

These materials are important and require your immediate attention. They require shareholders of Ether Capital Corporation to make important decisions. If you are in doubt about how to make such decisions, please contact your financial, legal, tax or other professional advisors. If you are a shareholder of Ether Capital Corporation and require assistance with the procedure for voting, including to complete your form of proxy, please contact TSX Trust Company at 1-866-600-5869 (toll-free in North America) or by email at tsxtis@tmx.com.



ETHER CAPITAL CORPORATION

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

to be held on June 10, 2024

and

MANAGEMENT INFORMATION CIRCULAR

dated May 7, 2024

The Meeting will be hosted virtually via live audio webcast at

<https://virtual-meetings.tsxtrust.com/en/1680/>
(Password: ether2024)

Letter to Shareholders

May 7, 2024

Dear Shareholders:

On May 2, 2024, following a comprehensive strategic review initiated last December, we announced a significant transformation for Ether Capital Corporation (the “**Corporation**”). The Corporation has entered into a framework agreement (the “**Framework Agreement**”) with Purpose Unlimited Inc. (“**Purpose Unlimited**”) and Purpose Investments Inc. (“**Purpose Investments**”, and together “**Purpose**”) to convert the Corporation into an exchange-traded fund (the “**Fund**”) to be managed by Purpose Investments (as further described below, the “**Transaction**”).

Pursuant to the Transaction, Purpose Unlimited would acquire certain of Ether Capital’s non-Ether assets, including staking infrastructure and intellectual property rights, and Purpose Investments would acquire the right to manage the Fund, for an aggregate purchase price of \$1.5 million in cash. All of the Corporation’s Ether assets, cash and cash equivalents would form the Fund’s portfolio. The Fund would be named “Purpose Ether Staking Corp. ETF”, with the common shares of the Corporation (the “**Common Shares**”) being re-designated as ETF Shares and listed on Cboe Canada. Purpose Investments has agreed to waive management fees on the ETF Shares for the first three months following the completion of the Transaction.

Additional details about the Transaction and the Fund are set out in the accompanying management information circular dated the date hereof (the “**Circular**”). You are urged to read the Circular carefully, in addition to the Preliminary Prospectus and the Framework Agreement, which are available on SEDAR+ at www.sedarplus.ca or on request without charge from the Corporation by emailing info@ethcap.co. Capitalized terms used but not defined in this letter will have the meanings given to them in the Circular.

In connection with the Transaction, you are invited to attend an annual and special meeting (the “**Meeting**”) of holders (the “**Shareholders**”) of Common Shares to be held virtually on June 10, 2024 at 9:00 a.m. (Toronto time) to consider approving a special resolution (the “**Special Resolution**”) approving the Transaction, and certain other matters described below under “*Annual Meeting Matters and other Special Business*”.

Ether Capital was founded to be an access point in the public markets for participation in the development of Ethereum and its ecosystem on a safe and secure basis. This is the mission with which Shareholders have entrusted the Corporation and Board of Directors. We believe that the Transaction is the best path to maintain this legacy and ensure Shareholders continue to have long term access to Ethereum and staking.

Benefits for Shareholders include:

1. **Improved Market Price Alignment:** It is expected that the ETF Shares would trade at or close to the net asset value of the Fund’s underlying assets, supported by the redemption rights attached to the ETF Shares and the continuous distribution and creation structure of ETF Shares, whereas historically the common shares have traded at a discount to the Corporation’s net equity value (“**NEV**”).
2. **Improved Liquidity.** Trading in the Common Shares has been limited, affecting liquidity for Shareholders. It is anticipated that the redemption and creation structure of an ETF, alongside designated brokers who are expected to post bid and ask prices that are close to the net asset value per share of the ETF Shares, will increase liquidity by allowing investors to more efficiently buy or sell shares.
3. **Continued Benefit from Staking.** Subject to receipt of necessary regulatory approvals, it is expected that the Fund will stake a material portion of its Ether portfolio, and Purpose Investments will seek to leverage the proprietary staking infrastructure developed by the Corporation as a means of managing its current staking activities.

Recommendation of the Independent Committee and Board

The Board established a committee of independent directors (the “**Independent Committee**”) to manage conflicts of interest that may arise in the course of the Strategic Review, in particular the actual conflict of interest that arose following the Corporation’s receipt of a proposal from Purpose as a result of Mr. Seif and Mr. di Prata being interested in the Transaction in accordance with section 132 of the OBCA as directors, and in the case of Mr. Seif, an officer and director, of both the Corporation and Purpose Unlimited, which is a “related party” of the Corporation for purposes of MI 61-101.¹ The Independent Committee, having undertaken a thorough review of, and having carefully considered the terms of the Transaction, the Framework Agreement and the Fund Terms, has unanimously determined: (i) that the Transaction is in the best interests of the Corporation and fair to Shareholders; and (ii) to recommend that the Board approve the Transaction and the Framework Agreement and recommend to Shareholders that they vote in favour of the Special Resolution.

The Board (with Mr. Seif and Mr. di Prata, the interested directors, abstaining), having taken into account factors, including the recommendation of the Independent Committee, has unanimously determined that the Transaction is in the best interests of the Corporation and fair to Shareholders.

Accordingly, the Board (with Mr. Seif and Mr. di Prata, the interested directors, abstaining) unanimously recommends that the Shareholders vote FOR the Special Resolution.

Reasons for the Recommendation

The Independent Committee and the Board analyzed a number of strategic alternatives against the framework of the Strategic Review Goals. The Independent Committee and the Board each determined, with the overarching goal of maximizing shareholder value, to approve, and recommend to the Shareholders to approve, the Transaction (as described in greater detail in the Circular). There were several factors underlying this determination, including²:

- An ETF conversion was determined to be, among the available options, the most likely to close the historical discount of the market price of the Common Shares to the Corporation’s net equity value as well as the most likely to improve the liquidity of the Common Shares as a result of the redemption rights that would be attached to the ETF Shares and the continuous distribution and creation structure of ETF Shares;
- The Transaction is intended to maintain the continued benefit from staking, as it is expected that the Fund will continue to stake a material portion of its Ether portfolio following completion of the Transaction; and
- The decision to forego potential revenue-generating activities by converting into an ETF is considered reasonable and appropriate in the circumstances. Management’s Financial and Market Analysis confirmed that there was not a reasonably likely scenario under which the Corporation’s execution of various revenue-generating opportunities would result in a higher NEV per Common Share relative to an Ether ETF staking between 10% and 75% of its Ether. There is also no assurance that even with higher operating revenues, the Market Price Discount to NEV would close or be substantially reduced.

Following an analysis of Canadian Public Crypto Asset Funds and their investment fund managers, and an assessment of the circumstances, the Independent Committee determined that Purpose Investments was the best choice to serve as Manager of the Fund, based on a number of factors, including (and as described in greater detail in the Circular):

¹ Please refer to the Circular for additional details, in particular the following sections: “*Securities Laws Matters – Interest of Certain Persons in Matters to be Acted Upon*”, “*Information Concerning the Transaction - Background of the Transaction*” and “*Securities Laws Matters – Application of MI 61-101*”.

² Please refer to “*Information Concerning the Transaction - Reasons for the Recommendation*” in the Circular for more details.

- Their significant regulatory and investment fund structuring expertise;
- Their close relationship with the Corporation;
- The speed and certainty of executing the Transaction that would be achieved relative to other potential counterparties; and
- Certain financial incentives for Shareholders.

In making its recommendation to the Board, the Independent Committee also considered the following (as described in greater detail in the Circular): (i) the terms and conditions of the Framework Agreement; (ii) the oversight and independence of the Independent Committee; (iii) the impact on other stakeholders, including the Corporation's employees; (iv) a draft of the Preliminary Prospectus has been pre-filed with the OSC; (v) the requirement to receive approval of the Special Resolution by not less than two-thirds (66 2/3%) of the votes cast by Shareholders, and a majority of the minority shareholder pursuant to MI 61-101; and (vi) dissent rights are available to Registered Shareholders under section 185 of the OBCA.

The Independent Committee also considered a number of uncertainties, risks and potential negative factors relating to the Transaction which are described in greater detail in the Circular. In particular, please see the section of the Circular entitled "*Summary – Reasons for the Recommendation – Uncertainties, Risks and Potential Negative Factors*".

Voting and Support Agreements

The directors and executive officers of the Corporation have each entered into Voting and Support Agreements pursuant to which such director or executive officer has agreed to, among other things, vote all of such individual's Common Shares in favour of the Special Resolution. The directors and executive officers hold, collectively, approximately 7.25% of the Common Shares.

Terms of the Fund

If the Special Resolution is approved, the Corporation would convert into the Fund and the Common Shares of the Fund would become non-voting, redeemable, participating shares, with such rights, privileges, restrictions and conditions set forth in the Articles of Amendment, which shares are expected to be listed on Cboe Canada ("**ETF Shares**"). Purpose Investments would be the Manager of the Fund.

Appendix D of the Circular sets out a summary of the principal features of the Fund and the ETF Shares and should be read together with the more detailed information and statements contained in the Preliminary Prospectus, which has been filed or will be filed on SEDAR+ prior to the mailing of the Circular and can be reviewed at <https://www.sedarplus.ca>. Completion of the Transaction is subject to a number of conditions, including those described below.

Your Role and Approvals

At the Meeting, Shareholders will be asked to consider, and, if thought appropriate, to approve, with or without variation, the Special Resolution, the full text of which is set forth in the Circular.

