shareholder further acknowledges that if the Parent Stock and the Parent Conversion Shares are issued to the Shareholder in accordance with the provisions of this Agreement and the Certificate of Designations, such Parent Stock and Parent Conversion Shares may not be resold without registration under the Securities Act or the existence of an exemption therefrom. The Shareholder represents that it is familiar with Rule 144 promulgated under the Securities Act, as presently in effect, and understands the resale limitations imposed thereby and by the Securities Act.

Legends. It is understood that the Parent Stock and the Parent Conversion Shares will bear the following legend or another legend that is similar to the following:

> NEITHER [THE SHARES REPRESENTED BY THIS CERTIFICATE / THIS WARRANT] NOR THE SECURITIES INTO WHICH [SUCH SHARES / THIS WARRANT] IS [CONVERTIBLE / EXERCISABLE] HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. [THE SHARES REPRESENTED BY THIS CERTIFICATE / THIS WARRANT] AND THE SECURITIES INTO WHICH [SUCH SHARES / THIS WARRANT] IS [CONVERTIBLE / EXERCISABLE] HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS, OR AN OPINION OF COUNSEL, IN A FORM ACCEPTABLE TO THE COMPANY, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR APPLICABLE STATE SECURITIES LAWS OR UNLESS SOLD PURSUANT TO RULE 144 UNDER SAID ACT.

and any legend required by the "blue sky" laws of any state to the extent such laws are applicable to the securities represented by the certificate so legended.

Accredited Investor. The Shareholder is an "accredited investor" within the meaning of Rule 501 under the Securities Act and the Shareholder was not organized for the specific purpose of acquiring the Parent Stock.

SECTION 2.11 Shareholder Acknowledgment. Each of the Shareholders acknowledges that he or she has read the representations and warranties of the Company set forth in Article III herein and such representations and warranties are, to the best of his or her knowledge, true and correct as of the date hereof.

Representations and Warranties of the Company

The Company represents and warrants to the Parent, except as set forth in the disclosure schedules provided in connection herewith (the "Company Disclosure Schedules"), as follows:

Organization, Standing and Power. The Company is duly incorporated or organized, validly existing and in good standing under the laws of the State of Nevada and has the corporate power and authority and possesses all governmental franchises, licenses, permits, authorizations and approvals necessary to enable it to own, lease or otherwise hold its properties and assets and to conduct its businesses as presently conducted, other than such franchises, licenses, permits, authorizations and approvals the lack of which, individually or in the aggregate, has not had and would not reasonably be expected to have a material adverse effect on the Company, a material adverse effect on the ability of the Company to perform its obligations under this Agreement or on the ability of the Company to consummate the Transactions (a "Company Material Adverse Effect"). The Company is duly qualified to do business in each jurisdiction where the nature of its business or its ownership or leasing of its properties make such qualification necessary, except where the failure to so qualify would not reasonably be expected to have a Company Material Adverse Effect. The Company has delivered to the Parent true and complete copies of the articles of incorporation and bylaws of the Company, each as amended to the date of this Agreement (as so amended, the "Company Charter Documents"). The Company has no direct or indirect subsidiaries..

Capital Structure. The authorized share capital of the Company consists of thirty million (30,000,000) shares of common stock, with 1,750,001 shares of common stock issued and outstanding, and ten million (10,000,000) shares of preferred stock authorized of which no shares of preferred stock are issued and outstanding. No shares or other voting securities of the Company are issued, reserved for issuance or outstanding. All outstanding Company Shares are duly authorized, validly issued, fully paid and non-assessable and not subject to or issued in violation of any purchase option, call option, right of first refusal, preemptive right, subscription right or any similar right under any provision of the applicable corporate laws of its state of incorporation, the Company Charter Documents or any Contract (as defined in Section 3.04) to which the Company is a party or otherwise bound. There are no bonds, debentures, notes or other indebtedness of the Company having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which holders of Company Shares may vote ("Voting Company Debt"). As of the date of this Agreement, there are no options, warrants, rights, convertible or exchangeable securities, "phantom" stock rights, stock appreciation rights, stock-based performance units, commitments, Contracts, arrangements or undertakings of any kind to which the Company is a party or by which the Company is bound (i) obligating the Company to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares or other equity interests in, or any security convertible or exercisable for or exchangeable into any shares or capital stock or other equity interest in, the Company or any Voting Company Debt, (ii) obligating the Company to issue, grant, extend or enter into any such option, warrant, call, right, security, commitment, Contract, arrangement or undertaking or (iii) that give any person the right to receive any economic benefit or right similar to or derived from the economic benefits and rights occurring to holders of the shares or capital stock of the Company.

Authority; Execution and Delivery; Enforceability. The Company has all requisite corporate power and authority to execute and deliver this Agreement and to consummate the Transactions. The execution and delivery by the Company of this Agreement and the consummation by the Company of the Transactions have been duly authorized and approved by the Board of Directors of the Company and no other corporate proceedings on the part of the Company are necessary to authorize this Agreement and the Transactions. When executed and delivered, this Agreement will be enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency and similar laws of general applicability as to which the Company is subject.

No Conflicts; Consents.

The execution and delivery by the Company of this Agreement does not, and the consummation of the Transactions and compliance with the terms hereof and thereof will not, conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to loss of a material benefit under, or result in the creation of any Lien upon any of the properties or assets of the Company under any provision of (i) the Company Charter Documents, (ii) any material contract, lease, license, indenture, note, bond, agreement, permit, concession, franchise or other instrument (a "Contract") to which the Company is a party or by which any of their respective properties or assets is bound or (iii) subject to the filings and other matters referred to in Section 3.04(b), any material judgment, order or decree ("Judgment") or material Law applicable to the Company or its properties or assets, other than, in the case of clauses (ii) and (iii) above, any such items that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect.

Except for required filings with the Securities and Exchange Commission (the "SEC") and applicable "Blue Sky" or state securities commissions, no material consent, approval, license, permit, order or authorization ("Consent") of, or registration, declaration or filing with, or permit from, any Governmental Entity is required to be obtained or made by or with respect to the Company in connection with the execution, delivery and performance of this Agreement or the consummation of the Transactions.

Taxes.

The Company has timely filed, or has caused to be timely filed on its behalf, all Tax Returns required to be filed by it, and all such Tax Returns are true, complete and accurate, except to the extent any failure to file or any inaccuracies in any filed Tax Returns, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect. All Taxes shown to be due on such Tax Returns, or otherwise owed, have been timely paid, except to the extent that any failure to pay, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company know of no basis for any such claim.

If applicable, the Company has established an adequate reserve reflected on its financial statements for all Taxes payable by the Company (in addition to any reserve for deferred Taxes to reflect timing differences between book and Tax items) for all Taxable periods and portions thereof through the date of such financial statements. No deficiency with respect to any Taxes has been proposed, asserted or assessed against the Company, and no requests for waivers of the time to assess any such Taxes are pending, except to the extent any such deficiency or request for waiver, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect.

For purposes of this Agreement:

"Taxes" includes all forms of taxation, whenever created or imposed, and whether of the United States or elsewhere, and whether imposed by a local, municipal, governmental, state, foreign, federal or other Governmental Entity, or in connection with any agreement with respect to Taxes, including all interest, penalties and additions imposed with respect to such amounts.

"Tax Return" means all federal, state, local, provincial and foreign Tax returns, declarations, statements, reports, schedules, forms and information returns and any amended Tax return relating to Taxes.

Benefit Plans. The Company does not have or maintain any collective bargaining agreement or any bonus, pension, profit sharing, deferred compensation, incentive compensation, share ownership, share purchase, share option, phantom stock, retirement, vacation, severance, disability, death benefit, hospitalization, medical or other plan, arrangement or understanding (whether or not legally binding) providing benefits to any current or former employee, officer or director of the Company (collectively, "Company Benefit Plans"). As of the date of this Agreement there are no severance or termination agreements or arrangements between the Company and any current or former employee, officer or director of the Company, nor does the Company have any general severance plan or policy.

Litigation. There is no action, suit, inquiry, notice of violation, proceeding (including any partial proceeding such as a deposition) or investigation pending or threatened in writing against or affecting the Company, or any of its properties before or by any court, arbitrator, governmental or administrative agency, regulatory authority (federal, state, county, local or foreign), stock market, stock exchange or trading facility ("Action") which (i) adversely affects or challenges the legality, validity or enforceability of any of this Agreement or the Parent Stock or (ii) could, if there were an unfavorable decision, individually or in the aggregate, have or reasonably be expected to result in a Company Material Adverse Effect. Neither the Company nor any director or officer thereof (in his or her capacity as such), is or has been the subject of any Action involving a claim or violation of or liability under federal or state securities laws or a claim of breach of fiduciary duty.

Compliance with Applicable Laws. The Company is in compliance with all applicable Laws, including those relating to occupational health and safety and the environment, except for instances of noncompliance that, individually and in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect. This Section 3.08 does not relate to matters with respect to Taxes, which are the subject of Section 3.05.

Brokers; Schedule of Fees and Expenses. Except for those brokers as to which the Company and Parent shall be solely responsible, no broker, investment banker, financial advisor or other person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the Transactions based upon arrangements made by or on behalf of the Company.

Contracts. Except as disclosed in the Company Disclosure Schedule, there are no Contracts that are material to the business, properties, assets, condition (financial or otherwise), results of operations or prospects of the Company and its subsidiaries taken as a whole. The Company is not in violation of or in default under (nor does there exist any condition which upon the passage of time or the giving of notice would cause such a violation of or default under) any Contract to which it is a party or by which it or any of its properties or assets is bound, except for violations or defaults that would not, individually or in the aggregate, reasonably be expected to result in a Company Material Adverse Effect.

Title to Properties. The Company does not own any real property. The Company has sufficient title to, or valid leasehold interests in, all of its properties and assets used in the conduct of its businesses all of which are set forth on the Company Disclosure Schedule. All such assets and properties, other than assets and properties in which the Company has leasehold interests, are free and clear of all Liens other than those Liens that, in the aggregate, do not and will not materially interfere with the ability of the Company to conduct business as currently conducted.

Labor Relations. No labor dispute exists or, to the knowledge of the Company, is imminent with respect to any of the employees of the Company, which could reasonably be expected to result in a Company Material Adverse Effect. None of the Company's or its subsidiaries' employees is a member of a union that relates to such employee's relationship with the Company or such subsidiary, and neither the Company nor any of its subsidiaries is a party to a collective bargaining agreement, and the Company and its Subsidiaries believe that their relationships with their employees are good. To the knowledge of the Company, no executive officer of the Company or any subsidiary, is, or is now expected to be, in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement or non-competition agreement, or any other contract or agreement or any restrictive covenant in favor of any third party, and the continued employment of each such executive officer does not subject the Company or any of its subsidiaries to any liability with respect to any of the foregoing matters. The Company and its subsidiaries are in compliance with all U.S. federal, state, local and foreign laws and regulations relating to employment and employment practices, terms and conditions of employment and wages and hours, except where the failure to be in compliance could not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

Insurance. The Company does not hold any insurance policy.

Transactions With Affiliates and Employees. Except as set forth on the Company Disclosure Schedule, none of the officers or directors of the Company and, to the knowledge of the Company, none of the employees of the Company is presently a party to any transaction with the Company (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner.

Application of Takeover Protections. The Company has taken all necessary action, if any, in order to render inapplicable any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or other similar anti-takeover provision under the Company's charter documents or the laws of its state of incorporation that is or could become applicable to the Shareholders as a result of the Shareholders and the Company fulfilling their obligations or exercising their rights under this Agreement, including, without limitation, the issuance of the Parent Stock and the Shareholders' ownership of the Parent Stock.

No Additional Agreements. The Company does not have any agreement or understanding with any Shareholder with respect to the Transactions other than as specified in this Agreement.