Approval Requirements

The Board has set the close of business on May 6, 2024 (the "**Record Date**") as the record date for determining the Shareholders who are entitled to receive notice of, and to vote at, the Meeting. Only persons shown on the register of Shareholders at the close of business on the Record Date, or their duly appointed proxyholders, will be entitled to attend the Meeting and vote on the Special Resolution.

Pursuant to the OBCA and MI 61-101, the Special Resolution will require the affirmative vote of:

- (a) at least two-thirds (66 2/3%) of the votes cast by the holders of Common Shares present or represented by proxy and entitled to vote at the Meeting; and
- (b) a simple majority of the votes cast by the holders of Common Shares present or represented by proxy and entitled to vote at the Meeting, other than the Excluded Shareholders (as defined in the Circular) and any other person required to be excluded for the purpose of such vote under MI 61-101.

The Transaction is also subject to certain closing conditions, including approval of the Special Resolution by Shareholders, the Ontario Securities Commission having issued a receipt for the final prospectus qualifying the distribution of the ETF Shares to the public, the approval of Cboe Canada for the listing of the ETF Shares, no material adverse effect having occurred in respect of either the Corporation or on Purpose Investment's ability to perform its obligations as manager of the Fund, and the filing by the Corporation of the Articles of Amendment. If the necessary approvals are obtained and the other conditions to closing are satisfied or waived, it is anticipated that the Transaction will be completed within several business days following the Meeting. It is not possible, however, to state with certainty when the Closing will occur.

Annual Meeting Matters and other Special Business

In addition to the approval of the Special Resolution, the Meeting will also be held for the following purposes:

1. to receive the Corporation's audited consolidated financial statements for the year ended December 31, 2023 and the auditors' report thereon;
2. to elect the directors of the Corporation;
3. to re-appoint Ernst & Young LLP as auditors of the Corporation until the next annual meeting of the shareholders and to authorize the directors of the Corporation to fix their remuneration;
4. to consider and, if thought appropriate, to approve, with or without variation, an ordinary resolution approving the unallocated options under the Corporation's Stock Option Plan and an amendment to the Stock Option Plan to provide for the option for a cashless exercise of Options; and
5. to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

(collectively, the "**AGM Resolutions**").

The Board unanimously recommends that Shareholders vote FOR each of the AGM Resolutions.

General

Accompanying this letter, among other things, are the notice of meeting, the Circular, and a form of proxy or voting instruction form, as applicable, in connection with the Meeting, the Transaction and the AGM Resolutions. The Circular contains a detailed description of the Transaction and the matters to be considered at the Meeting, and the Fund Terms. It also includes certain risk factors relating to the completion of the Transaction and the expected benefits related thereto.

Whether or not you are able to attend, we encourage you to ensure that your shares are voted at the Meeting. Your vote is important. If you do not plan to attend, your voice can still be heard by completing and returning your form of proxy or voting instruction form, as applicable, in accordance with the instructions therein.

For further details, see "*Information Concerning the Meeting and Voting*" in the accompanying Circular.

If you are a non-registered Shareholder and have received these materials from your broker or another intermediary, please complete and return the form of proxy or other authorization form provided to you by your broker or intermediary in accordance with the instructions provided. Failure to do so may result in your shares not being eligible to be voted at the Meeting. See "*Information Concerning the Meeting and Voting - Non-Registered Holders*" in the accompanying Circular.

This information is important, and you are urged to read this information carefully and, if you require assistance, to consult your financial, legal, tax and other professional advisors.

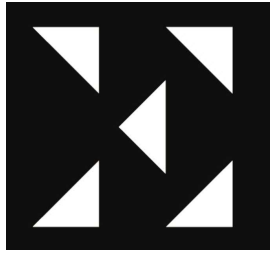
DATED the 7th day of May, 2024.

(Signed) Boris Wertz

Boris Wertz
Chair, Independent Committee

(Signed) Som Seif

Som Seif
Executive Chairman



ETHER CAPITAL CORPORATION

Notice of Annual and Special Meeting of Shareholders to be Held on June 10, 2024

Notice is hereby given that the annual and special meeting of the holders of common shares (“**Common Shares**”) of Ether Capital Corporation (the “**Corporation**”) will be held virtually at the following weblink: <https://virtual-meetings.tsxtrust.com/en/1680/> (Password: ether2024) on Monday, June 10, 2024 at 9:00 a.m. (Toronto time) (the “**Meeting**”) for the following purposes:

1. to consider, and, if thought appropriate, to approve, with or without variation, a special resolution, the full text of which is set forth in the management information circular accompanying this notice of meeting (the “**Circular**”), authorizing, among other things, (A) amendments to the articles of the Corporation to: (i) amend the rights, privileges, restrictions and conditions attached to the Common Shares and re-designate the Common Shares as ETF Shares (as defined in the Circular) to effect the conversion of the Corporation into an exchange traded fund structured as a mutual fund corporation (as defined in the *Income Tax Act* (Canada)) managed by Purpose Investments Inc. (the “**ETF Conversion**”); (ii) create a new class of shares to be designated as Voting Shares which would be issued to the Independent Trust (as defined in the Circular) upon completion of the ETF Conversion; (iii) create a new class of shares to be designated as Mutual Fund Shares; and (iv) change the name of the Corporation to Purpose Ether Staking Corp. ETF; and (B) the completion of the other transactions contemplated by the Framework Agreement (as defined in the Circular), including the sale of the Non-Ether Assets (as defined in the Circular) to Purpose Unlimited Inc;
2. to receive the Corporation’s audited consolidated financial statements for the year ended December 31, 2023 and the auditors’ report thereon;
3. to elect the directors of the Corporation;
4. to re-appoint Ernst & Young LLP as auditors of the Corporation until the next annual meeting of the shareholders and to authorize the directors of the Corporation to fix their remuneration;
5. to consider and, if thought appropriate, to approve, with or without variation, an ordinary resolution approving the unallocated options under the Corporation’s Stock Option Plan and an amendment to the Stock Option Plan to provide for the option for a cashless exercise of Options; and
6. to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

The specific details of the foregoing matters to be put before the Meeting are set forth in the Circular. A holder of Common Shares of record at the close of business on May 6, 2024 will be entitled to vote at the Meeting.

The Circular includes important information about the items to be considered at the Meeting and how to exercise your vote. Details regarding participation in the virtual Meeting are included in Appendix B.

If unable to attend the Meeting, a registered shareholder may submit his or her proxy by mail, by facsimile or over the Internet in accordance with the instructions provided in the Circular. **Proxies must be received not**

later than June 6, 2024 at 9:00 a.m. (Toronto time), or in the case of any adjournment or postponement of the Meeting, not less than 48 hours, Saturdays, Sundays and holidays excepted, prior to the time of the adjourned or postponed Meeting. The Chair of the Meeting has the discretion to extend or waive the deadline for the deposit of proxies at his or her discretion without notice.

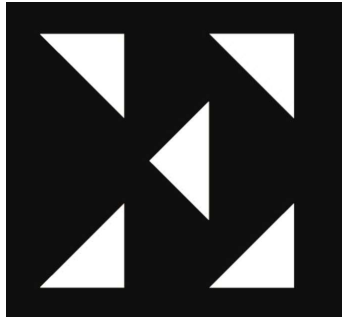
Shareholders who hold their Common Shares with a bank, broker or other financial intermediary are not registered shareholders. If you are not a registered shareholder, you will have received a request for voting instructions from your broker or other nominee. Please complete and return your voting instruction form in accordance with the directions on the voting instruction form. If you plan to attend the Meeting and wish to vote at the Meeting, please follow the instructions on the voting instruction form to appoint yourself, instead of the management nominees, to vote at the Meeting. Non-registered shareholders must take the necessary steps to appoint themselves if they wish to vote at the Meeting in person.

A shareholder who wishes to appoint a person other than the management nominees identified on the form of proxy or voting instruction form (including a non-registered shareholder who wishes to appoint themselves to attend) must carefully follow the instructions in the Circular and on their form of proxy or voting instruction form.

DATED the 7th day of May, 2024.

By Order of the Board of Directors

(Signed) Som Seif _____
Som Seif
Executive Chairman



ETHER CAPITAL CORPORATION

**130 Adelaide Street West, Suite 3100
Toronto, Ontario M5H 4H1**

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MANAGEMENT INFORMATION CIRCULAR

This Management Information Circular (together with all appendixes hereto, this “**Circular**”) is furnished in connection with the solicitation, by or on behalf of the management of Ether Capital Corporation (“**Ether Capital**”, the “**Corporation**”), of proxies to be used at the Corporation’s annual and special meeting of Shareholders to be held virtually at the following weblink: <https://virtual-meetings.tsxtrust.com/en/1680/> (Password: ether2024) on Monday, June 10, 2024 at 9:00 a.m. (Toronto time) (the “**Meeting**”) or at any adjournment or postponement thereof. Details regarding participation in the virtual Meeting are included in Appendix B.

All capitalized terms used in this Circular but not otherwise defined herein have the meanings set forth in the “*Glossary of Terms*”.

The information contained herein is given as of the Record Date, unless otherwise stated and except that information in documents incorporated by reference is given as of the dates noted therein. No person has been authorized to give any information or make any representation in connection with matters to be considered at the Meeting other than those contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized by the Corporation or management of the Corporation.

All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

Cautionary Statements

We have not authorized any person to give any information or make any representation regarding the ETF Conversion or any other matters to be considered at the Meeting other than those contained in this Circular. If any such information or representation is given or made to you, you should not rely on it as being authorized or accurate.

This Circular does not constitute an offer to buy, or a solicitation of an offer to sell, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such an offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation. The delivery of this Circular will not, under any circumstances, create any implication or be treated as a representation that there has been no change in the information set out herein since the date of this Circular.

Proxies will be solicited primarily by mail or by any other means management may deem necessary. The Corporation may also reimburse brokers and other persons holding Common Shares in their name, or in the name of nominees for their costs incurred in sending proxy materials to their principals to obtain their proxies.

Shareholders should not construe the contents of this Circular as legal, tax or financial advice and are urged to consult with their own legal, tax, financial or other professional advisors.

Forward-Looking Information

This Circular contains forward-looking information and statements within the meaning of applicable securities laws (collectively “**forward-looking information**”). Such forward-looking information, if and when made, may include, without limitation, statements relating, but not limited, to the Corporation’s future objectives, operations, plans or expectations with respect to the ETF Conversion and the other aspects of the Transaction, the Fund, the Preliminary Prospectus the Corporation’s strategies, the Corporation’s compensation programs, and Board and committee composition. Forward-looking information includes all disclosures regarding possible events, conditions or results of operations that are based on assumptions about future economic conditions and courses of action. Forward-looking information may also include, without limitation, any statement relating to future events, conditions or circumstances, including the Transaction and the completion thereof. More particularly and without restriction, this Circular contains forward-looking information regarding statements and implications about the anticipated benefits of the Transaction for the Corporation and Shareholders, including closing the discount of the trading price of the Common Shares to Net Equity Value and improved liquidity; implementation of the Transaction; Shareholder, Cboe Canada approvals and other regulatory approvals; the terms of the Fund; and the anticipated timing of the completion of the Transaction; and the expected tax treatment of the Transaction, including the ETF Conversion and tax aspects of the Fund. The Corporation cautions the reader not to place undue reliance upon any such

forward-looking information, which speak only as of the date they are made. Often, but not always, forward-looking information can be identified by the use of words or phrases such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “does not anticipate”, “believes”, and similar expressions or statements that certain actions, events or results “may”, “could”, “would”, “should”, “might”, or “will” be taken, occur or be achieved, and may be based on management’s current assumptions and expectations related to the Transaction and to all aspects of the Corporation’s activities, industry and the global economy.

Information contained in forward-looking information is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management’s perceptions of historical trends, current conditions and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances. Although the Corporation believes that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct and the Corporation cannot guarantee future results, levels of activity, performance or achievements.

Forward-looking information is subject to a number of risks and uncertainties, many of which are beyond the control of the Corporation, which could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, the failure of, or delays in, the Corporation to obtain any necessary Shareholder or Cboe Canada approvals or failure of the Parties to otherwise satisfy the conditions to the completion of the Transaction; significant transaction costs or unknown liabilities; failure to obtain regulatory approvals in respect of the Transaction; failure to realize the expected benefits of the Transaction; general economic conditions; changes in legislation; risks relating to the Fund; and other risks and uncertainties identified under “*Risk Factors*” and “*Information Concerning the Transaction*”. Failure to obtain any necessary Shareholder or regulatory approvals, or the failure of the Parties to otherwise satisfy the conditions to the completion of the Transaction or to complete the Transaction, may result in the Transaction not being completed on the proposed terms, or at all. In addition, if the Transaction is not completed, there are risks that the announcement of the Transaction and the dedication of substantial resources of the Corporation to the completion of the Transaction could have an impact on its activities and strategic relationships (including with future and prospective employees, customers, suppliers and partners), operating results and activities in general, and could have a material adverse effect on its current and future operations, financial condition and prospects.

Consequently, all of the forward-looking information contained herein is qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that we anticipate will be realized or, even if substantially realized, that they will have the expected consequences or effects on our activities, financial condition or results of operation.

This list is not exhaustive of the factors that may affect any of the forward-looking information of the Corporation. The risks and uncertainties that could affect forward-looking information are described further under the heading “*Risk Factors*”. Additional information about the risks and uncertainties of the Corporation’s activities and material factors or assumptions on which information contained in forward-looking information is based is provided in the Corporation’s Annual Information Form and MD&A for the year ended December 31, 2023, filed with the securities regulatory authorities in Canada and available at www.sedarplus.ca.

Other than as specifically required by applicable Canadian law, forward-looking information speaks only as of the date on which they are made and the Corporation undertakes no obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events, or otherwise.

Interest of Certain Persons in the Transaction

Som Seif, a director and the Interim Chief Executive Officer of the Corporation is a director and shareholder and Chief Executive Officer of Purpose Unlimited and a director and Chief Executive Officer of Purpose Investments. Camillo di Prata, a director of the Corporation, is a director and shareholder of Purpose Unlimited. As directors and officers of parties to a material transaction with the Corporation, each of Mr. Seif and Mr. di Prata has a conflict of interest in the Transaction and has abstained from participating in the portion of any board meeting where the Transaction was discussed and from voting in respect of the Transaction in accordance with section 132 of the OBCA.

Purpose Unlimited is an “associate” (as defined under applicable securities laws) of Mr. Seif because he beneficially owns voting securities carrying more than 10% of the voting rights attached to all of the voting securities of Purpose Unlimited. The Purpose Parties are each also a “related party” (as defined under MI 61-101) of the Corporation because Mr. Seif, a related party of the Corporation, owns more than 50% of a class of equity securities of Purpose Unlimited, and Purpose Investments is a wholly owned subsidiary of Purpose Unlimited, and the sale of the Non-Ether Assets is a “related party transaction” as defined under MI 61-101. See “*Securities Laws Matters – Application of MI 61-101*”.

Certain of the Corporation’s senior officers and directors (including those on the Independent Committee) may be entitled to receive benefits that could constitute “collateral benefits” (as such term is defined in MI 61-101) in connection with the Transaction because of the acceleration of unvested Options held by them and the amendment to the Stock Option Plan to implement an option for the cashless exercise of Options, each of which are being implemented in connection with the Transaction because the Fund cannot maintain an equity incentive plan, although the Independent Committee has determined that these benefits are not material and do not constitute “collateral benefits” within the meaning of MI 61-101. In addition, pursuant to the terms of the Framework Agreement, Ms. Friedman may be receiving a lump sum termination payment which may be considered a “collateral benefit” within the meaning of MI 61-101. See “*Securities Laws Matters – Application of MI 61-101*”.

Further, each of the directors and executive officers of the Corporation own Common Shares, which would be re-designated as ETF Shares if the Transaction is completed, in the same manner as all Common Shares. See “*Securities Laws Matters – Ownership of Common Shares and Stock Options*”.

Pursuant to the Voting and Support Agreements, the directors and executive officers of the Corporation who hold securities of the Corporation have agreed, among other things, to vote their Common Shares in favour of the Special Resolution. See “*Information Concerning the Transaction – Voting and Support Agreements*”.

Information Concerning Purpose

The information contained in this Circular concerning Purpose has been provided by Purpose for inclusion in this Circular. Although the Corporation has no knowledge that any statement contained herein taken from, or based on, such information and records or information provided by Purpose are untrue or incomplete, the Corporation assumes no responsibility for the accuracy of the information contained in such documents, records or information or for any failure by Purpose to disclose events which may have occurred or may affect the significance or accuracy of any such information but which are unknown to the Corporation.

THE TRANSACTION HAS NOT BEEN APPROVED OR DISAPPROVED BY ANY SECURITIES REGULATORY AUTHORITY, NOR HAS ANY SECURITIES REGULATORY AUTHORITY PASSED UPON THE FAIRNESS OR MERITS OF THE TRANSACTION OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

Notice To Shareholders Not Resident In Canada

The Corporation is a corporation organized under the *Business Corporations Act* (Ontario) (the “**OBCA**”). The solicitation of proxies involves securities of a Canadian issuer and is being effected in accordance with applicable corporate and securities laws in Canada. Shareholders should be aware that the requirements applicable to the Corporation, the Transaction and this Circular under applicable Canadian laws may differ from requirements under corporate and securities laws in other jurisdictions. U.S. shareholders should be aware that this solicitation and the Transaction are not subject to the U.S. Securities Exchange Act of 1934, as amended and the regulations thereunder. This Circular was neither submitted to, nor reviewed by, the United States Securities and Exchange Commission.

The enforcement of civil liabilities under the securities laws of other jurisdictions outside Canada may be affected adversely by the fact that the Corporation is organized under the laws of Ontario and that most of its directors and its executive officers are residents of Canada. You may not be able to sue the Corporation or its directors or executive officers in a Canadian court for violations of foreign securities laws. It may be difficult to enforce against the Corporation a judgment of a court outside Canada.

Shareholders who are foreign taxpayers should be aware that the Transaction may be a taxable transaction and may have tax consequences both in Canada and such foreign jurisdiction. The discussion in this Circular is limited to certain Canadian federal income tax issues only and does not address any foreign or other tax consequences. Shareholders are advised to consult their tax advisors to determine the particular tax consequences to them of the transactions contemplated in this Circular.

Documents Incorporated by Reference

The following documents, filed by the Corporation (on its own behalf or on behalf of the Fund) with the applicable securities regulatory authorities in some or all of the provinces and territories of Canada, are specifically incorporated by reference into, and form an integral part of, this Circular:

- (a) The Preliminary Prospectus;
- (b) The Framework Agreement;
- (c) the annual information form of the Corporation dated April 2, 2024 for the year ended December 31, 2023;
- (d) the audited financial statements of the Corporation as at and for the years ended December 31, 2023 and 2022, together with the notes thereto and the auditors' report thereon; and
- (e) the management's discussion and analysis of financial condition and results of operations of the Corporation for the years ended December 31, 2023 and 2022.