Investment Company. The Company is not, and is not an affiliate of, and immediately following the Closing will not have become, an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

Disclosure. The Company confirms that neither it nor any person acting on its behalf has provided the Shareholders or their respective agents or counsel with any information that the Company believes constitutes material, non-public information, except insofar as the existence and terms of the proposed transactions hereunder may constitute such information and except for information that will be disclosed by the Parent under a current report on Form 8-K filed no later than four (4) business days after the Closing. The Company understands and confirms that the Parent will rely on the foregoing representations and covenants in effecting transactions in securities of the Parent. All disclosure provided to the Parent regarding the Company, its business and the Transactions, furnished by or on behalf of the Company (including the Company's representations and warranties set forth in this Agreement) are true and correct and do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

Absence of Certain Changes or Events. Except in connection with the Transactions and as disclosed in the Company Disclosure Schedule, since inception, the Company has conducted its business only in the ordinary course, and during such period there has not been:

any change in the assets, liabilities, financial condition or operating results of the Company, except changes in the ordinary course of business that have not caused, in the aggregate, a Company Material Adverse Effect;

any damage, destruction or loss, whether or not covered by insurance, that would have a Company Material Adverse Effect;

any waiver or compromise by the Company of a valuable right or of a material debt owed to it;

any satisfaction or discharge of any lien, claim, or encumbrance or payment of any obligation by the Company, except in the ordinary course of business and the satisfaction or discharge of which would not have a Company Material Adverse Effect;

any material change to a material Contract by which the Company or any of its assets is bound or subject;

any mortgage, pledge, transfer of a security interest in, or lien, created by the Company, with respect to any of its material properties or assets, except liens for taxes not yet due or payable and liens that arise in the ordinary course of business and does not materially impair the Company's ownership or use of such property or assets;

any loans or guarantees made by the Company to or for the benefit of its employees, officers or directors, or any members of their immediate families, other than travel advances and other advances made in the ordinary course of its business;

any alteration of the Company's method of accounting or the identity of its auditors;

any declaration or payment of dividend or distribution of cash or other property to the Shareholders or any purchase, redemption or agreements to purchase or redeem any Company Shares;

any issuance of equity securities to any officer, director or affiliate; or

any arrangement or commitment by the Company to do any of the things described in this Section.

Foreign Corrupt Practices. Neither the Company, nor, to the Company's knowledge, any director, officer, agent, employee or other person acting on behalf of the Company has, in the course of its actions for, or on behalf of, the Company (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended; or (iv) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any foreign or domestic government official or employee.

SECTION 3.21 Compliance. Neither the Company nor any subsidiary: (i) is in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Company or any subsidiary under), nor has the Company or any subsidiary received written notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived), (ii) is in violation of any judgment, decree or order of any court, arbitrator or other governmental authority or (iii) is or has been in violation of any statute, rule, ordinance or regulation of any governmental authority, including without limitation all foreign, federal, state and local laws relating to taxes, environmental protection, occupational health and safety, product quality and safety and employment and labor matters, except in each case as could not have or reasonably be expected to result in a Company Material Adverse Effect.

SECTION 3.22 Regulatory Permits. The Company and its subsidiaries possess all certificates, authorizations and permits issued by the appropriate federal, state, local or foreign regulatory authorities necessary to conduct their respective businesses as described on the Company Disclosure Schedule, except where the failure to possess such permits could not reasonably be expected to result in a Company Material Adverse Effect ("Material Permits"), and neither the Company nor any subsidiary has received any written notice of proceedings relating to the revocation or modification of any Material Permit.

SECTION 3.23 Intellectual Property. The Company has, or has rights to use, all patents, patent applications, trademarks, trademark applications, service marks, trade names, trade secrets, inventions, copyrights, licenses and other intellectual property rights and similar rights necessary or required for use in connection with their respective businesses and which the failure to so have could have a Company Material Adverse Effect (collectively, the "Intellectual Property Rights"). All Intellectual Property Rights are set forth on the Company Disclosure Schedule. None of, and neither the Company nor any subsidiary has received a written notice that any of, the Intellectual Property Rights has expired, terminated or been abandoned, or is expected to expire or terminate or be abandoned, within two (2) years from the date of this Agreement. Neither the Company nor any subsidiary has received a written notice of a claim or otherwise has any knowledge that the Intellectual Property Rights violate or infringe upon the rights of any person, except as could not have or reasonably be expected to not have a Company Material Adverse Effect. All such Intellectual Property Rights are enforceable and there is no existing infringement by another person of any of the Intellectual Property Rights. The Company and its subsidiaries have taken reasonable security measures to protect the secrecy, confidentiality and value of all of their intellectual properties, except where failure to do so could not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

SECTION 3.24 Office of Foreign Assets Control. Neither the Company nor any of its Subsidiaries nor, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC").

SECTION 3.25 U.S. Real Property Holding Corporation. The Company is not and has never been a U.S. real property holding corporation within the meaning of Section 897 of the Internal Revenue Code of 1986, as amended.

Section 3.26 Bank Holding Company Act. Neither the Company nor any of its subsidiaries or affiliates is subject to the Bank Holding Company Act of 1956, as amended (the "BHCA") and to regulation by the Board of Governors of the Federal Reserve System (the "Federal Reserve"). Neither the Company nor any of its subsidiaries or affiliates owns or controls, directly or indirectly, five percent (5%) or more of the outstanding shares of any class of voting securities or twenty-five percent or more of the total equity of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve. Neither the Company nor any of its subsidiaries or affiliates exercises a controlling influence over the management or policies of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve.

SECTION 3.27 Money Laundering. The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with applicable financial record-keeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, applicable money laundering statutes and applicable rules and regulations thereunder (collectively, the "Money Laundering Laws"), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any subsidiary with respect to the Money Laundering Laws is pending or, to the knowledge of the Company or any subsidiary, threatened

Representations and Warranties of the Parent

The Parent represents and warrants as follows to the Shareholders and the Company, that, except as set forth in the reports, schedules, forms, statements and other documents filed by the Parent with the SEC and publicly available prior to the date of the Agreement (the "Parent SEC Documents") or specifically referenced on a disclosure schedule (the "Parent Disclosure Schedules":

Organization, Standing and Power. The Parent is duly organized, validly existing and in good standing under the laws of the State of Nevada and has full corporate power and authority and possesses all governmental franchises, licenses, permits, authorizations and approvals necessary to enable it to own, lease or otherwise hold its properties and assets and to conduct its businesses as presently conducted, other than such franchises, licenses, permits, authorizations and approvals the lack of which, individually or in the aggregate, has not had and would not reasonably be expected to have a material adverse effect on the Parent, a material adverse effect on the ability of the Parent to perform its obligations under this Agreement or on the ability of the Parent to consummate the Transactions (a "Parent Material Adverse Effect"). The Parent is duly qualified to do business in each jurisdiction where the nature of its business or their ownership or leasing of its properties make such qualification necessary and where the failure to so qualify would reasonably be expected to have a Parent Material Adverse Effect. The Parent has delivered to the Company true and complete copies of the articles of incorporation of the Parent, as amended to the date of this Agreement (as so amended, the "Parent Charter"), and the Bylaws of the Parent, as amended to the date of this Agreement (as so amended, the "Parent Bylaws").

Subsidiaries; Equity Interests. Except as set forth in the Parent SEC Documents, the Parent does not own, directly or indirectly, any capital stock, membership interest, partnership interest, joint venture interest or other equity interest in any person.

Capital Structure. The authorized capital stock of the Parent consists of One Hundred and Seventy Million (170,000,000) shares of Parent Common Stock, no par value per share, and Fifteen Million (15,000,000) shares of preferred stock, no par value per share, of which (i) 8,179,680 shares of Parent Common Stock are issued and outstanding, (ii) Two Million (2,000,000) shares of preferred stock are designated as Series A Convertible Preferred Stock of which 11,112.73 shares of Series A Convertible Preferred Stock are issued and outstanding and convertible into 1,111,273shares of Parent Common Stock, and (iii) no shares of Parent Common Stock or preferred stock are held by the Parent in its treasury. Except as set forth in the SEC Documents, no other shares of capital stock or other voting securities of the Parent were issued, reserved for issuance or outstanding. All outstanding shares of the capital stock of the Parent are, and all such shares that may be issued prior to the date hereof will be when issued, duly authorized, validly issued, fully paid and non-assessable and not subject to or issued in violation of any purchase option, call option, right of first refusal, preemptive right, subscription right or any similar right under any provision of the Nevada Revised Statutes, the Parent Charter, the Parent Bylaws or any Contract to which the Parent is a party or otherwise bound. Except as set forth in the SEC Documents, there are no bonds, debentures, notes or other indebtedness of the Parent having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which holders of Parent Stock may vote ("Voting Parent Debt"). Except in connection with the Transactions or as described in the SEC Documents, as of the date of this Agreement, there are no options, warrants, rights, convertible or exchangeable securities, "phantom" stock rights, stock appreciation rights, stock-based performance units, commitments, Contracts, arrangements or undertakings of any kind to which the Parent is a party or by which it is bound (i) obligating the Parent to issue, deliver or sell, or cause to be issued, delivered or sold, additional shares of capital stock or other equity interests in, or any security convertible or exercisable for or exchangeable into any capital stock of or other equity interest in, the Parent or any Voting Parent Debt, (ii) obligating the Parent to issue, grant, extend or enter into any such option, warrant, call, right, security, commitment, Contract, arrangement or undertaking or (iii) that give any person the right to receive any economic benefit or right similar to or derived from the economic benefits and rights occurring to holders of the capital stock of the Parent. As of the date of this Agreement, there are no outstanding contractual obligations of the Parent to repurchase, redeem or otherwise acquire any shares of capital stock of the Parent. Other than as set forth in the SEC Documents, the Parent is not a party to any agreement granting any security holder of the Parent the right to cause the Parent to register shares of the capital stock or other securities of the Parent held by such security holder under the Securities Act. The stockholder list provided to the Company is a current stockholder list generated by its stock transfer agent, and such list accurately reflects all of the issued and outstanding shares of the Parent Stock as at the Closing.

Authority; Execution and Delivery; Enforceability. The execution and delivery by the Parent of this Agreement and the consummation by the Parent of the Transactions have been duly authorized and approved by the Board of Directors of the Parent and no other corporate proceedings on the part of the Parent are necessary to authorize this Agreement and the Transactions. This Agreement constitutes a legal, valid and binding obligation of the Parent, enforceable against the Parent in accordance with the terms hereof.

No Conflicts; Consents.

The execution and delivery by the Parent of this Agreement, does not, and the consummation of Transactions and compliance with the terms hereof and thereof will not, conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to loss of a material benefit under, or to increased, additional, accelerated or guaranteed rights or entitlements of any person under, or result in the creation of any Lien upon any of the properties or assets of the Parent under, any provision of (i) the Parent Charter or Parent Bylaws, (ii) any material Contract to which the Parent is a party or by which any of its properties or assets is bound or (iii) subject to the filings and other matters referred to in Section 4.05(b), any material Judgment or material Law applicable to the Parent or its properties or assets, other than, in the case of clauses (ii) and (iii) above, any such items that, individually or in the aggregate, have not had and would not reasonably be expected to have a Parent Material Adverse Effect.

No Consent of, or registration, declaration or filing with, or permit from, any Governmental Entity is required to be obtained or made by or with respect to the Parent in connection with the execution, delivery and performance of this Agreement or the consummation of the Transactions, other than the (A) filing with the SEC of a Current Report on Form 8-K disclosing the Transactions contemplated hereby, including all required exhibits thereto; (B) filings under state "blue sky" laws, as each may be required in connection with this Agreement and the Transactions; (C) the listing of the Parent Conversion Shares with The NASDAQ Capital Market pursuant to a Listing of Additional Shares Application with The NASDAQ Stock Market LLC ("NASDAQ Listing Approval") and (D) the approval of the Parent's stockholders pursuant to Rule 5635 of The NASDAQ Stock Market LLC ("Parent Stockholder Approval").

SEC Documents; Undisclosed and Liabilities.

The Parent has filed all Parent SEC Documents for the prior two years, pursuant to Sections 13 and 15 of the Exchange Act, as applicable.