Any document of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference into a short form prospectus, including any of the Corporation's annual information forms, material change reports (except confidential material change reports), business acquisition reports, interim financial statements, annual financial statements and the independent auditor's report thereon, management's discussion and analysis and information circulars, filed by the Corporation with securities commissions or similar authorities in Canada after the date of this Circular and before the Meeting, will be deemed to be incorporated by reference in this Circular.

Any statement contained in this Circular or in any other document incorporated or deemed to be incorporated by reference in this Circular will be deemed to be modified or superseded to the extent that a statement contained herein or in any other subsequently filed document which also is deemed to be incorporated by reference in this Circular modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not constitute a part of this Circular except as so modified or superseded.

The documents incorporated or deemed to be incorporated herein by reference contain meaningful and material information relating to the Corporation and readers should review all information contained in this Circular and the documents incorporated or deemed to be incorporated by reference herein.

All summaries of, and references to, the ETF Conversion the Fund and the Framework Agreement in this Circular are qualified in their entirety by the complete text of the Special Resolution, the Preliminary Prospectus and the Framework Agreement. Shareholders should refer to the full text of the Special Resolution, the Preliminary Prospectus and the Framework Agreement for complete details of such documents. The complete text of the Special Resolution is attached as Appendix C to this Circular. You are urged to read the full text of the Special Resolution, the Preliminary Prospectus and the Framework Agreement carefully.

Copies of the documents incorporated by reference in this Circular may be obtained on request without charge from the Corporation by calling (647) 795-8215 or emailing info@ethcap.co and are also available electronically on SEDAR+ at www.sedarplus.ca.

SUMMARY

The following is a summary of certain information contained in this Circular. This summary is not intended to be complete and is qualified in its entirety by the more detailed information contained elsewhere in this Circular and the attached appendices, all of which are important and should be reviewed carefully. Capitalized terms used in this summary without definition have the meanings ascribed to them in the “*Glossary of Terms*”. Shareholders are urged to read this Circular and its appendices carefully and in their entirety.

The Meeting

The Meeting will be held on Monday, June 10, 2024 at 9:00 a.m. (Toronto time) exclusively in virtual format. See “*Information Concerning the Meeting and Voting*”. The Board has fixed the close of business on May 6, 2024 as the Record Date for the purpose of determining Shareholders entitled to receive the notice of and vote at the Meeting.

How to Attend and Participate at the Virtual Only Meeting

The Meeting will be conducted in a virtual only format, which will be conducted via live audio webcast. Shareholders will not be able to attend the Meeting in person. In order to attend, participate or vote at the Meeting (including for asking questions and voting at the Meeting), registered holders of Common Shares (“**Registered Shareholders**”) or duly appointed proxyholders must have a valid 12-digit control number. Please refer to Appendix B for detailed instructions on how to attend and vote at the Meeting.

Attending the Meeting online enables Registered Shareholders and duly appointed proxyholders, including Non-Registered Holders who have duly appointed third party proxyholders, to participate at the Meeting, ask questions and vote, all in real time. Registered Shareholders and duly appointed third party proxyholders can vote at the appropriate times during the Meeting. Guests, including Non-Registered Holders who have not duly appointed a third-party proxyholder, can join the Meeting online as set out below. Guests can listen to the Meeting but are not able to vote.

If you wish to vote during the Meeting, it is important that you are connected to the internet at all times during the Meeting in order to vote when balloting commences. It is your responsibility to ensure connectivity for the duration of the Meeting. You should allow ample time to check into the Meeting online and complete the related procedure. For more information about accessing and participating in the Meeting online, Shareholders are encouraged to consult Appendix B.

Purpose of the Meeting

1. to consider, and, if thought appropriate, to approve, with or without variation, the Special Resolution, the full text of which is set forth in Appendix C to this Circular, authorizing, among other things, (A) amendments to the articles of the Corporation to: (i) amend the rights, privileges, restrictions and conditions attached to the Common Shares and re-designate the Common Shares as ETF Shares to effect the conversion of the Corporation into an exchange-traded fund (the “**Fund**”) structured as a mutual fund corporation (as defined in the Tax Act) managed by Purpose Investments (the “**ETF Conversion**”); (ii) create a new class of shares to be designated as Voting Shares which would be issued to the Independent Trust upon completion of the Transaction; (iii) create a new class of shares to be designated as Mutual Fund Shares; and (iv) change the name of the Corporation to Purpose Ether Staking Corp. ETF; and (B) the completion of the other transactions contemplated by the Framework Agreement, including the sale of the Non-Ether Assets (as defined in the Circular) to Purpose Unlimited Inc.;
2. to receive the Corporation’s audited consolidated financial statements for the year ended December 31, 2023 and the auditors’ report thereon;

3. to elect the directors of the Corporation;
4. to re-appoint Ernst & Young LLP as auditors of the Corporation until the next annual meeting of the shareholders and to authorize the directors of the Corporation to fix their remuneration;
5. to consider and, if thought appropriate, to approve, with or without variation, an ordinary resolution approving the unallocated Options under the Corporation's Stock Option Plan and an amendment to the Stock Option Plan to provide for the option for a cashless exercise of Options; and
6. to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

Transaction Steps and Mechanics

Among other things, if the Special Resolution is approved at the Meeting, the Transaction would proceed in accordance with the following steps:

1. The Corporation would file the Articles of Amendment to:
 - (a) re-designate the Common Shares as non-voting, redeemable, participating ETF Shares;
 - (b) increase the authorized capital of the Corporation by creating an unlimited number of non-voting, redeemable, participating Mutual Fund Shares;
 - (c) increase the authorized capital of the Corporation by creating 100 nominal Voting Shares,; and
 - (d) change the Corporation's name to Purpose Ether Staking Corp. ETF.
2. The Corporation would sell, and Purpose Unlimited would purchase, all of the Non-Ether Assets, other than the Excluded Assets, and Purpose Unlimited would assume certain liabilities associated with the Non-Ether Assets.
3. Purpose Investments and the Corporation would execute the Management Agreement and certain agreements with third parties in respect of the Fund, including a custodian agreement, subcustodian agreements, a designated broker agreement, a dealer agreement and a transfer agency agreement, as more fully described under "*Summary of the Framework Agreement*".
4. The Corporation would issue 100 Voting Shares to the Independent Trust as a private placement for \$100.
5. The current directors and officers of the Corporation would resign and the Independent Trust would elect new directors and appoint the new officers of the Fund. It is expected that the initial board of directors of the Fund would be comprised of one employee of the Manager, and three independent directors who are members of the independent review committee of all public investment funds managed by Purpose Investments.
6. The Manager would file the Final Prospectus, once cleared by the OSC (the principal regulator of the Fund), to qualify the ETF Shares for distribution to the public.
7. Subject to Cboe Canada approval, the ETF Shares would be listed for trading on Cboe Canada.

Required Approvals

1. Shareholder Approval. In order for the Transaction to be effected, Shareholders will be asked to consider and, if deemed advisable, approve the Special Resolution and any other related matters at the Meeting. The Special Resolution must be approved by the affirmative vote of at least two-thirds (66 2/3%) of the votes cast by the holders of Common Shares present or represented by proxy and entitled to vote at the Meeting. Further, as described under “*Securities Laws Matters – Application of MI 61-101*”, approval by a simple majority of Minority Shareholders is required to approve the Special Resolution.
2. Regulatory Approval. The completion of the Transaction is also subject to approval of the ETF Conversion by Cboe Canada, including the listing of the ETF Shares, and the issuance of a receipt from the OSC for the Final Prospectus of the Fund.

Terms of the Fund

If the Special Resolution is approved, the Corporation would convert into the Fund and the Common Shares of the Fund would become non-voting, redeemable, participating shares, with such rights, privileges, restrictions and conditions set forth in the Articles of Amendment, which shares are expected to be listed on Cboe Canada (“**ETF Shares**”). Purpose Investments would be the Manager of the Fund and would be subject to statutory and contractual obligations to exercise its powers and discharge its duties as Manager honestly, in good faith and in the best interests of the Fund and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances. In accordance with industry practice for certain types of investment funds a new class of voting shares (“**Voting Shares**”) of the Fund would be issued to a trust (the “**Independent Trust**”), a majority of the trustees of which would be independent of Purpose and the beneficiaries of which will be the holders from time to time of ETF Shares and Mutual Fund Shares.

Appendix D sets out a summary of the principal features of the Fund and the ETF Shares (the “**Fund Terms**”) and should be read together with the more detailed information and statements contained in the Preliminary Prospectus, which has been or will be filed on SEDAR+ prior to the mailing of this Circular.

Recommendation of the Independent Committee

The Board established the Independent Committee in order to manage any actual or potential conflicts of interest that may arise in the course of the Strategic Review, in particular the actual conflict of interest that arose following the Corporation’s receipt of the Initial Purpose Proposal as a result of Mr. Seif and Mr. di Prata being interested in the Transaction in accordance with section 132 of the OBCA as directors, and in the case of Mr. Seif, an officer and director, of both the Corporation and Purpose Unlimited, which is a “related party” of the Corporation for purposes of MI 61-101. See “*Securities Laws Matters – Interest of Certain Persons in Matters to be Acted Upon*”, “*Information Concerning the Transaction – Background of the Transaction*” and “*Securities Laws Matters – Application of MI 61-101*”. The Independent Committee, having undertaken a thorough review of, and having carefully considered the terms of the Transaction, the Framework Agreement and the Fund Terms, has unanimously determined: (i) that the Transaction is in the best interests of the Corporation and fair to the Shareholders; (ii) to recommend that the Board approve the Transaction and the entering into by the Corporation of the Framework Agreement; and (iii) to recommend that the Board recommend to Shareholders that they vote in favour of the Special Resolution.