As of its respective filing date, each Parent SEC Document complied in all material respects with the requirements of the Exchange Act and the rules and regulations of the SEC promulgated thereunder applicable to such Parent SEC Document, and did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Except to the extent that information contained in any Parent SEC Document has been revised or superseded by a later filed Parent SEC Document, none of the Parent SEC Documents contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of the Parent included in the Parent SEC Documents comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with the U.S. generally accepted accounting principles ("GAAP") (except, in the case of unaudited statements, as permitted by the rules and regulations of the SEC) applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly present the financial position of Parent as of the dates thereof and the results of its operations and cash flows for the periods shown (subject, in the case of unaudited statements, to normal year-end audit adjustments).

Except as set forth in the Parent SEC Documents, the Parent has no liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) required by GAAP to be set forth on a balance sheet of the Parent or in the notes thereto. The Parent SEC Documents sets forth all financial and contractual obligations and liabilities (including any obligations to issue capital stock or other securities of the Parent) due after the date hereof.

Information Supplied. None of the information supplied or to be supplied by the Parent for inclusion or incorporation by reference in any Parent SEC Document or report contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

Absence of Certain Changes or Events. Except as disclosed in the filed Parent SEC Documents, from the date of the most recent audited financial statements included in the filed Parent SEC Documents to the date of this Agreement, the Parent has conducted its business only in the ordinary course, and during such period there has not been:

any change in the assets, liabilities, financial condition or operating results of the Parent from that reflected in the Parent SEC Documents, except changes in the ordinary course of business that have not caused, in the aggregate, a Parent Material Adverse Effect;

any damage, destruction or loss, whether or not covered by insurance, that would have a Parent Material Adverse Effect;

any waiver or compromise by the Parent of a valuable right or of a material debt owed to it;

any satisfaction or discharge of any lien, claim, or encumbrance or payment of any obligation by the Parent, except in the ordinary course of business and the satisfaction or discharge of which would not have a Parent Material Adverse Effect;

any material change to a material Contract by which the Parent or any of its assets is bound or subject;

any material change in any compensation arrangement or agreement with any employee, officer, director or stockholder;

any resignation or termination of employment of any officer of the Parent;

any mortgage, pledge, transfer of a security interest in, or lien, created by the Parent, with respect to any of its material properties or assets, except liens for taxes not yet due or payable and liens that arise in the ordinary course of business and do not materially impair the Parent's ownership or use of such property or assets;

any loans or guarantees made by the Parent to or for the benefit of its employees, officers or directors, or any members of their immediate families, other than travel advances and other advances made in the ordinary course of its business;

any declaration, setting aside or payment or other distribution in respect of any of the Parent's capital stock, or any direct or indirect redemption, purchase, or other acquisition of any of such stock by the Parent;

any alteration of the Parent's method of accounting or the identity of its auditors;

any issuance of equity securities to any officer, director or affiliate, except pursuant to existing Parent stock option plans; or

any arrangement or commitment by the Parent to do any of the things described in this Section 4.08.

Taxes.

The Parent has timely filed, or has caused to be timely filed on its behalf, all Tax Returns required to be filed by it, and all such Tax Returns are true, complete and accurate, except to the extent any failure to file, any delinquency in filing or any inaccuracies in any filed Tax Returns, individually or in the aggregate, have not had and would not reasonably be expected to have a Parent Material Adverse Effect. All Taxes shown to be due on such Tax Returns, or otherwise owed, has been timely paid, except to the extent that any failure to pay, individually or in the aggregate, has not had and would not reasonably be expected to have a Parent Material Adverse Effect.

The most recent financial statements contained in the Parent SEC Documents reflect an adequate reserve for all Taxes payable by the Parent (in addition to any reserve for deferred Taxes to reflect timing differences between book and Tax items) for all Taxable periods and portions thereof through the date of such financial statements. No deficiency with respect to any Taxes has been proposed, asserted or assessed against the Parent, and no requests for waivers of the time to assess any such Taxes are pending, except to the extent any such deficiency or request for waiver, individually or in the aggregate, has not had and would not reasonably be expected to have a Parent Material Adverse Effect.

There are no Liens for Taxes (other than for current Taxes not yet due and payable) on the assets of the Parent. The Parent is not bound by any agreement with respect to Taxes.

Absence of Changes in Benefit Plans. From the date of the most recent audited financial statements included in the Parent SEC Documents to the date of this Agreement, there has not been any adoption or amendment in any material respect by Parent of any collective bargaining agreement or any bonus, pension, profit sharing, deferred compensation, incentive compensation, stock ownership, stock purchase, stock option, phantom stock, retirement, vacation, severance, disability, death benefit, hospitalization, medical or other plan, arrangement or understanding (whether or not legally binding) providing benefits to any current or former employee, officer or director of Parent (collectively, "Parent Benefit Plans"). Except as set forth in the Parent SEC Documents, as of the date of this Agreement there are not any employment, consulting, indemnification, severance or termination agreements or arrangements between the Parent and any current or former employee, officer or director of the Parent, nor does the Parent have any general severance plan or policy.

ERISA Compliance; Excess Parachute Payments. The Parent does not, and since its inception never has, maintained, or contributed to any "employee pension benefit plans" (as defined in Section 3(2) of ERISA), "employee welfare benefit plans" (as defined in Section 3(1) of ERISA) or any other Parent Benefit Plan for the benefit of any current or former employees, consultants, officers or directors of Parent.

Litigation. Except as disclosed in the Parent SEC Documents, there is no Action which (i) adversely affects or challenges the legality, validity or enforceability of any of this Agreement or the Parent Stock or (ii) could, if there were an unfavorable decision, individually or in the aggregate, have or reasonably be expected to result in a Parent Material Adverse Effect. Neither the Parent nor any director or officer thereof (in his or her capacity as such), is or has been the subject of any Action involving a claim or violation of or liability under federal or state securities laws or a claim of breach of fiduciary duty.

Compliance with Applicable Laws. Except as disclosed in the Parent SEC Documents, the Parent is in compliance with all applicable Laws, including those relating to occupational health and safety, the environment, export controls, trade sanctions and embargoes, except for instances of noncompliance that, individually and in the aggregate, have not had and would not reasonably be expected to have a Parent Material Adverse Effect. Except as set forth in the Parent SEC Documents, the Parent has not received any written communication during the past two years from a Governmental Entity that alleges that the Parent is not in compliance in any material respect with any applicable Law. The Parent is in compliance with all effective requirements of the Sarbanes-Oxley Act of 2002, as amended, and the rules and regulations thereunder, that are applicable to it, except where such noncompliance could not have or reasonably be expected to result in a Parent Material Adverse Effect.

Contracts. Except as disclosed in the Parent SEC Documents, there are no Contracts that are material to the business, properties, assets, condition (financial or otherwise), results of operations or prospects of the Parent taken as a whole. The Parent is not in violation of or in default under (nor does there exist any condition which upon the passage of time or the giving of notice would cause such a violation of or default under) any Contract to which it is a party or by which it or any of its properties or assets is bound, except for violations or defaults that would not, individually or in the aggregate, reasonably be expected to result in a Parent Material Adverse Effect.

Title to Properties. The Parent has good title to, or valid leasehold interests in, all of its properties and assets used in the conduct of its businesses. All such assets and properties, other than assets and properties in which the Parent has leasehold interests, are free and clear of all Liens and except for Liens that, in the aggregate, do not and will not materially interfere with the ability of the Parent to conduct business as currently conducted. The Parent has complied in all material respects with the terms of all material leases to which it is a party and under which it is in occupancy, and all such leases are in full force and effect. The Parent enjoys peaceful and undisturbed possession under all such material leases.

Intellectual Property. The Parent owns, or is validly licensed or otherwise has the right to use, all Intellectual Property Rights which are material to the conduct of the business of the Parent taken as a whole. No claims are pending or, to the knowledge of the Parent, threatened that the Parent is infringing or otherwise adversely affecting the rights of any person with regard to any Intellectual Property Right. To the knowledge of the Parent, no person is infringing the rights of the Parent with respect to any Intellectual Property Right.

Labor Matters. There are no collective bargaining or other labor union agreements to which the Parent is a party or by which it is bound. No material labor dispute exists or, to the knowledge of the Parent, is imminent with respect to any of the employees of the Parent.

Transactions With Affiliates and Employees. Except as set forth in the Parent SEC Documents, none of the officers or directors of the Parent and, to the knowledge of the Parent, none of the employees of the Parent is presently a party to any transaction with the Parent or any subsidiary (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Parent, any entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee or partner.

Application of Takeover Protections. The Parent has taken all necessary action, if any, in order to render inapplicable any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or other similar anti-takeover provision under the Parent's charter documents or the laws of its state of incorporation that is or could become applicable to the Shareholders as a result of the Shareholders and the Parent fulfilling their obligations or exercising their rights under this Agreement, including, without limitation, the issuance of the Parent Stock and the Shareholders' ownership of the Parent Stock.

No Additional Agreements. The Parent does not have any agreement or understanding with the Shareholders with respect to the Transactions other than as specified in this Agreement.

Investment Company. The Parent is not, and is not an affiliate of, and immediately following the Closing will not have become, an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

Disclosure. The Parent confirms that neither it nor any person acting on its behalf has provided any Shareholder or its respective agents or counsel with any information that the Parent believes constitutes material, non-public information except insofar as the existence and terms of the proposed transactions hereunder may constitute such information and except for information that will be disclosed by the Parent under a current report on Form 8-K filed after the Closing. All disclosure provided to the Shareholders regarding the Parent, its business and the transactions contemplated hereby, furnished by or on behalf of the Parent (including the Parent's representations and warranties set forth in this Agreement) are true and correct and do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

Certain Registration Matters. Except as specified in the Parent SEC Documents or on the Parent Disclosure Schedules, the Parent has not granted or agreed to grant to any person any rights (including "piggy-back" registration rights) to have any securities of the Parent registered with the SEC or any other governmental authority that have not been satisfied.

Listing and Maintenance Requirements. The Parent is, and has no reason to believe that it will not in the foreseeable future continue to be, in compliance with the listing and maintenance requirements for continued listing of the Parent Conversion Shares on the trading market on which the shares of Parent Common Stock are currently listed or quoted. Subject to Parent Stockholder Approval and NASDAQ Listing Approval, the issuance and sale of the shares of Parent Stock under this Agreement does not contravene the rules and regulations of the trading market on which the Parent Stock are currently listed or quoted.

Parent Stock. Upon issue to the Shareholders, the Parent Stock will be duly and validly issued, fully paid and non-assessable shares of preferred stock in the capital of the Company having such rights as are set forth in the Certificate of Designations.

Deliveries

Deliveries of the Shareholders.

Concurrently herewith the Shareholders are delivering to the Parent this Agreement executed by the Shareholders.

At or prior to the Closing, the Shareholders shall deliver to the Parent:

This Agreement, executed by the Shareholders

this Agreement which shall constitute a duly executed share transfer power for transfer by the Shareholders of their Company Shares to the Parent (which Agreement shall constitute a limited power of attorney in the Parent or any officer thereof to effectuate any Share transfers as may be required under applicable law, including, without limitation, recording such transfer in the share registry maintained by the Company for such purpose).

Deliveries of the Parent.

Concurrently herewith, the Parent is delivering to the Shareholders and to the Company, a copy of this Agreement executed by the Parent.

At or prior to the Closing, the Parent shall deliver to the Company:

A stamped copy of the Certificate of Designations as filed with the Secretary of State of the State of Nevada.

Promptly following the Closing, the Parent shall deliver to the Shareholders, certificates representing the new shares of Parent Stock issued to the Shareholders set forth on Exhibit B.

Deliveries of the Company.

Concurrently herewith, the Company is delivering to the Parent this Agreement executed by the Company.

At or prior to the Closing, the Company shall deliver to the Parent"

a certificate from the Company, signed by its Secretary or Assistant Secretary certifying that the attached copies of the Company's Charter Documents and resolutions of the Board of Directors of the Company approving this Agreement and the Transactions, are all true, complete and correct and remain in full force and effect; and

A shareholder list, certified by the Company's Chief Financial Officer.

Conditions to Closing

Shareholders and Company Conditions Precedent. The obligations of the Shareholders and the Company to enter into and complete the Closing is subject, at the option of the Shareholders and the Company, to the fulfillment on or prior to the Closing Date of the following conditions.

Representations and Covenants. The representations and warranties of the Parent contained in this Agreement shall be true in all material respects on and as of the Closing Date with the same force and effect as though made on and as of the Closing Date. The Parent shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by the Parent on or prior to the Closing Date. The Parent shall have delivered to the Shareholder and the Company, a certificate, dated the Closing Date, to the foregoing effect.

Litigation. No action, suit or proceeding shall have been instituted before any court or governmental or regulatory body or instituted or threatened by any governmental or regulatory body to restrain, modify or prevent the carrying out of the Transactions or to seek damages or a discovery order in connection with such Transactions, or which has or may have, in the reasonable opinion of the Company or the Shareholders, a materially adverse effect on the assets, properties, business, operations or condition (financial or otherwise) of the Parent.

No Material Adverse Change. There shall not have been any occurrence, event, incident, action, failure to act, or transaction since June 30, 2017 which has had or is reasonably likely to cause a Parent Material Adverse Effect.

Post-Closing Capitalization. At, and immediately after, the Closing, the authorized capitalization, and the number of issued and outstanding shares of capital stock of the Parent, on a fully-diluted basis, shall be as described in the Parent SEC Documents.

SEC Reports. The Parent shall have filed all reports and other documents required to be filed by Parent under the U.S. federal securities laws through the Closing Date.

NASDAQ Listing. The Parent shall have maintained its status as a Company whose common stock is listed on The NASDAQ Capital Market and Parent shall not have received any notice that any reason shall exist as to why such status shall not continue immediately following the Closing.

Deliveries. The deliveries specified in Section 5.02 shall have been made by the Parent.

No Suspensions of Trading in Parent Stock; Listing. Trading in the Parent Common stock shall not have been suspended by the SEC or any trading market (except for any suspensions of trading of not more than one trading day solely to permit dissemination of material information regarding the Parent) at any time since the date of execution of this Agreement, and the Parent Common Stock shall have been at all times since such date listed for trading on a trading market.

Satisfactory Completion of Due Diligence. The Company and the Shareholders shall have completed their legal, accounting and business due diligence of the Parent and the results thereof shall be satisfactory to the Company and the Shareholders in their sole and absolute discretion.

Parent Conditions Precedent. The obligations of the Parent to enter into and complete the Closing are subject, at the option of the Parent, to the fulfillment on or prior to the Closing Date of the following conditions, any one or more of which may be waived by the Parent in writing.

Representations and Covenants. The representations and warranties of the Shareholders and the Company contained in this Agreement shall be true in all material respects on and as of the Closing Date with the same force and effect as though made on and as of the Closing Date. The Shareholders and the Company shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by the Shareholders and the Company on or prior to the Closing Date. The Company shall have delivered to the Parent a certificate, dated the Closing Date, to the foregoing effect.

Litigation. No action, suit or proceeding shall have been instituted before any court or governmental or regulatory body or instituted or threatened by any governmental or regulatory body to restrain, modify or prevent the carrying out of the Transactions or to seek damages or a discovery order in connection with such Transactions, or which has or may have, in the reasonable opinion of the Parent, a materially adverse effect on the assets, properties, business, operations or condition (financial or otherwise) of the Company.

No Material Adverse Change. There shall not have been any occurrence, event, incident, action, failure to act, or transaction since the date hereof which has had or is reasonably likely to cause a Company Material Adverse Effect.

Deliveries. The deliveries specified in Section 5.01 and Section 5.03 shall have been made by the Shareholders and the Company, respectively.

Post-Closing Capitalization. At, and immediately after, the Closing, the authorized capitalization, and the number of issued and outstanding shares of the Company, on a fully-diluted basis, shall be described in the Company Disclosure Schedule.

Satisfactory Completion of Due Diligence. The Parent shall have completed its legal, accounting and business due diligence of the Company and the results thereof shall be satisfactory to the Parent in its sole and absolute discretion.

Cash on Hand. The Company shall have delivered evidence that, as of the Closing Date, it has a minimum of Nine Hundred Thousand Dollars ($900,000) of cash on hand.

Covenants

Public Announcements. The Parent and the Company will consult with each other before issuing, and provide each other the opportunity to review and comment upon, any press releases or other public statements with respect to the Agreement and the Transactions and shall not issue any such press release or make any such public statement prior to such consultation, except as may be required by applicable Law, court process or by obligations pursuant to any listing agreement with any national securities exchanges.

Fees and Expenses. All fees and expenses incurred in connection with this Agreement shall be paid by the Party incurring such fees or expenses, whether or not this Agreement is consummated.

Continued Efforts. Each Party shall use commercially reasonable efforts to (a) take all action reasonably necessary to consummate the Transactions, and (b) take such steps and do such acts as may be necessary to keep all of its representations and warranties true and correct as of the Closing Date with the same effect as if the same had been made, and this Agreement had been dated, as of the Closing Date.

Exclusivity. Each of the Parent and the Company shall not (and shall not cause or permit any of their affiliates to) engage in any discussions or negotiations with any person or take any action that would be inconsistent with the Transactions and that has the effect of avoiding the Closing contemplated hereby. Each of the Parent and the Company shall notify each other immediately if any person makes any proposal, offer, inquiry, or contact with respect to any of the foregoing.

Filing of 8-K and Press Release. The Parent shall file, no later than four (4) business days of the Closing Date, a current report on Form 8-K with the SEC disclosing the terms of this Agreement and other requisite disclosure regarding the Transactions.

Access. Each Party shall permit representatives of any other Party to have full access to all premises, properties, personnel, books, records (including Tax records), contracts, and documents of or pertaining to such Party.

Preservation of Business. From the date of this Agreement until the Closing Date, the Company shall operate only in the ordinary and usual course of business consistent with their respective past practices, and shall use reasonable commercial efforts to (a) preserve intact their respective business organizations, (b) preserve the good will and advantageous relationships with customers, suppliers, independent contractors, employees and other persons material to the operation of their respective businesses, and (c) not permit any action or omission that would cause any of their respective representations or warranties contained herein to become inaccurate or any of their respective covenants to be breached in any material respect.

Company Financial Statements. The Company shall, not later than 45 days after execution of this Agreement, deliver to the Parent its opening balance sheet audited by a PCAOB firm as well as pro forma financial statements of the post-Transaction balance sheet of the Parent, on a consolidated basis, and such additional information as is required for the Parent's preliminary proxy statement on Schedule 14A (the "Proxy Statement") relating to the Parent's obligation to obtain Parent Stockholder Approval and NASDAQ Listing Approval and the related Current Reports on Form 8-K required in connection with the Closing.

SECTION 7.09 Royalty. After the Closing, the Parent shall pay to the Shareholders set forth on Exhibit C, on a pro rata basis based on their percentage of ownership in the Company prior to Closing, as set forth on Exhibit B hereto, a royalty (the "Royalty" equal to Forty Percent (40%) of the Gross Profits generated from the operations of the Company on a post merger basis. The Royalty will be calculated on a quarterly basis and paid within thirty (30) days of the end of Parent's fiscal quarter. The Royalty will terminate upon the Company making total payments to the Shareholders, on an aggregate basis, of One Million Dollars ($1,000,000). For purposes of this Section 7.09, "Gross Profits" shall be defined as the sum of all gross sources of revenue less the sum of all direct costs incurred in the generation of such revenues, as computed under GAAP.Upon the request of any Shareholder delivered to the Parent in writing, the Parent shall supply the requesting Shareholder a statement reflecting the Parent's calculation of Gross Profits, as defined herein, and the royalty payments paid or to be paid to the Shareholder, for any specified Parent fiscal quarter.

Miscellaneous

Notices. All notices, requests, claims, demands and other communications under this Agreement shall be in writing and shall be deemed given upon receipt by the Parties at the following addresses (or at such other address for a Party as shall be specified by like notice):

If to the Parent, to:
Riot Blockchain, Inc.
834-F South Perry Street, Suite 443
Castle Rock, CO 80104
Attn: President

With a copy to (which shall not constitute notice):
Sichenzia Ross Ference Kesner LLP
1185 Avenue of the Americas, 37th Floor
New York, NY 10036
Attn: Harvey J. Kesner, Esq.

If to the Company, to:
Kairos Global Technology, Inc.
1815 Purdy Avenue
Miami Beach, FL 33139

With a copy to (which shall not constitute notice):

Laxague Law, Inc.
1 East Liberty, Suite 600
Reno, NV 89501
Attn: Joe Laxague, Esq.

If to the Shareholders at the addresses set forth in Exhibit A hereto.

Amendments; Waivers; No Additional Consideration. No provision of this Agreement may be waived or amended except in a written instrument signed by the Company, Parent and the Shareholders. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any Party to exercise any right hereunder in any manner impair the exercise of any such right.

Replacement of Securities. If any certificate or instrument evidencing any Parent Stock is mutilated, lost, stolen or destroyed, the Parent shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof, or in lieu of and substitution therefore, a new certificate or instrument, but only upon receipt of evidence reasonably satisfactory to the Parent of such loss, theft or destruction and customary and reasonable indemnity, if requested. The applicants for a new certificate or instrument under such circumstances shall also pay any reasonable third-party costs associated with the issuance of such replacement Parent Stock. If a replacement certificate or instrument evidencing any Parent Stock is requested due to a mutilation thereof, the Parent may require delivery of such mutilated certificate or instrument as a condition precedent to any issuance of a replacement.

Remedies. In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, the Shareholders, Parent and the Company will be entitled to specific performance under this Agreement. The Parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations described in the foregoing sentence and hereby agrees to waive in any action for specific performance of any such obligation the defense that a remedy at law would be adequate.

Limitation of Liability. Notwithstanding anything herein to the contrary, each of the Parent and the Company acknowledge and agree that the liability of the Shareholders arising directly or indirectly, under any transaction document of any and every nature whatsoever shall be satisfied solely out of the assets of the Shareholders, and that no trustee, officer, other investment vehicle or any other affiliate of the Shareholders or any investor, shareholder or holder of shares of beneficial interest of the Shareholders shall be personally liable for any liabilities of the Shareholders.

Interpretation. When a reference is made in this Agreement to a Section, such reference shall be to a Section of this Agreement unless otherwise indicated. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation."

Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or Law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the Transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that Transactions contemplated hereby are fulfilled to the extent possible.

Counterparts; Facsimile Execution. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Parties. Facsimile execution and delivery of this Agreement is legal, valid and binding for all purposes.

Entire Agreement; Third Party Beneficiaries. This Agreement, taken together with the Company Disclosure Schedule, (a) constitutes the entire agreement, and supersede all prior agreements and understandings, both written and oral, among the Parties with respect to the Transactions and (b) are not intended to confer upon any person other than the Parties any rights or remedies.

Governing Law. This Agreement, the legal relations between the parties and any Action, whether contractual or non-contractual, instituted by any party with respect to any matter arising between the parties, including but not limited to matters arising under or in connection with this Agreement, such as the negotiation, execution, interpretation, coverage, scope, performance, breach, termination, validity, or enforceability of this Agreement, shall be governed by and construed in accordance with the internal laws of the State of New York without reference to principles of conflicts of laws. The parties hereto hereby irrevocably submit to the exclusive jurisdiction of the courts of the State of New York and the Federal Courts of the United States of America located within the Eastern or Southern District of New York with respect to any matter arising between the parties, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or thereof, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such courts, and the parties hereto irrevocably agree that all claims with respect to such action or proceeding shall be heard and determined in such a New York State or Federal court. The parties hereby consent to and grant any such court jurisdiction over the person of such parties and over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action or proceeding in any manner as may be permitted by applicable Law, shall be valid and sufficient service thereof. With respect to any particular action, suit or proceeding arising between the parties, including but not limited to matters arising under or in connection with this Agreement, venue shall lie solely in any New York County or any Federal Court of the United States of America sitting in the Eastern or Southern District of New York.

Assignment. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by operation of law or otherwise by any of the Parties without the prior written consent of the other Parties. Any purported assignment without such consent shall be void. Subject to the preceding sentences, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Share Exchange Agreement as of the date first above written.

The Parent:

RIOT BLOCKCHAIN, INC.

By: _____
Name:
Title:

The Company:

KAIROS GLOBAL TECHNOLOGY, INC.