Recommendation of the Board

The Board (with Mr. Seif and Mr. di Prata, the interested directors, abstaining), having taken into account such factors and matters as it considered relevant including, among other things, the recommendation of the Independent Committee, unanimously determined that the Transaction is in the best interests of the Corporation and fair to Shareholders and recommends that the Shareholders vote **FOR** the Special Resolution.

Reasons for the Recommendation

The Independent Committee and the Board analyzed a number of strategic alternatives against the framework of the Strategic Review Goals. The Independent Committee and the Board each determined that, with the overarching goal of maximizing shareholder value, among the most important Strategic Review Goals was the objective to reduce the Market Price Discount to NEV. The Independent Committee and the Board believe that closing this discount would also have the likely effect of improving short-term liquidity of the Common Shares at a market price close to NEV per Share. The Independent Committee and the Board also evaluated the impact that each strategic alternative would have on the overall financial position of the Corporation and whether pursuing options other than a Potential ETF Conversion would have more long term potential benefit even if it would not result in a short-term narrowing of the Market Price Discount to NEV, and determined that a Potential ETF Conversion was the best option to achieve the Strategic Review Goals, and was in the best interests of the Corporation and fair to Shareholders.

Why ETF Conversion?

After reviewing transaction alternatives, the Board concluded that a Potential ETF Conversion is the best alternative to other options available to the Corporation, including maintaining the status quo, based on a number of factors, including the following:

- Most Likely to Close the Market Price Discount to Net Equity Value. It is expected that the ETF Shares would trade at or close to the net asset value (“NAV”) of the Fund’s underlying assets, supported by the redemption rights attached to the ETF Shares and the continuous distribution and creation structure of ETF Shares, whereas historically the common shares have traded at a discount to the Corporation’s Net Equity Value. The ETF structure is designed to ensure that designated brokers will post bid and ask prices on Cboe Canada that are expected to be close to NAV per share. The ETF Conversion is the only strategic alternative considered by the Board designed to ensure that the market price per participating share is equal, or very close, to net asset value per share.
- Most Likely to Improve Liquidity of the Common Shares. Trading in the Common Shares has been limited, affecting liquidity for Shareholders. It is anticipated that the ETF structure, in particular the redemption rights attached to ETF Shares and the continuous distribution and creation structure of ETF Shares, as described in the Fund Terms, will improve liquidity because it is expected that designated brokers will post bid and ask prices that are close to the net asset value per share of the ETF Shares allowing investors to more efficiently buy or sell shares. This feature will allow Shareholders to retain their exposure to the Ether Assets and staking yields of the Fund for as long as they want, with the option to sell or buy more shares any time during regular market hours.
- Continued Benefit from Staking. Subject to receipt of necessary regulatory approvals, it is expected that the Fund will stake a material portion of its Ether portfolio, and Purpose Investments will seek to leverage the proprietary staking infrastructure that the Corporation had built and operationalized for its own Ether Assets, including proprietary intellectual property (the “**Staking IP**”) developed by the Corporation as a means of managing its current staking activities. The ETF Conversion would allow the Corporation to leverage the customized infrastructure and leading staking practices, because the Fund would continue to stake a portion of its Ether Assets following the ETF Conversion, with the expectation that the Staking IP purchased by Purpose Unlimited, an affiliate of the Manager, may be used.
- Foregoing Optional Revenue-Generating Activities is a Reasonable Trade-Off. Although the ETF Conversion would cause the Corporation to forego the optionality to commercialize its Staking IP and/or engage in revenue-generating activities within the Ethereum ecosystem, these trade-offs are appropriate because:

- Purpose, an affiliate of the Manager, would acquire the Staking IP and therefore the Fund may continue to benefit from the Staking IP by receiving best-in-class staking services following the ETF Conversion;
 - The Financial and Market Analysis confirmed that there was not a reasonably likely scenario under which the Corporation's execution of various revenue-generating opportunities would result in a higher NEV per Share relative to an ETF that stakes between 10% and 75% of its Ether;
 - There is no assurance that, even with higher operating revenues, the Market Price Discount to NEV would close or be substantially reduced; and
 - Most new revenue generating activities would require capital expenditure by the Corporation, which would necessitate a sale of Ether Assets, and the Corporation had not identified any opportunity that it believed would likely outperform the potential increase in the value of the Ether which would have been sold to fund the opportunity.
- ETF Conversion should Provide More Efficient Tax Outcomes based on Current Activities. The ETF Conversion should not result in a taxable disposition or any other tax event that would cause Shareholders to realize accrued capital gains and losses on their shares of the Corporation. The ETF Conversion should enable the Fund to eliminate entity-level tax on capital gains, provided that all such gains are properly distributed to Shareholders and relevant elections are made. The ETF Conversion should enable the Fund to eliminate entity-level tax on capital gains, provided that all such gains are properly distributed to Shareholders and relevant elections are made. While the ETF Conversion will increase the rate of entity-level tax on net income from staking activities, the increase in income tax rate is not expected to materially increase the Fund's income tax payable on future staking income relative to income tax that would be payable if the Company earned that future staking income. One of the key benefits of the existing corporate structure is the flexibility for the Corporation to stake 98% of the Ether Assets and pursue operating revenue and higher yield from more innovative activities in the decentralized finance ecosystem. However, the corporate level tax associated with those opportunities diminishes their attractiveness, particularly when combined with the risk profile of such activities.

The Financial and Market Analysis confirmed that potential improved financial performance of the Fund from the anticipated elimination of entity-level tax on capital gains would be close to or outweigh the anticipated reduction in the Fund's staking revenues and other potential revenue generating activities, under all reasonable scenarios. Factoring in a persistent share price discount to Net Equity Value, the potential improved financial performance of the Fund outweighed other potential revenue generating activities.

- Improved Regulatory Landscape. In April 2020, the first Public Crypto Asset Fund completed its initial public offering in Canada. Since that time, over 20 Public Crypto Asset Funds have been approved by the CSA, with eight such funds being Public Ether Funds. In October 2023, two Public Ether Funds commenced staking activities. This improved regulatory landscape indicates that it will be possible for the Corporation to continue to hold and stake its Ether Assets following the ETF Conversion.

Why Purpose?

Following a comprehensive analysis of all Public Crypto Asset Funds and their managers, the Independent Committee determined that Purpose Investments was the best choice to serve as Manager of the Fund, based on a number of factors, including:

- Significant Regulatory and Investment Fund Structuring Expertise. Purpose has a long history of engagement with applicable regulators to create innovative investment fund structures, including

Purpose Bitcoin ETF (TSX: BTCC) and Purpose Ether ETF (TSX: ETHH), and this experience is highly valuable for structuring and completing an ETF Conversion.

- Extensive Experience as a Leading Independent Asset Manager. Managing approximately 100 investment funds and strategies, Purpose Investments is well qualified to manage the Fund with a view to preserving and increasing shareholder value.
- Strong Familiarity with the Corporation. Purpose Unlimited was a key partner in the establishment of the Corporation in 2018, and Purpose Unlimited and the Corporation have had a strong and productive working relationship for several years, including through Purpose's operational support, and have been partners in developing Purpose Investments' other Public Crypto Asset Funds. Such collaboration is valuable in the structuring and completion of the ETF Conversion. The Corporation's existing relationship with Purpose would provide a unique opportunity to work with a partner towards launching a Public Ether Fund that engages in best-in-class staking activities on an expedited timeline.
- Speed and Certainty of Transaction Execution. For the reasons noted above, the Independent Committee believes that Purpose can work expeditiously to complete the ETF Conversion and close the Transaction.
- Financial Incentives for Shareholders. In addition to the cash purchase price of \$1.5 million in respect of the Transaction, Purpose has offered financial incentives which will benefit Shareholders directly. First, Purpose has agreed to waive Management Fees on the ETF Shares for the first three months following the closing of the Transaction. Second, Purpose has agreed to commit its own resources to complete the Transaction, including the costs associated with the preparation and filing of the Preliminary Prospectus and the Final Prospectus.

Other Considerations

In making its recommendation to the Board, the Independent Committee considered the following:

- Framework Agreement Terms. The terms and conditions of the Framework Agreement are, in the judgment of the Independent Committee, following consultations with the Corporation's legal advisors, reasonable and were the result of extensive and arm's length negotiations.
- Oversight of Independent Committee. The negotiation of the LOI and Framework Agreement have been supervised by the Independent Committee, which was free of any conflicts of interest.
- Other Stakeholders. The Independent Committee also considered, in consultation with its legal advisors, the impact of the Transaction on the Corporation's various stakeholders. In particular, the Independent Committee took into account the potential impact of the ETF Conversion on the Corporation's employees, who will be offered employment with Purpose Unlimited on substantially the same terms in the aggregate, and whose length of service with the Corporation will be recognized.
- Preliminary Prospectus. The OSC has reviewed a confidentially pre-filed draft of the Preliminary Prospectus which sets out the Fund Terms, including the Fund's proposed staking activities. The Preliminary Prospectus, which is subject to completion or amendment, has been or will be filed on SEDAR+ prior to mailing this Circular.
- Shareholder Approval. Pursuant to the OBCA and MI 61-101, the Special Resolution must be approved by (i) not less than two-thirds (66 2/3%) of the votes cast by Shareholders present in person or represented by proxy and entitled to vote at the Meeting and (ii) a simple majority of the votes cast by Shareholders present in person or represented by proxy and entitled to vote at the

Meeting, other than the Excluded Shareholders and any other person required to be excluded for the purpose of such vote under MI 61-101.