By: _____
Name: Michael Ho
Title: President

The Shareholders:

Name:

Number of Shares:

_____

_____

SEPARATION AGREEMENT

THIS SEPARATION AGREEMENT (the " **Agreement**") is entered into as of the 3rd day of November, 2017 (the "**Effective Date**") by and between Michael Beeghley ("**Employee**") and Riot Blockchain, Inc., a Nevada corporation, and subsidiaries (the "**Company**", and together with the Employee, the "**Parties**").

WHEREAS, Employee has been a Director of the Company since November 30, 2016;

WHEREAS, Employee has been employed as the Chief Executive Officer of the Company since April 6, 2017; and

WHEREAS, the Parties desire to enter into this Agreement providing for Employee's termination as Chief Executive Officer of the Company and as a director of the Company following the Effective Date of this Agreement, for Employee's amicable resignation from the Company's employment, as of the Effective Date, and to settle any and all payments that may now be or may in the future become due to Employee.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Parties hereby agree as follows:

1. Termination Date.

Employee hereby resigns as a member of the Board of Directors and as Chief Executive Officer of the Company, effective as of the Effective Date, and the Company hereby accepts such resignation. Employee acknowledges that his last day of employment as an employee, officer and director shall be the Effective Date. Employee's resignation without cause or good reason will be effective as of the Effective Date and shall not be as a result of any change in control or change of control of the Company. Employee further understands and agrees that, as of the Effective Date, he will no longer be authorized to conduct any business on behalf of the Company or to hold himself out as an officer or employee of the Company. Any and all positions and/or titles held by Employee with the Company will be deemed to have been resigned as of the Effective Date. Beginning on the Effective Date, Employee shall receive from the Company the payment and benefits as provided in Paragraph 2.

2. Payment and Benefits. The Company shall pay or provide Employee the following payment and benefits:

(a) Equity Awards. The Company acknowledges and agrees that, as of the Effective Date, all of Employee's rights and interests in all unvested options and unvested restricted stock units held by Employee are hereby vested. In addition, the Company shall issue an additional award of 40,000 shares of restricted common stock of the Company as of the Effective Date pursuant to the Company's 2017 Equity Incentive Plan.

(b) Dividend Payments. The Company acknowledges and agrees that the Employee shall maintain his rights and interests in all dividend payments Employee may be entitled to receive as of the Effective Date, if any, as a shareholder of the Company.

(c) Health Benefits. Employee shall be entitled to continue to receive his existing medical and other insurance benefits providing coverage for Employee, his spouse and his dependents, with the Company paying 90% of the cost and Employing paying the remaining 10% of the cost, through the earlier of (i) the first anniversary of the Effective Date or (ii) the date Employee becomes eligible for health benefits under the plan of another employer. After such time the Company ceases to pay premiums pursuant to the preceding sentence, Employee may, if eligible, elect to continue healthcare coverage at Employee's expense in accordance with the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, or COBRA.

Employee shall be responsible for the payment of all employee obligations for payroll taxes, Medicare and other taxes, and shall indemnify the Company with respect to the payment of all such amounts with respect to the benefits in subparagraph 2(a) through (c).

(d) Waiver of Right to Bonus Compensation. Employee expressly acknowledges and agrees to the cancellation of any bonus compensation he may have been entitled to receive and that, in consideration for the promises contained herein and for the payments more particularly described in Paragraph 2, he hereby waives and surrenders any and all rights to receive payment of any bonus compensation or any other bonus, retention payment, separation payment or other payment, not expressly provided for herein.

(e) Waiver of Right to Other Compensation. Employee expressly acknowledges and agrees that the Company has disputed the satisfaction of conditions precedent to payment of any other compensation and, in consideration for the promises contained herein and for the payments contemplated herein, including, without limitation, Paragraph 2 hereof, Employee waives and surrenders any and all rights to receive payment of the any other compensation, including any other compensation not expressly provided for herein.

(f) Tax Matters. Employee shall be responsible for the payment of all Employee payroll taxes, Medicare and other taxes. Except as otherwise set forth herein, Employee will not be entitled to payment of any carry forward bonus, vacation or other incentive compensation, other than in accordance with Company policy with respect to payment of unused vacation pay (up to a maximum of 4 weeks). Any employee tax, penalties or interest as a result thereof shall be the sole responsibility of Employee who agrees to indemnify and hold harmless the Company with respect thereto.

(g) Termination of Employment. Employee and the Company hereby acknowledge and agree that the Employee shall not be entitled to any payment in the nature of severance or termination pay from the Company, and that the terms set forth herein are in full satisfaction of all obligations owed to Employee.

(h) Full Satisfaction. The Parties acknowledge and agree that the consideration set forth in this Paragraph 2 is in full, final and complete settlement of any and all claims which Employee could make in any complaint, charge, or civil action, whether for actual, nominal, compensatory, or punitive damages (including attorneys' fees). Employee acknowledges that such consideration is being made as consideration for the waivers and releases set forth in this subparagraph 2(h) and Paragraph 3. Employee further acknowledges that the consideration set forth in this Paragraph 2 is separate and distinct of and from each other, and that either award, payment, or benefit is independent valuable consideration for the waiver and releases set forth in this subparagraph 2(d), 2(e) and 2(h) and Paragraph 3.

3. Release.

(a) Employee's Release of the Company. In consideration for the payments and benefits described above and for other good and valuable consideration, Employee hereby releases and forever discharges the Company, as well as its affiliates and all of their respective directors, officers, employees, members, agents, and attorneys (the "**Company Released Parties**"), of and from any and all manner of actions and causes of action, suits, debts, claims, and demands whatsoever, in law or equity, known or unknown, asserted or unasserted, which he ever had, now has, or hereafter may have on account of his employment with the Company, the termination of his employment with the Company, and/or any other fact, matter, incident, claim, injury, event, circumstance, happening, occurrence, and/or thing of any kind or nature which arose or occurred prior to the date when he executes this Agreement, including, but not limited to, any and all claims for wrongful termination; breach of any implied or express employment contract; unpaid compensation of any kind; breach of any fiduciary duty and/or duty of loyalty; breach of any implied covenant of good faith and fair dealing; negligent or intentional infliction of emotional distress; defamation; fraud; unlawful discrimination, harassment; or retaliation based upon age, race, sex, gender, sexual orientation, marital status, religion, national origin, medical condition, disability, handicap, or otherwise; any and all claims arising under Title VII of the Civil Rights Act of 1964, as amended ("Title VII"); the Equal Pay Act of 1963, as amended ("EPA"); the Age Discrimination in Employment Act of 1967, as amended ("ADEA"); the Americans with Disabilities Act of 1990, as amended ("ADA"); the Family and Medical Leave Act, as amended ("FMLA"); the Employee Retirement Income Security Act of 1974, as amended ("ERISA"); the Sarbanes-Oxley Act of 2002, as amended ("SOX"); the Worker Adjustment and Retraining Notification Act of 1988, as amended ("WARN"); and the New York City Human Rights Law; and/or any other federal, state, or local law(s) or regulation(s); any and all claims for damages of any nature, including compensatory, general, special, or punitive; and any and all claims for costs, fees, or other expenses, including attorneys' fees, incurred in any of these matters. The Company acknowledges, however, that Employee does not release or waive any rights to contribution or indemnity under this Agreement to which he may otherwise be entitled. The Company also acknowledges that Employee does not release or waive any claims, and that he retains any rights he may have, to any vested 401(k) monies (if any) or benefits (if any), or any other benefit entitlement that is vested as of the Effective Date pursuant to the terms of any Company-sponsored benefit plan governed by ERISA. Nothing contained herein shall release the Company from its obligations set forth in this Agreement.

(b) The Company's Release of Employee. In consideration for mutual covenants and agreements of the Parties set forth in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which the Parties acknowledge, the Company, for itself and for and on behalf of its affiliates, shareholders, directors, officers and agents, hereby releases and forever discharges Employee, and each of Employee's heirs, beneficiaries, successors, assigns, agents, employees, executors, administrators, attorneys and representatives (the "**Employee Released Parties**"), of and from any and all manner of actions and causes of action, suits, debts, claims, and demands whatsoever, in law or equity, known or unknown, asserted or unasserted, which it ever had, now has, or hereafter may have arising out of or relating to Employee's employment with the Company or service on the Company's Board of Directors or as its Chief Executive Officer or Chairman of the Board, the termination of his employment or Board service with the Company, and/or any other fact, matter, incident, claim, injury, event, circumstance, happening, occurrence, and/or thing of any kind or nature which arose or occurred, in whole or in part, prior to the date when the Company executes this Agreement, including, but not limited to, any and all claims for breach of any implied or express employment contract; unpaid amounts of any kind; breach of any fiduciary duty and/or duty of loyalty; breach of any implied covenant of good faith and fair dealing; negligent or intentional infliction of emotional distress; defamation; fraud; and/or any federal, state, or local law(s) or regulation(s); any and all claims for damages of any nature, including compensatory, general, special, or punitive; and any and all claims for costs, fees, or other expenses, including attorneys' fees, incurred in any of these matters.

Notwithstanding the foregoing, in the event that Employee is named as a defendant in any shareholder derivative action or is threatened to be made a party to any such action, Employee shall be entitled to be indemnified by the Company to the full extent permitted by law and shall be provided with coverage under the Company's directors' and officers' liability insurance policies, to the fullest extent allowed by such policies. To the extent that applicable law may allow the Company to provide additional indemnification rights pursuant to a contract with the indemnified person, this Agreement shall be deemed to constitute such a contract of indemnification. Moreover, Employee and the Company each acknowledge that the Employee does not hereby release or waive, and has not released or waived, and the Company is not hereby relieved of, any obligations of contribution or indemnity to which the Employee may otherwise be entitled from the Company or otherwise. Nothing contained herein shall release Employee from his obligations set forth in this Agreement.

4. Mutual Consent. The Parties hereto, and each of them, do hereby: (i) acknowledge that they have reviewed or cause to be reviewed this Agreement; (ii) unconditionally consent to the termination of the employment of Employee by the Company; and (iii) unconditionally consent to the release of any and all claims as described in Paragraph 3 as applicable.

5. Non-Disparagement. Each of Employee and the Company hereby agrees, for himself and itself and any of their respective representatives while they are acting on his or its behalf, that he and it have not and will not, directly or indirectly, disparage, make negative statements about or act in any manner which is intended to or does damage to the goodwill or business or personal reputations of the other party or their respective affiliates.

6. Confidential Information; Proprietary Matters.

(a) Confidential Information. Employee understands and acknowledges that during the course of his employment by the Company through the Effective Date, he had access to Confidential Information (as defined below) of the Company. Employee represents, warrants and agrees that, at no time from and after the Effective Date, will Employee (a) use Confidential Information for any purpose other than in connection with services provided under this Agreement or (b) disclose Confidential Information to any person or entity other than to the Company or persons or entities to whom disclosure has been authorized by the Company or to his legal advisors. As used herein, "Confidential Information" includes all data or material (regardless of form) with respect to the Company or any of its assets, prospects, business activities, officers, directors, employees, borrowers, or clients which is: (a) a trade secret, as defined by the Uniform Trade Secrets Act: (b) provided, disclosed, or delivered to Employee by the Company, any officer, director, employee, agent, attorney, accountant, consultant, or other person or entity employed by the Company in any capacity, any client, borrower, advisor, or business associate of the Company, or any public authority having jurisdiction over the Company or any business activity conducted by the Company; or (c) produced, developed, obtained or prepared by or on behalf of Employee or the Company (whether or not such information was developed in the performance of the Agreement). Notwithstanding the foregoing, the term "Confidential Information" shall not include any information, data, or material which, at the time of disclosure or use, was generally available to the public other than by a breach of this Agreement, was available to the party to whom disclosed on a non-confidential basis by disclosure or access provided by the Company or a third party without breaching any obligations of the Company or such third party, or was otherwise developed or obtained legally and independently by the person to whom disclosed without a breach of this Agreement. This subparagraph 6(a) shall not preclude Employee from disclosing Confidential Information if compelled to do so by law or valid legal process, provided that if Employee believes Employee is so compelled by law or valid legal process, Employee will notify the Company in writing sufficiently in advance of any such disclosure, to the extent reasonably possible, to allow the Company the opportunity to defend, limit, or otherwise protect its interests against such disclosure unless such notice is prohibited by law. The rights and obligations of the Parties under this subparagraph 6(a) shall survive the expiration or termination of this Agreement for any reason.

(b) Proprietary Matters. Employee expressly agrees that any and all improvements, inventions, discoveries, processes, or know-how that were generated or conceived by Employee during the term of his employment through the Effective Date, whether conceived during Employee's regular working hours or otherwise, will be the sole and exclusive property of the Company. Whenever requested by the Company (either as of the Effective Date or thereafter), Employee will assign or execute any and all applications, assignments and/or other documents, and do all things which the Company reasonably deems necessary or appropriate, in order to permit the Company to: (a) assign and convey, or otherwise make available to the Company, the sole and exclusive right, title, and interest in and to said improvements, inventions, discoveries, processes or know-how; or (b) apply for, obtain, maintain, enforce and defend patents, copyrights, trade names, or trademarks of the United States or of foreign countries for said improvements, inventions, discoveries, processes, or know-how. However, the improvements, inventions, discoveries, processes, or know-how generated or conceived by Employee and referred to in this subparagraph 6(b) (except those which may be included in the patents, copyrights, or registered trade names or trademarks of the Company) will not be exclusive property of the Company at any time after having been disclosed or revealed or have otherwise become available to the public or to a third party on a non-confidential basis other than by a breach of the Agreement or after they have been independently developed or discussed without a breach of this Agreement by a third party who has no obligation to the Company. The rights and obligations of the Parties under this subparagraph 6(b) shall survive the expiration or termination of this Agreement for any reason.

(c) Injunctive Relief. Employee acknowledges and agrees that any violation of subparagraphs 6(a) through 6(b) of this Agreement would result in irreparable harm to the Company and, therefore, agrees that, in the event of an actual, suspected, or threatened breach of subparagraphs 6(a) through 6(b) of this Agreement, the Company shall be entitled to an injunction restraining Employee from committing or continuing such actual, suspected or threatened breach. The Parties acknowledge and agree that the right to such injunctive relief shall be cumulative and shall not be in lieu of, or be construed as a waiver of the Company's right to pursue, any other remedies to which it may be entitled in law or in equity. The Parties agree that for purposes of subparagraphs 6(a) through 6(cb) of the Agreement, the term "Company" shall include the Company and its affiliates.

7. Return of Property. Immediately upon the Effective Date, Employee shall return to the Company all of Company's property, including, without limitation, Confidential Information (as that term is defined above), office keys, Company identification cards, access passes, and all documents, files, equipment, computers, laptops, printers, telephones, cell phones, beepers, pagers, palm pilots, BlackBerry or similar devices, fax machines, credit cards, computer software, diskettes and access materials and other property prepared by, for or belonging to Company (all of such Company Property being referred to herein as "Company Property"). Following the Effective Date, Employee shall not (i) utilize Company Property or make or retain any copies, duplicates, reproductions or excerpts of Company Property; and (ii) access, utilize or affect in any manner, any Company Property, including, without limitation, its electronic communications systems or any information contained therein.

8. Future Cooperation. Employee agrees to reasonably cooperate with the Company, its financial and legal advisors in any claims, investigations, administrative proceedings or lawsuits which relate to the Company and for which Employee may possess relevant knowledge or information. Any travel and accommodation expenses incurred by the Employee as a result of such cooperation will be reimbursed in accordance with the Company's standard policies. The Parties agree that should Employee's assistance be required in connection with any such matters that the Parties will agree to reasonable compensation for such services.

9. Applicable Law and Dispute Resolution. Except as to matters preempted by ERISA or other laws of the United States of America, this Agreement shall be interpreted solely pursuant to the laws of the State of New York, exclusive of its conflicts of laws principles. Each of the Parties hereto irrevocably submits to the exclusive jurisdiction of New York County, State of New York, for the purposes of any suit, action, or other proceeding arising out of this Agreement or any transaction contemplated hereby.

10. Entire Agreement. This Agreement may not be changed or altered, except by a writing signed by both Parties. Until such time as this Agreement has been executed and subscribed by both Parties hereto: its terms and conditions and any discussions relating thereto, without any exception whatsoever, shall not be binding nor enforceable for any purpose upon any party. This Agreement constitutes an integrated, written contract, expressing the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes any and all prior agreements and understandings, oral or written, between the Parties.

11. Assignment. Neither Party has assigned or transferred any claim such Party is releasing, nor has such Party purported to do so. If any provision in this Agreement is found to be unenforceable, all other provisions will remain fully enforceable. This Agreement binds the Parties and their heirs, administrators, representatives, executors, successors, and assigns, and will inure to the benefit of all of the Company Released Parties and Employee Released Parties and their respective heirs, administrators, representatives, executors, successors, and assigns.

12. Binding Effect. This Agreement will be deemed binding and effective immediately upon its execution by the Employee; provided, however, that in accordance with the Age Discrimination in Employment Act of 1967 ("ADEA") (29 U.S.C. § 626, as amended), Employee's waiver of ADEA claims under this Agreement is subject to the following: Employee may consider the terms of his waiver of claims under the ADEA for twenty-one (21) days before signing it and may consult legal counsel if Employee so desires. Employee may revoke his waiver of claims under the ADEA within seven (7) days of the day he executes this Agreement. Employee's waiver of claims under the ADEA will not become effective until the eighth (8th) day following Employee's signing of this Agreement. Employee may revoke his waiver of ADEA claims under this Agreement by delivering written notice of his revocation, via facsimile and overnight mail, before the end of the seventh (7th) day following Employee's signing of this Agreement to: Harvey Kesner, Esq., Sichenzia Ross Ference Kesner LLP, 61 Broadway, 32nd Floor, New York, NY 10006, Fax: 212-930-9725. In the event that Employee revokes his waiver of ADEA claims under this Agreement prior to the eighth (8th) day after signing it, the remaining portions of this Agreement shall remain in full force in effect, except that the obligation of the Company to provide the payments and benefits set forth in Paragraph 2 of this Agreement shall be null and void. Employee further understands that if Employee does not revoke the ADEA waiver in this Agreement within seven (7) days after signing this Agreement, his waiver of ADEA claims will be final, binding, enforceable, and irrevocable.

EMPLOYEE UNDERSTANDS THAT FOR ALL PURPOSES OTHER THAN HIS WAIVER OF CLAIMS UNDER THE ADEA, THIS AGREEMENT WILL BE FINAL, EFFECTIVE, BINDING, AND IRREVOCABLE IMMEDIATELY UPON ITS EXECUTION.

13. Acknowledgements. The Parties agree that:

(a) Each has consulted with and has been represented by counsel in connection with the negotiation and execution of this Agreement;

(b) Employee has been advised that Sichenzia Ross Ference Kesner LLP has acted as counsel to the Company and not to Employee, and Employee has been advised to consult and has been provided with an opportunity to consult with legal counsel of his choosing in connection with this Agreement;

(c) Each fully understands the significance of all of the terms and conditions of this Agreement and has discussed them with each of their respective independent legal counsel or has been provided with a reasonable opportunity to do so;

(d) Each has had answered to his satisfaction any questions asked with regard to the meaning and significance of any of the provisions of this Agreement;

(e) Employee is signing this Agreement knowingly, voluntarily and in full settlement of all claims which existed in the past or which currently exist that arise out of his employment with the Company or the termination of his employment prior to the Termination Date; and

(f) Each agrees to abide by all the terms and conditions contained herein.

14. Notices. For the purposes of this Agreement, notices, demands and all other communications provided for in this Agreement shall be in writing and shall be delivered (i) personally or (ii) by first class mail, certified, return receipt requested, postage prepaid, (iii) by overnight courier, with acknowledged receipt, in the manner provided for in this Paragraph 14, and properly addressed as follows:

If to the Company:

Riot Blockchain, Inc.
834-F South Perry Street, Suite 443
Castle Rock, CO 80104

With a copy to: Harvey Kesner, Esq.
Sichenzia Ross Ference Kesner LLP
1185 Avenue of the Americas, 37th Floor
New York, NY 10036

If to Employee:

Michael Beeghley
110 Burdette Trail
Atlanta, GA 30327

With a copy to:
Jonathan Golden, Esq.
Arnall Golden Gregory LLP
171 17th St. NW
Suite 2100
Atlanta, Ga. 30363

15. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the Parties and delivered to the other Parties. In the event that any signature is delivered by facsimile transmission or by an e-mail which contains a portable document format (.pdf) file of an executed signature page, such signature page shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such signature page were an original thereof.

16. Attorneys' Fees. If any Party shall commence any action or proceeding against another Party in order to enforce the provisions hereof, or to recover damages as the result of the alleged breach of any of the provisions hereof, the prevailing Party therein shall be entitled to seek to recover all reasonable costs incurred in connection therewith, including, but not limited to, reasonable attorneys' fees.

[Signature page follows]

IN WITNESS HEREOF, the Parties hereby enter into this Agreement and affix their signatures as of the date first above written.

RIOT BLOCKCHAIN, INC.

By: _____
Name: John O'Rourke
Title: President

MICHAEL BEEGHLEY

_____

EXECUTIVE EMPLOYMENT AGREEMENT

This EXECUTIVE EMPLOYMENT AGREEMENT ("Agreement") is made and entered into as of the 3st day of November, 2017 (the "Effective Date", by and between Riot Blockchain, Inc., a Nevada corporation headquartered at 834-F South Perry Street, Suite 443, Castle Rock, CO 80104 ("Company") and John O'Rourke, an individual ("Executive").

W I T N E S S E T H:

WHEREAS, the Executive desires to be employed by the Company as its Chief Executive Officer and the Company wishes to employ the Executive in such capacity.

NOW, THEREFORE, in consideration of the foregoing and their respective covenants and agreements contained in this document, the Company and the Executive hereby agree as follows:

1. Employment and Duties. The Company agrees to employ and the Executive agrees to serve as the Company's Chief Executive Officer. The duties and responsibilities of the Executive shall include the duties and responsibilities as the Company's Board of Directors ("Board") may from time to time assign to the Executive.

The Executive shall devote such time as Executive, in his sole discretion, determines to be necessary or appropriate to the business and affairs of the Company and its subsidiaries. Nothing in this Section 1 shall prohibit the Executive from: (A) serving as a director or member of any other board, committee thereof of any other entity or organization, or as an officer, employee or manager thereof; (B) delivering lectures, fulfilling speaking engagements, and any writing or publication relating to his area of expertise; (C) serving as a director or trustee of any governmental, charitable or educational organization; (D) engaging in additional activities in connection with personal investments and community affairs, including, without limitation, professional or charitable or similar organization committees, boards, memberships or similar associations or affiliations or (E) performing advisory activities.

2. Term. The term of this Agreement shall commence on the Effective Date and shall continue for a period of two (2) years following the Effective Date and shall be automatically renewed for successive one (1) year periods thereafter unless either party provides the other party with written notice of his or its intention not to renew this Agreement at least three (3) months prior to the expiration of the initial term or any renewal term of this Agreement. "Employment Period" shall mean the initial two (2) year term plus renewals, if any.

3. Place of Employment. The Executive's services shall be performed at such location or locations as Executive shall determine, in his sole discretion.

4. Base Salary. The Company agrees to pay the Executive a base salary ("Base Salary") of $300,000 per annum ($25,000 per month). Annual adjustments after the first year of the Employment Period shall be determined by the Board. The Base Salary shall be paid in periodic installments in accordance with the Company's regular payroll practices.