- Dissent Rights. Registered Shareholders who do not vote in favour of the Special Resolution will have the right to dissent with respect to the Special Resolution, which provides them with the right to demand payment of the fair value for their Common Shares, as determined by a court under section 185 of the OBCA.

Uncertainties, Risks and Potential Negative Factors

The Independent Committee also considered a number of uncertainties, risks and potential negative factors relating to the Transaction, including:

- Risks of Non-Completion. The risks to the Corporation if the Transaction is not completed, including the costs to the Corporation in pursuing the Transaction and the diversion of the Corporation's management from the conduct of the Corporation's activities in the ordinary course.
- Conditions to Closing. There are conditions to the obligation of Purpose Unlimited and Purpose Investments to complete the Transaction, and certain of the conditions to closing are outside the control of the Corporation. In addition, Purpose Unlimited and Purpose Investments have the right to terminate the Framework Agreement in certain circumstances.
- Restrictions on Operations. The Framework Agreement imposes various restrictions on the conduct of the Corporation's activities during the period between the entering into of the Framework Agreement and the consummation of the Transaction.
- Regulatory Approvals. There is a risk that regulatory approvals required to complete the Transaction may be delayed or not obtained, and the Preliminary Prospectus is subject to completion or amendment.
- Interest of Certain Persons in the Transaction.
 - Som Seif, a director and the Interim Chief Executive Officer of the Corporation is a director and shareholder and Chief Executive Officer of Purpose Unlimited, and is a director and officer of certain affiliates of Purpose Unlimited, including Purpose Investments (of which he is Chief Executive Officer). Camillo di Prata, a director of the Corporation is a director and shareholder of Purpose Unlimited. As described further under "*Securities Laws Matters – Application of MI 61-101*" and "*Securities Laws Matters – Interest of Certain Persons in the Transaction*", as a result of holding such positions, Mr. Seif and Mr. di Prata have a material interest in the Transaction and have abstained from participating in the portion of any board meeting where the Transaction was discussed and have abstained from voting in respect of the Transaction in accordance with section 132 of the OBCA.
 - Purpose is an "associate" (as defined under applicable securities laws) of Mr. Seif because he beneficially owns voting securities carrying more than 10% of the voting rights attached to all of the voting securities of Purpose Unlimited. Purpose Unlimited is also a "related party" (as defined under MI 61-101) of the Corporation because Mr. Seif, a related party of the Corporation, owns more than 50% of a class of equity securities of Purpose Unlimited, and the sale of the Non-Ether Assets to Purpose Unlimited is a "related party transaction" as defined under MI 61-101. See "*Securities Laws Matters – Application of MI 61-101*".
 - Certain of the Corporation's senior officers and directors (including those on the Independent Committee) may be entitled to receive benefits that could constitute

“collateral benefits” (as such term is defined in MI 61-101) in connection with the Transaction because of the acceleration of unvested Options held by them and the amendment to the Stock Option Plan to implement an option for the cashless exercise of Options, each of which are being implemented in connection with the Transaction, although the Independent Committee has determined that these benefits are not material and do not constitute “collateral benefits” within the meaning of MI 61-101. In addition, pursuant to the terms of the Framework Agreement, Ms. Friedman may be receiving a lump sum termination payment which may be considered a “collateral benefit” under MI 61-101. See “*Securities Laws Matters – Application of MI 61-101*”.

- ETF Shares Non-Voting. The ETF Shares will not carry the right to vote at meetings of the shareholders of the Fund, except in certain circumstances provided for under National Instrument 81-102 – *Investment Funds* dealing with significant changes to investment funds, or as otherwise required by the OBCA or the constating documents of the Fund.

Dissent Rights

Registered Shareholders have been provided with the right to dissent in respect of the Special Resolution in the manner provided in section 185 of the OBCA. See “*Dissenting Shareholders’ Rights*” for more information.

INFORMATION CONCERNING THE MEETING AND VOTING

Solicitation of Proxies

It is expected that proxies will be solicited primarily by mail, but proxies may also be solicited personally, by telephone or through electronic means (including via the Internet or e-mail) by directors, officers and employees of the Corporation without special compensation. The cost of solicitation will be borne by the Corporation.

Appointment of Proxyholders and Voting in Advance of the Meeting

The persons designated by management of the Corporation as proxyholders in the enclosed form of proxy are directors or officers of the Corporation. Each shareholder has the right to appoint as proxyholder a person or company (who need not be a shareholder of the Corporation) other than the persons designated by management of the Corporation in the enclosed form of proxy to attend and act on the shareholder's behalf at the Meeting or at any adjournment or postponement thereof. Such right may be exercised by inserting the name of the person or company in the blank space provided in the enclosed form of proxy or by completing another form of proxy.

In the case of Registered Shareholders, the completed, dated and signed form of proxy should be sent in to the Chief Operating Officer of the Corporation c/o TSX Trust Company ("**TSX Trust**"), at 100 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1, fax number 416-595-9593. To vote over the internet, go to www.voteproxyonline.com and enter the 12-digit control number printed on your form of proxy.

In the case of Non-Registered Shareholders who receive these materials through their broker or other intermediary, the shareholder should complete and send the voting instruction form in accordance with the instructions provided by their broker or other intermediary.

To be effective, a proxy must be received by TSX Trust or the Chief Operating Officer of the Corporation not later than June 6, 2024 at 9:00 a.m. (Toronto time), or in the case of any adjournment or postponement of the Meeting, not less than 48 hours, Saturdays, Sundays and holidays excepted, prior to the time of the adjourned or postponed Meeting. The deadline for the deposit of proxies may be waived or extended by the Chair of the Meeting at his or her discretion, without notice.

Revocation of Proxy

A shareholder who has given a proxy may revoke it by depositing an instrument in writing signed by the shareholder or by the shareholder's attorney, who is authorized in writing, or by transmitting, by telephonic or electronic means, a revocation signed by electronic signature by the shareholder or by the shareholder's attorney, who is authorized in writing, to or at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or in the case of any adjournment or postponement of the Meeting, the last business day preceding the day of the adjourned or postponed Meeting, or with the Chair of the Meeting on the day of, and prior to the start of, the Meeting or any adjournment or postponement thereof. A shareholder may also revoke a proxy in any other manner permitted by law.

Registered Shareholders may also change and supersede a vote cast by a previously submitted proxy by submitting another duly completed form of proxy bearing a later date than the previously submitted proxy prior to the applicable submission deadline.

Non-Registered Shareholders who wish to change their vote must, in sufficient time in advance of the Meeting, arrange for their respective intermediaries to change their vote and, if necessary, revoke their proxy in accordance with the revocation procedures set out above.

Voting of Proxies

On any ballot that may be called for, the Common Shares represented by a properly executed proxy given in favour of the persons designated by management of the Corporation in the enclosed form of proxy will be voted or withheld from voting in accordance with the instructions given on the form of proxy, and if the shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. **In the absence of such instructions, the Common Shares will be voted “FOR” the passage of the resolutions described herein.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the accompanying Notice of Meeting and with respect to other matters which may properly come before the Meeting or any adjournment or postponement thereof. As of the date of this Circular, management of the Corporation is not aware of any such amendment, variation or other matter to come before the Meeting. However, if any amendments or variations to matters identified in the accompanying Notice of Meeting or any other matters which are not now known to management should properly come before the Meeting or any adjournment or postponement thereof, the Common Shares represented by properly executed proxies given in favour of the persons designated by management of the Corporation in the enclosed form of proxy will be voted on such matters pursuant to such discretionary authority.

Non-Registered Shareholders

Only Registered Shareholders or duly appointed proxyholders are permitted to vote in person at the Meeting. Most shareholders of the Corporation are “non-registered” shareholders because the Common Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Common Shares or in the name of a clearing agency (such as CDS & Co.).

A holder of Common Shares is a non-registered (or beneficial) shareholder (a “**Non-Registered Holder**”) if the shareholder’s Common Shares are registered either: (a) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Holder deals with in respect of the Common Shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFFs, RESPs, RDSPs, TFSAs and similar plans; or (b) in the name of a clearing agency (such as CDS & Co.) of which the Intermediary is a participant.

Appointment of Proxyholders by Non-Registered Shareholders

Non-Registered Holders who have not objected to their Intermediary disclosing certain ownership information about them to the Corporation are referred to as non-objecting beneficial owners (“**NOBOs**”). Those Non-Registered Holders who have objected to their Intermediary disclosing ownership information about them to the Corporation are referred to as objecting beneficial owners (“**OBOs**”). In accordance with the requirements of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), the Corporation has elected to send copies of the proxy-related materials, including a form of proxy or voting instruction form (“**VIF**” and, collectively, the “**meeting materials**”) indirectly through Intermediaries for onward distribution to NOBOs and OBOs. The Corporation will also pay the fees and costs of Intermediaries for their services in delivering the meeting materials to NOBOs and OBOs in accordance with NI 54-101. Intermediaries must forward the meeting materials to each Non-Registered Holder (unless the Non-Registered Holder has waived the right to receive such materials), and often use a service company, to permit the Non-Registered Holder to direct the voting of the Common Shares held by the Intermediary on behalf of the Non-Registered Holder.