5. Bonuses.

(a) Annual Bonus. The Executive shall be eligible to receive an annual bonus the ("Annual Bonus") as determined by the Compensation Committee or the Board of Directors of the Company (the "Compensation Committee"). The Annual Bonus shall be paid by the Company to the Executive promptly after determination that the relevant targets, if any, have been met, it being understood that the attainment of any financial targets associated with any bonus shall not be determined until following the completion of the Company's annual audit and public announcement of such results and shall be paid promptly following the Company's announcement of earnings. In the event that the Compensation Committee is unable to act or if there shall be no such Compensation Committee, then all references herein to the Compensation Committee (except in the proviso to this sentence) shall be deemed to be references to the Board. Upon his termination from employment, the Executive shall be entitled to receive a pro-rata portion of the Annual Bonus calculated based upon his final day of employment, regardless of whether he is employed by the Company through the conclusion of the fiscal quarter or year, as the case may be, on which the Annual Bonus is based. The Executive

(b) Equity Awards. The Executive shall be eligible for such grants of awards under a Company incentive plan (or any successor or replacement plan adopted by the Board and approved by the stockholders of the Company) (the "Plan") as the Compensation Committee or Board may from time to time determine (the "Share Awards"). On the Effective Date, the Executive shall be issued the Share Awards set forth on Schedule I attached hereto. Share Awards shall be subject to the applicable Plan terms and conditions, provided, however, that Share Awards shall be subject to any additional terms and conditions as are provided herein or in any award certificate(s), which shall supersede any conflicting provisions governing Share Awards provided under the Plan.

6. Severance Compensation. Upon termination of employment for any reason, the Executive shall be entitled to: (A) all Base Salary earned through the date of termination to be paid according to Section 4; (B) any and all reasonable expenses paid or incurred by the Executive in connection with and related to the performance of his duties and responsibilities for the Company during the period ending on the termination date to be paid according to Section 8; (C) any accrued but unused vacation time through the termination date in accordance with Company policy; and (D) any Annual Bonuses earned through the date of termination to be paid according to Section 5(a); and I all Share Awards earned and vested prior to termination.

Additionally, if the Executive's employment is terminated prior to expiration of the Employment Period (including due to his death or Disability, as defined in Section 12(b)) unless the Executive's employment is terminated for Cause (as defined in Section 12(c)) or the Executive terminates his employment without Good Reason (as defined in Section 12(d) and other than for a Change in Control as provided in Section 12(d) and Section 12(f)), the Executive shall be entitled to receive a cash amount equal to one hundred percent (100%) of the sum of the Executive's Base Salary, Annual Bonus and Share Awards earned during the year immediately preceding the date of termination (herein the "Separation Payment"), or the amount payable (including Executive's Base Salary, Annual Bonus and Share Awards) for the remainder of the Employment Period then in effect, if greater; provided, that the Executive executes an agreement releasing Company and its affiliates from any liability associated with this Agreement and such release is irrevocable at the time the Separation Payment is first payable under this Section 6 and the Executive complies with his other obligations under Sections 13 and 14 of this Agreement. Subject to the terms hereof, one-half (1/2) of the Separation Payment shall be paid within thirty (30) days of the Executive's termination of employment ("Initial Payment"), provided that the Executive has executed a release; and the balance of the Separation Payment shall be paid in substantially equal installments on the Company's regular payroll dates beginning with the first payroll date coincident with or immediately following the Initial Payment and ending with the last payroll date that occurs in the third calendar year beginning after the Executive's termination of employment.

The Executive may continue coverage with respect to the Company's group health plans as permitted by the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") for himself and each of his "Qualified Beneficiaries" as defined by COBRA ("COBRA Coverage"). The Company shall reimburse the amount of any COBRA premium paid for COBRA Coverage timely elected by and for the Executive and any Qualified Beneficiary of the Executive, and not otherwise reimbursed, during the period that ends on the earliest of (x) the date the Executive or the Qualified Beneficiary, as the case may be, ceases to be eligible for COBRA Coverage, (y) the last day of the consecutive eighteen (18) month period following the date of the Executive's termination of employment and (z) the date the Executive or the Qualified Beneficiary, as the case may be, is covered by another group health plan. To reimburse any COBRA premium payment under this paragraph, the Company must receive documentation of the COBRA premium payment within ninety (90) days of its payment.

7. Clawback Rights. The Annual Bonus, and any and all stock based compensation (such as options and equity awards) (collectively, the "Clawback Benefits") shall be subject to "Clawback Rights" as follows: during the period that the Executive is employed by the Company and upon the termination of the Executive's employment and for a period of three (3) years thereafter, if there is a restatement of any financial results from which any Clawback Benefits to the Executive shall have been determined, the Executive agrees to repay any amounts which were determined by reference to any Company financial results which were later restated (as defined below), to the extent the Clawback Benefits amounts paid exceed the Clawback Benefits amounts that would have been paid, based on the restatement of the Company's financial information. All Clawback Benefits amounts resulting from such restated financial results shall be retroactively adjusted by the Compensation Committee to take into account the restated results, and any excess portion of the Clawback Benefits resulting from such restated results shall be immediately surrendered to the Company and if not so surrendered within ninety (90) days of the revised calculation being provided to the Executive by the Compensation Committee following a publicly announced restatement, the Company shall have the right to take any and all action to effectuate such adjustment. The calculation of the revised Clawback Benefits amount shall be determined by the Compensation Committee in good faith and in accordance with applicable law, rules and regulations. All determinations by the Compensation Committee with respect to the Clawback Rights shall be final and binding on the Company and the Executive. The Clawback Rights shall terminate following a Change of Control as defined in Section 12(f), subject to applicable law, rules and regulations. For purposes of this Section 7, a restatement of financial results that requires a repayment of a portion of the Clawback Benefits amounts shall mean a restatement resulting from material non-compliance of the Company with any financial reporting requirement under the federal securities laws and shall not include a restatement of financial results resulting from subsequent changes in accounting pronouncements or requirements which were not in effect on the date the financial statements were originally prepared ("Restatements"). The parties acknowledge it is their intention that the foregoing Clawback Rights as relates to Restatements conform in all respects to the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank Act") and require recovery of all "incentive-based" compensation, pursuant to the provisions of the Dodd-Frank Act and any and all rules and regulations promulgated thereunder from time to time in effect. Accordingly, the terms and provisions of this Agreement shall be deemed automatically amended from time to time to assure compliance with the Dodd-Frank Act and such rules and regulations as hereafter may be adopted and in effect.

8. Expenses. The Executive shall be entitled to prompt reimbursement by the Company for all reasonable ordinary and necessary travel, entertainment, and other expenses incurred by the Executive while employed (in accordance with the policies and procedures established by the Company for its senior executive officers) in the performance of his duties and responsibilities under this Agreement; provided, that the Executive shall properly account for such expenses in accordance with Company policies and procedures.

9. Other Benefits. During the term of this Agreement, the Executive shall be eligible to participate in incentive, stock purchase, savings, retirement (401(k)), and welfare benefit plans, including, without limitation, health, medical, dental, vision, life (including accidental death and dismemberment) and disability insurance plans (collectively, "Benefit Plans"), in substantially the same manner and at substantially the same levels as the Company makes such opportunities available to the Company's managerial or salaried executive employees and/or its senior executive officers.

The Company shall pay one hundred percent (100%) of the cost for any group medical, vision and/or dental coverage elected by and for the Executive and fifty percent (50%) of the additional incremental cost for any group medical, vision and/or dental coverage elected by the Executive for the Executive's family.

The Executive shall be entitled to air travel, including travel by business class, as is reasonable and necessary for the performance of his duties and responsibilities, in accordance with the Company's policies as approved by the Board.

10. Vacation. During the term of this Agreement, the Executive shall be entitled to accrue, on a pro rata basis,28 paid vacation days per year. Vacation shall be taken at such times as are mutually convenient to the Executive and the Company and no more than fifteen (15) consecutive days shall be taken at any one time without Company approval in advance.

11. Intentionally Omitted.

12. Termination of Employment.

(a) Death. If the Executive dies during the Employment Period, this Agreement and the Executive's employment with the Company shall automatically terminate and the Company's obligations to the Executive's estate and to the Executive's Qualified Beneficiaries shall be those set forth in Section 6 regarding severance compensation.

(b) Disability. In the event that, during the term of this Agreement the Executive shall be prevented from performing his essential functions hereunder to the full extent required by the Company by reason of Disability (as defined below), this Agreement and the Executive's employment with the Company shall automatically terminate. The Company's obligation to the Executive under such circumstances shall be those set forth in Section 6 regarding severance compensation. For purposes of this Agreement, "Disability" shall mean a physical or mental disability that prevents the performance by the Executive, with or without reasonable accommodation, of his essential functions hereunder for an aggregate of ninety (90) days or longer during any twelve (12) consecutive months. The determination of the Executive's Disability shall be made by an independent physician who is reasonably acceptable to the Company and the Executive (or his representative), be final and binding on the parties hereto and be made taking into account such competent medical evidence as shall be presented to such independent physician by the Executive and/or the Company or by any physician or group of physicians or other competent medical experts employed by the Executive and/or the Company to advise such independent physician.

I Cause.

(1) At any time during the Employment Period, the Company may terminate this Agreement and the Executive's employment hereunder for Cause. For purposes of this Agreement, "Cause" shall mean: (a) the willful and continued failure of the Executive to perform substantially his duties and responsibilities for the Company (other than any such failure resulting from the Executive's death or Disability) after a written demand by the Board for substantial performance is delivered to the Executive by the Company, which specifically identifies the manner in which the Board believes that the Executive has not substantially performed his duties and responsibilities, which willful and continued failure is not cured by the Executive within thirty (30) days following his receipt of such written demand; (b) the conviction of, or plea of guilty or *nolo contendere* to, a felony, or (c) fraud, dishonesty or gross misconduct which is materially and demonstratively injurious to the Company. Termination under clauses (b) or (c) of this Section 12(c)(1) shall not be subject to cure.

(2) For purposes of this Section 12I, no act, or failure to act, on the part of the Executive shall be considered "willful" unless done, or omitted to be done, by him in bad faith and without reasonable belief that his action or omission was in, or not opposed to, the best interest of the Company. Between the time the Executive receives written demand regarding substantial performance, as set forth in subparagraph (1) above, and prior to an actual termination for Cause, the Executive will be entitled to appear (with counsel) before the full Board to present information regarding his views on the Cause event. After such hearing, termination for Cause must be approved by a majority vote of the full Board (other than the Executive). After providing the written demand regarding substantial performance, the Board may suspend the Executive with full pay and benefits until a final determination by the full Board has been made.

(3) Upon termination of this Agreement for Cause, the Company shall have no further obligations or liability to the Executive or his heirs, administrators or executors with respect to compensation and benefits thereafter, except for the obligation to pay the Executive any Base Salary earned through the date of termination to be paid according to Section 4; any unpaid Annual Bonus to be paid according to Section 5; reimbursement of any and all reasonable expenses paid or incurred by the Executive in connection with and related to the performance of his duties and responsibilities for the Company during the period ending on the termination date to be paid according to Section 8; and any accrued but unused vacation time through the termination date in accordance with Company policy. The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions.

(d) For Good Reason or a Change of Control or Without Cause.

(1) At any time during the term of this Agreement and subject to the conditions set forth in Section 12(d)(2) below the Executive may terminate this Agreement and the Executive's employment with the Company for "Good Reason" or for a "Change of Control" (as defined in Section 12(f)). For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following events without Executive's consent: (A) the assignment to the Executive of duties that are significantly different from, and/or that result in a substantial diminution of, the duties that he assumed on the Effective Date (including reporting to anyone other than solely and directly to the Board); (B) the assignment to the Executive of a title that is different from and subordinate to the title Chief Executive Officer of the Company, provided, however, for the absence of doubt following a Change of Control, should the Executive be required to serve in a diminished capacity in a division or unit of another entity (including the acquiring entity), such event shall constitute Good Reason regardless of the title of the Executive in such acquiring company, division or unit; or (C) material breach by the Company of this Agreement.

(2) The Executive shall not be entitled to terminate this Agreement for Good Reason unless and until he shall have delivered written notice to the Company within ninety (90) days of the date upon which the facts giving rise to Good Reason occurred of his intention to terminate this Agreement and his employment with the Company for Good Reason, which notice specifies in reasonable detail the circumstances claimed to provide the basis for such termination for Good Reason, and the Company shall not have eliminated the circumstances constituting Good Reason within thirty (30) days of its receipt from the Executive of such written notice. In the event the Executive elects to terminate this Agreement for Good Reason in accordance with Section 12(d)(1), such election must be made within the twenty-four (24) months following the initial existence of one or more of the conditions constituting Good Reason as provided in Section 12(d)(1). In the event the Executive elects to terminate this Agreement for a Change in Control in accordance with Section 12(d)(1), such election must be made within one hundred eighty (180) days of the occurrence of the Change of Control.