Generally, Non-Registered Holders who have not waived the right to receive meeting materials will either:

- (a) be given a proxy which has already been signed by the Intermediary which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is

otherwise uncompleted. This form of proxy need not be signed by the Non-Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and deposit it with TSX Trust, as described above under “*Appointment of Proxyholders and Voting in Advance of the Meeting*”; or

- (b) more typically, be given a VIF which must be completed and signed by the Non-Registered Holder in accordance with the directions on the VIF. Non-Registered Holders must submit VIFs to Intermediaries in sufficient time to ensure that their votes are received from the Intermediaries by the Corporation.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Holder who receives either a proxy or a VIF wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the form of proxy and insert their own (or such other person’s) name in the blank space provided in the form of proxy or, in the case of a VIF, follow the corresponding instructions on the VIF, to appoint themselves as proxyholders, and deposit the form of proxy or submit the VIF in the appropriate manner noted above. Non-Registered Holders should carefully follow the instructions on the form of proxy or VIF that they receive from their Intermediary in order to vote the Common Shares that are held through that Intermediary.

These meeting materials are being sent to both registered and non-registered owners of the Common Shares. If you are a Non-Registered Holder, and the Corporation or its agent has sent these meeting materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. By choosing to send these meeting materials to you directly, the Corporation (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these meeting materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

Voting Virtually at the Meeting

Registered Shareholders and Non-Registered Holders who appointed themselves or a third party proxyholder to represent them at the Meeting will be capable of attending and participating at the Meeting. Registered Shareholders and Non-Registered Holders are encouraged to consult Appendix B for details regarding participation and voting at the Meeting.

VOTING SHARES

Voting Shares

As at the Record Date, the Corporation had 33,034,320 Common Shares outstanding, each carrying the right to one vote per share. A simple majority of the votes cast at the Meeting, whether in person, by proxy or otherwise, will constitute approval of any matter submitted to a vote at the Meeting, other than the Special Resolution, which requires approval of (i) not less than two-thirds (66 2/3%) of the votes cast at the Meeting, whether in person, by proxy or otherwise and (ii) a simple majority of the votes cast at the Meeting, other than the Excluded Shareholders and any other person required to be excluded for the purpose of such vote under MI 61-101, whether in person, by proxy or otherwise, or any other special resolution that requires approval of not less than two-thirds (66 2/3%) of the votes cast at the Meeting, whether in person, by proxy or otherwise.

Record Date

The Board has fixed May 6, 2024 as the record date (the “**Record Date**”) for the purpose of determining holders of Common Shares entitled to receive notice of and to vote at the Meeting. Any holder of Common

Shares of record at the close of business on the Record Date is entitled to vote the Common Shares registered in such shareholder's name at that date on each matter to be acted upon at the Meeting.

A quorum for the transaction of business at the Meeting shall be two persons present in person, each being a shareholder entitled to vote at the Meeting or a duly appointed proxyholder or representative for a shareholder so entitled.

Principal Shareholders

To the knowledge of the directors and executive officers of the Corporation, as at the Record Date, no person beneficially owned, directly or indirectly, or exercised control or direction over, 10% or more of the voting rights attached to the outstanding Common Shares, except as follows:

Name and Municipality of Residence	Number of Common Shares Beneficially Owned, or Controlled, Directly or Indirectly	Percentage of Common Shares Beneficially Owned, or Controlled, Directly or Indirectly
MMCAP International Inc. SPC ⁽¹⁾ Cayman Islands	4,990,000 Common Shares ⁽¹⁾	15.1%

Notes:

(1) Current as at the end of February 2024, per the alternative monthly report of MM Asset Management Inc. (on its own behalf and on behalf of MMCAP International Inc. SPC) dated March 8, 2024.

MATTERS TO BE ACTED UPON AT MEETING

1. Approval of the ETF Conversion

In order for the ETF Conversion to be effected, Shareholders will be asked to consider and, if deemed advisable, approve the Special Resolution and any other related matters at the Meeting. Pursuant to the OBCA and MI 61-101, the Special Resolution will require the affirmative vote of: (a) at least two-thirds (66 2/3%) of the votes cast by the holders of Common Shares present or represented by proxy and entitled to vote at the Meeting; and (b) a simple majority of the votes cast by the holders of Common Shares present or represented by proxy and entitled to vote at the Meeting, other than the Excluded Shareholders and any other person required to be excluded for the purpose of such vote under MI 61-101. See "*Securities Laws Matters – Application of MI 61-101*".

Notwithstanding the approval of the Shareholders to the Special Resolution, the Special Resolution hereunder authorizes and gives power to the Board, without prior notice and without the approval of the Shareholders, to (i) amend, modify or supplement the Framework Agreement, (ii) subject to the terms of the Framework Agreement, not to proceed with the ETF Conversion and the related transactions, and (iii) revoke the Special Resolution.

As further detailed under "*Information Concerning the ETF Conversion – Independent Committee Recommendation and – Board Recommendation*", in the absence of a contrary instruction, the persons designated by management of the Corporation in the enclosed form of proxy intend to vote FOR the Special Resolution.

Please refer to "*Information Concerning the Transaction*", "*Summary of the Framework Agreement*" and "*Securities Laws Matters*" for further information in respect of the Special Resolution and the Transaction.

2. Financial Statements

The Corporation's audited consolidated Financial Statements for the year ended December 31, 2023 and the auditors' report thereon will be received at the Meeting. No vote with respect to the Financial Statements is required to be taken.

3. Election of Directors

Five persons will be nominated for election as directors at the Meeting. Under the by-laws of the Corporation, directors of the Corporation are elected annually. Each director will hold office until the next annual meeting or until the successor of such director is duly elected or appointed, unless such office is earlier vacated in accordance with the Corporation's by-laws.

In the absence of a contrary instruction, the persons designated by management of the Corporation in the enclosed form of proxy intend to vote FOR the election as directors of each of the proposed nominees whose names are set forth below. Management does not contemplate that any of the proposed nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the Common Shares represented by properly executed proxies given in favour of such nominee(s) may be voted by the persons designated by management of the Corporation in the enclosed form of proxy, in their discretion, in favour of another nominee.

The director nominee profiles set out in this Circular provide detailed information about each nominee for election to the Board, including their expertise, committee memberships, and the number of securities beneficially owned, directly or indirectly, or over which control or direction was exercised, by such person or the person's associates or affiliates as of the Record Date. The information as to securities beneficially owned or over which control or direction is exercised, not being within the knowledge of the Corporation, has been furnished by the respective proposed nominees individually.

4. Appointment of Auditors

At the Meeting, it is proposed that Ernst & Young LLP be re-appointed as the auditors of the Corporation. Information concerning fees paid to Ernst & Young LLP and our predecessor auditor, KPMG LLP, for services they have rendered to us in each of the last two fiscal years can be found in our Annual Information Form for the year ended December 31, 2023 under the heading "*Audit Committee*", which is available under our profile on www.sedarplus.ca.

KPMG LLP, the auditors of the Corporation since 2018, resigned as auditor of the Corporation on its own initiative effective May 4, 2022. Ernst & Young LLP was appointed by the Board as auditors of the Corporation commencing May 4, 2022.

In the absence of a contrary instruction, the persons designated by management of the Corporation in the enclosed form of proxy intend to vote FOR the re-appointment of Ernst & Young LLP as auditors of the Corporation, to hold office until the next annual meeting of shareholders, and the authorization of the directors of the Corporation to fix their remuneration.

5. Approval of Renewal of Option Plan

The Corporation's Stock Option Plan was initially approved by the shareholders on April 13, 2018. The renewal of the Stock Option Plan was subsequently approved by the shareholders at the annual and special meeting of shareholders held on June 23, 2021. For a description of the principal terms of the Stock Option Plan, see "*Executive Compensation – Stock Option Plan*" below.

In accordance with the requirements of the Cboe Canada, every three years after adoption, all unallocated entitlements under "evergreen plans" (security-based compensation arrangements which contain provisions so that awards replenish upon the exercise of options or other entitlements) must be approved

by the shareholders. Because the Stock Option Plan is an evergreen plan, the shareholders are required to approve all unallocated Options issuable pursuant to the Stock Option Plan at the Meeting.

Shareholders are therefore being asked at the Meeting to pass an ordinary resolution approving all unallocated options under the Stock Option Plan, to remain in effect until June 10, 2027 (being the third anniversary of the Meeting). Whether or not the proposed resolution is approved by the shareholders, all allocated options under the Stock Option Plan will continue unaffected. However, if the Transaction is completed, the Stock Option Plan will be terminated as of Closing.

If the resolution approving the renewal of the Stock Option Plan and approving all unallocated options under the Stock Option Plan is not approved by the shareholders at the Meeting, then no new grants of options will be made pursuant to the Stock Option Plan.

Shareholders will therefore be asked at the Meeting to pass the following resolution, with or without variation, relating to the approval as described above (the “**Stock Option Resolution**”):

RESOLVED THAT

- (a) all unallocated options under the Stock Option Plan be and are hereby approved and that the Corporation be authorized to continue granting options under the Stock Option Plan until June 10, 2027;
- (b) the following provision be added to the Stock Option Plan as a new section 5.6 to permit the cashless exercise of Options prior to the completion of the Transaction:

“5.6 Cashless Exercise

The Board may, in its discretion, permit a Participant to, in lieu of paying the Option Price for the Common Shares to be issued pursuant to such exercise, elect to surrender the Option to the Company for cancellation in consideration for the issuance by the Company of such number of Common Shares (such number of Common Shares rounded down to the nearest whole number, the “**Cashless Option Shares**”) determined by (i) subtracting the Option Price from the Market Value of the Common Shares on the date of exercise, (ii) multiplying the result in (i) by the number of Common Shares in respect of which the Option is being exercised and then (iii) dividing that product by such Market Value of the Common Shares. Prior to the issuance of the Cashless Option Shares, the electing Participant shall pay to the Company an amount, in cash, equal to the amount of tax required to be remitted by the Company to any applicable taxation authority, as determined by the Company in good faith and (A) on the basis that the Company will elect in the prescribed form and within the prescribed time under subsection 110(1.1) of the Income Tax Act (Canada) (the “**ITA**”), and (B) net of any deduction to which the employee is entitled under paragraph 110(1)(d) of the ITA. “**Market Value**” means the closing trading price of the Common Shares on the last trading day immediately preceding the date of exercise”;

- (c) any director or officer of the Corporation be and is hereby authorized and directed to do such things and to execute and deliver all such instruments, deeds and documents, and any amendments thereto, as may be necessary or advisable in order to give effect to the foregoing resolutions, and to complete all transactions in connection therewith.