(3) In the event that the Executive terminates this Agreement and his employment with the Company for Good Reason or for a Change of Control or the Company terminates this Agreement and the Executive's employment with the Company without Cause, the Company shall pay or provide to the Executive (or, following his death, to the Executive's heirs, administrators or executors) the severance compensation set forth in Section 6 above. The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions.

(4) The Executive shall not be required to mitigate the amount of any payment provided for in this Section 12(d) by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Section 12(d) be reduced by any compensation earned by the Executive as the result of employment by another employer or business or by profits earned by the Executive from any other source at any time before and after the termination date. The Company's obligation to make any payment pursuant to, and otherwise to perform its obligations under, this Agreement shall not be affected by any offset, counterclaim or other right that the Company may have against the Executive for any reason.

I Without "Good Reason" by the Executive. At any time during the term of this Agreement, the Executive shall be entitled to terminate this Agreement and the Executive's employment with the Company without Good Reason and other than for a Change of Control by providing prior written notice of at least thirty (30) days to the Company. Upon termination by the Executive of this Agreement or the Executive's employment with the Company without Good Reason and other than for a Change of Control, the Company shall have no further obligations or liability to the Executive or his heirs, administrators or executors with respect to compensation and benefits thereafter, except for the obligation to pay the Executive any Base Salary earned through the date of termination to be paid according to Section 4; any unpaid Annual Bonus to be paid according to Section 5; reimbursement of any and all reasonable expenses paid or incurred by the Executive in connection with and related to the performance of his duties and responsibilities for the Company during the period ending on the termination date to be paid according to Section 8; and any accrued but unused vacation time through the termination date in accordance with Company policy. The Company shall deduct, from all payments made hereunder, all applicable taxes, including income tax, FICA and FUTA, and other appropriate deductions.

(f) Change of Control. For purposes of this Agreement, "Change of Control" shall mean the occurrence of any one or more of the following: (i) the accumulation (if over time, in any consecutive twelve (12) month period), whether directly, indirectly, beneficially or of record, by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended) of more than fifty percent (50%) or more of the shares of the outstanding Common Stock of the Company, whether by merger, consolidation, sale or other transfer of shares of Common Stock (other than a merger or consolidation where the stockholders of the Company prior to the merger or consolidation are the holders of a majority of the voting securities of the entity that survives such merger or consolidation), (ii) a sale of all or substantially all of the assets of the Company or (iii) during any period of twelve (12) consecutive months, the individuals who, at the beginning of such period, constitute the Board, and any new director whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the twelve (12) month period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the Board; provided that the following acquisitions shall not constitute a Change of Control for the purposes of this Agreement: any acquisition of Common Stock or securities convertible into Common Stock by any employee benefit plan (or related trust) sponsored by or maintained by the Company.

(g) Any termination of the Executive's employment by the Company or by the Executive (other than termination by reason of the Executive's death) shall be communicated by written Notice of Termination to the other party of this Agreement. For purposes of this Agreement, a "Notice of Termination" shall mean a written notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated, provided, however, failure to provide timely notification shall not affect the employment status of the Executive.

13. Confidential Information.

(a) Disclosure of Confidential Information. The Executive recognizes, acknowledges and agrees that he has had and will continue to have access to secret and confidential information regarding the Company, its subsidiaries and their respective businesses ("Confidential Information"), including but not limited to, its products, methods, formulas, software code, patents, sources of supply, customer dealings, data, know-how, trade secrets and business plans, provided such information is not in or does not hereafter become part of the public domain, or become known to others through no fault of the Executive. The Executive acknowledges that such information is of great value to the Company, is the sole property of the Company, and has been and will be acquired by him in confidence. In consideration of the obligations undertaken by the Company herein, the Executive will not, at any time, during or after his employment hereunder, reveal, divulge or make known to any person, any information acquired by the Executive during the course of his employment, which is treated as confidential by the Company, and not otherwise in the public domain. The provisions of this Section 13 shall survive the termination of the Executive's employment hereunder.

(b) The Executive affirms that he does not possess and will not rely upon the protected trade secrets or confidential or proprietary information of any prior employer(s) in providing services to the Company or its subsidiaries.

I In the event that the Executive's employment with the Company terminates for any reason, the Executive shall deliver forthwith to the Company any and all originals and copies, including those in electronic or digital formats, of Confidential Information; provided, however, the Executive shall be entitled to retain (i) papers and other materials of a personal nature, including, but not limited to, photographs, correspondence, personal diaries, calendars and rolodexes, personal files and phone books, (ii) information showing his compensation or relating to reimbursement of expenses, (iii) information that he reasonably believes may be needed for tax purposes and (iv) copies of plans, programs and agreements relating to his employment, or termination thereof, with the Company.

14. Intentionally Omitted.

15. Section 409A.

The provisions of this Agreement are intended to comply with or are exempt from Section 409A of the Code ("Section 409A") and the related Treasury Regulations and shall be construed in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. The Company and the Executive agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions necessary, appropriate or desirable to avoid imposition of any additional tax under Section 409A or income recognition prior to actual payment to the Executive under this Agreement.

It is intended that any expense reimbursement made under this Agreement shall be exempt from Section 409A. Notwithstanding the foregoing, if any expense reimbursement made under this Agreement shall be determined to be "deferred compensation" subject to Section 409A ("Deferred Compensation"), then (a) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit, (b) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year (provided that this clause (b) shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect) and (c) such payments shall be made on or before the last day of the taxable year following the taxable year in which the expense was incurred.

With respect to the time of payments of any amount under this Agreement that is Deferred Compensation, references in the Agreement to "termination of employment" and substantially similar phrases, including a termination of employment due to the Executive's Disability, shall mean " Separation from Service" from the Company within the meaning of Section 409A (determined after applying the presumptions set forth in Treasury Regulation Section 1.409A-1(h)(1)). Each installment payable hereunder shall constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b), including Treasury Regulation Section 1.409A-2(b)(2)(iii). Each payment that is made within the terms of the "short-term deferral" rule set forth in Treasury Regulation Section 1.409A-1(b)(4) is intended to meet the "short-term deferral" rule. Each other payment is intended to be a payment upon an involuntary termination from service and payable pursuant to Treasury Regulation Section 1.409A-1(b)(9)(iii), et. Seq., to the maximum extent permitted by that regulation, with any amount that is not exempt from Code Section 409A being subject to Code Section 409A.

Notwithstanding anything to the contrary in this Agreement, if the Executive is a "specified employee" within the meaning of Section 409A at the time of the Executive's termination, then only that portion of the severance and benefits payable to the Executive pursuant to this Agreement, if any, and any other severance payments or separation benefits which may be considered Deferred Compensation (together, the "Deferred Separation Benefits"), which (when considered together) do not exceed the Section 409A Limit (as defined herein) may be made within the first six (6) months following the Executive's termination of employment in accordance with the payment schedule applicable to each payment or benefit. Any portion of the Deferred Separation Benefits in excess of the Section 409A Limit otherwise due to the Executive on or within the six (6) month period following the Executive's termination will accrue during such six (6) month period and will become payable in one lump sum cash payment on the date six (6) months and one (1) day following the date of the Executive's termination of employment. All subsequent Deferred Separation Benefits, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if the Executive dies following termination but prior to the six (6) month anniversary of the Executive's termination date, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of the Executive's death and all other Deferred Separation Benefits will be payable in accordance with the payment schedule applicable to each payment or benefit.

For purposes of this Agreement, "Section 409A Limit" shall mean a sum equal to (x) the amounts payable within the terms of the "short-term deferral" rule under Treasury Regulation Section 1.409A-1(b)(4) plus (y) the amount payable as "separation pay due to involuntary separation from service" under Treasury Regulation Section 1.409A-1(b)(9)(iii) equal to the lesser of two (2) times: (i) the Executive's annualized compensation from the Company based upon his annual rate of pay during the Executive's taxable year preceding his taxable year when his employment terminated, as determined under Treasury Regulation 1.409A-1(b)(9)(iii)(A)(1); and (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which the Executive's employment is terminated.

16. Miscellaneous.

(a) Neither the Executive nor the Company may assign or delegate any of their rights or duties under this Agreement without the express written consent of the other; provided, however, that the Company shall have the right to delegate its obligation of payment of all sums due to the Executive hereunder, provided that such delegation shall not relieve the Company of any of its obligations hereunder.

(b) During the term of this Agreement, the Company (i) shall indemnify and hold harmless the Executive and his heirs and representatives to the maximum extent provided by the laws of the State of Nevada and by Company's bylaws and (ii) shall cover the Executive under the Company's directors' and officers' liability insurance on the same basis as it covers other senior executive officers and directors of the Company.

I This Agreement constitutes and embodies the full and complete understanding and agreement of the parties with respect to the Executive's employment by the Company, supersedes all prior understandings and agreements, whether oral or written, between the Executive and the Company, and shall not be amended, modified or changed except by an instrument in writing executed by the party to be charged. The invalidity or partial invalidity of one or more provisions of this Agreement shall not invalidate any other provision of this Agreement. No waiver by either party of any provision or condition to be performed shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or any prior or subsequent time.

(d) This Agreement shall inure to the benefit of, be binding upon and enforceable against, the parties hereto and their respective successors, heirs, beneficiaries and permitted assigns.

I The headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

(f) All notices, requests, demands and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when personally delivered, sent by registered or certified mail, return receipt requested, postage prepaid, or by reputable national overnight delivery service (e.g., Federal Express) for overnight delivery to the party at the address set forth in the preamble to this Agreement, or to such other address as either party may hereafter give the other party notice of in accordance with the provisions hereof. Notices shall be deemed given on the sooner of the date actually received or the third business day after deposited in the mail or one business day after deposited with an overnight delivery service for overnight delivery.

(g) This Agreement, the legal relations between the parties and any action, whether contractual or non-contractual, instituted by any party with respect to any matter arising between the parties, including but not limited to matters arising under or in connection with this Agreement, such as the negotiation, execution, interpretation, coverage, scope, performance, breach, termination, validity, or enforceability of this Agreement, shall be governed by and construed in accordance with the internal laws of the State of New York without reference to principles of conflicts of laws. The parties hereto hereby irrevocably submit to the exclusive jurisdiction of the courts of the State of New York and the Federal Courts of the United States of America located within the Eastern or Southern District of New York with respect to any matter arising between the parties, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or thereof, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such courts, and the parties hereto irrevocably agree that all claims with respect to such action or proceeding shall be heard and determined in such a New York State or Federal court. The parties hereby consent to and grant any such court jurisdiction over the person of such parties and over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action or proceeding in any manner as may be permitted by applicable law, shall be valid and sufficient service thereof. With respect to any particular action, suit or proceeding arising between the parties, including but not limited to matters arising under or in connection with this Agreement, venue shall lie solely in any New York County or any Federal Court of the United States of America sitting in the Eastern or Southern District of New York. The prevailing party in any dispute arising out of this Agreement shall be entitled to his or its reasonable attorney's fees and costs.

(h) This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one of the same instrument. The parties hereto have executed this Agreement as of the date set forth above.

(i) The Executive represents and warrants to the Company, that he has the full power and authority to enter into this Agreement and to perform his obligations hereunder and that the execution and delivery of this Agreement and the performance of his obligations hereunder will not conflict with any agreement to which the Executive is a party.

(j) The Company represents and warrants to the Executive that it has the full power and authority to enter into this Agreement and to perform its obligations hereunder and that the execution and delivery of this Agreement and the performance of its obligations hereunder will not conflict with any agreement to which the Company is a party.

[Signature page follows immediately]

IN WITNESS WHEREOF, the Executive and the Company have caused this Executive Employment Agreement to be executed as of the date first above written.

RIOT BLOCKCHAIN, INC.

By:
Name: _____
Title: _____
Date Signed: _____

Executive: JOHN O'ROURKE
Date Signed: _____