To be adopted, the Stock Option Resolution must be approved by at least a majority of the votes cast on the matter at the Meeting. The Board recommends that shareholders vote in favour of the Stock Option Resolution. **In the absence of a contrary instruction, the persons designated by management of the Corporation in the enclosed form of proxy intend to vote FOR the Stock Option Resolution.**

INFORMATION CONCERNING THE TRANSACTION

Background of the Transaction

The following is a summary of the origin and main events leading up to the Transaction, including the Initial Purpose Proposal, the negotiation of the Framework Agreement and related documents, and the key meetings, negotiations, discussions and actions between the parties that preceded the public announcement of the execution of the Framework Agreement and the Transaction.

During 2023, following a strategic review by the Board which considered several different strategic options, the Corporation completed a restructuring plan which involved implementing a leaner operating model and increasing its staking activities, with a view to generating a positive Operating Profit. The restructuring plan resulted in a reduction in employee-related and other operating overhead expenses of \$0.8 million on an annualized basis, increasing the amount of Ether staked to 98% of its Ether Assets, with 64% of the Corporation's staking activity deployed using its own proprietary in-house infrastructure and the repurchase of 726,400 shares under its Normal Course Issuer Bid. As disclosed in the Corporation's 2023 financial results, the Corporation generated a positive Operating Profit of \$1.5 million in fiscal 2023, compared with an operating loss in fiscal 2022 of \$0.2 million. The improvement was attributable to higher Staked Ether Rewards and lower Operating Expenses resulting from the cost reduction initiatives.

The restructuring was aimed to improve the discount of the market price of the Common Shares relative to the intrinsic value of the Corporation based on its NEV per Share. The restructuring plan was implemented during the second half of 2023 and completed by the end of the third quarter of 2023 with the exception of the transition to internal staking which was anticipated to take place over the next several months.

Prior to announcing the implementation of the restructuring plan in June 2023, the Board had evaluated strategic alternatives for maximizing shareholder value, with key objectives of focusing on maximizing long term shareholder returns while also balancing reducing the discount of the trading price of the Common Shares relative to NEV per Share (the "**Market Price Discount to NEV**"). In May 2023, an initial financial and market analysis of certain strategic alternatives (the "**Financial and Market Analysis**"), including potential conversion to a Public Crypto Asset Fund structured as an ETF (a "**Potential ETF Conversion**"), was presented to the Board. At a Board meeting on June 9, 2023, the Board determined not to pursue a Potential ETF Conversion at that time, and instead approved the implementation of the restructuring plan. The Board's decision not to pursue a Potential ETF Conversion at that time was based on a number of factors, including lack of regulatory clarity regarding whether it would be permissible for a Public Ether Fund to stake its Ether, and the potential for the Corporation to implement other measures to cut costs, increase revenues and maximize its staking exposure. In addition, the Board felt the Ether price outlook remained strong and felt that the price of the asset could see meaningful gains through the remainder of 2023 and into 2024. The Board agreed to commence a strategic review in the future, depending on the outcome of the restructuring plan.

On December 11, 2023, the Corporation announced a transition in executive leadership, in which effective January 1, 2024 Brian Mosoff stepped down as CEO and Som Seif, Executive Chairman of the Board and founder of the Corporation, assumed the role of Interim CEO. With Mr. Seif at the helm, the Corporation initiated a strategic review (the "**Strategic Review**") to determine the best path forward for its development. From July 1, 2023 to March 31, 2024, the price of Ether appreciated by 48% and the price of the Common Shares during such period increased by 101%.

The overarching goal of the Strategic Review was to maximize shareholder value, including by considering the long-term impact of various strategies on shareholders, improving short-term liquidity around fair value of the Corporation's assets, maximizing tax efficiencies as it relates to the impact on shareholder return and the impact on the Ethereum ecosystem and the crypto asset ecosystem more broadly (the "**Strategic Review Goals**").

The Strategic Review involved an exploration, review and evaluation of a range of strategic alternatives that may be available to the Corporation to achieve the Strategic Review Goals, including equity market

transactions, dispositions of assets, a Potential ETF Conversion and an evaluation of each alternative against the benefit of maintaining the status quo using the flexibility of the corporate structure to continue to innovate within staking and decentralized finance in the long-term. An evaluation of the status quo included the pursuit of additional revenue-generating opportunities within the Ethereum ecosystem, while aligning with the Corporation's risk tolerance framework.

In furtherance of the Strategic Review, management prepared an updated version of the Financial and Market Analysis which considered a range of strategic alternatives. The Financial and Market Analysis analyzed how each strategic alternative would impact the NEV per Share, with sensitivity given to different Ether asset prices. In particular, the Financial and Market Analysis compared the expected NEV per Share under the existing corporate structure to the expected net asset value per share following a Potential ETF Conversion, considering different yield scenarios for the ongoing staking activities, and anticipating that the amount of Ether Assets which could be staked following a Potential ETF Conversion would likely be lower (in the range of 50% to 75% of Ether Assets) than the amount of Ether Assets currently staked by the Corporation (currently 98% of Ether Assets). The Financial and Market Analysis also considered the potential tax impact of a Potential ETF Conversion on the Corporation and its shareholders, as compared to the current impact of the Corporation's corporate structure on the tax obligations of the Corporation and its shareholders.

On January 26, 2024, management of the Corporation received an unsolicited non-binding proposal (the "**Initial Purpose Proposal**") from Purpose Unlimited expressing an interest in working with the Corporation to develop an optimal approach for a Potential ETF Conversion and an acquisition of the Non-Ether Assets and the right for Purpose Investments to serve as the investment fund manager of the Corporation upon completion of such Potential ETF Conversion. Promptly following receipt of the Initial Purpose Proposal, management of the Corporation delivered the Initial Purpose Proposal to the Board and to its external counsel, McCarthy Tétrault, to advise on how to respond.

On January 31, 2024, the directors of the Corporation other than Mr. Seif and Mr. di Prata discussed the necessity of forming a committee of independent directors (within the meaning of MI 61-101 and NI 52-110) (the "**Independent Committee**") to evaluate the Initial Purpose Proposal, and instructed Ms. Friedman to seek advice from McCarthy Tétrault regarding the appropriate scope of the mandate of the Independent Committee within the context of the Strategic Review.

On February 1, 2024, the members of the Board other than Mr. Seif and Mr. di Prata met with Ms. Friedman to discuss the Initial Purpose Proposal and the status of the Strategic Review. Ms. Friedman discussed the origins of Initial Purpose Proposal and confirmed it was not solicited by the Corporation. The members of the Board present at the meeting determined that it was premature to respond to the Initial Purpose Proposal, given the Board had not yet decided on a path to take under the Strategic Review. The Board members present agreed that there was merit for the Corporation to internally obtain and evaluate available data points on the value of the Corporation's assets (Ether and Non-Ether Assets). No other decisions were taken, but the Board members present discussed how a process to evaluate the Initial Purpose Proposal and other alternative transactions should unfold and acknowledged the need to obtain guidance from McCarthy Tétrault. Ms. Friedman was asked to prepare a market analysis of ETFs, including a survey of all Public Ether Funds which considered quantitative and qualitative data regarding the assets under management, fee structure, and investment fund manager of each Public Ether Fund.

On February 1, 2024, McCarthy Tétrault recommended that the Board establish a committee of independent directors to oversee any potential conflict of interest transactions, which would include the Initial Purpose Proposal, within the overall scope of the Strategic Review. The Corporation instructed McCarthy Tétrault to assist with the development of a mandate for the Independent Committee (the "**Independent Committee Mandate**") and related resolutions for consideration by the Board.

On February 7, 2024, the Board held a meeting at which it received drafts of the Independent Committee Mandate and a formal strategic review mandate which enshrined the Strategic Review Goals (the "**Strategic Review Mandate**"). At the same meeting, the Board completed its review of an updated Financial and Market Analysis presented by management and determined that a Potential ETF Conversion

was more closely aligned with the Strategic Review Goals than all other strategic alternatives (including maintaining the status quo) and instructed management of the Corporation to continue to explore a Potential ETF Conversion. The Board agreed that formation of the Independent Committee was necessary prior to evaluating or responding to the Initial Purpose Proposal, and the directors undertook to promptly review the proposed Independent Review Mandate and the Strategic Review Mandate.

On February 12, 2024 the Board formally appointed the Independent Committee, comprised of Boris Wertz (Chair), Colleen McMorrow and Liam Horne, and approved the Independent Committee Mandate and the Strategic Review Mandate. The Independent Committee Mandate provides that the Independent Committee is responsible for considering any strategic alternative under the Strategic Review Mandate that could potentially give rise to a conflict of interest, which would include (i) any potential transaction with Purpose, having regard to the conflict of interest of Mr. Seif and Mr. di Prata, including the Initial Purpose Proposal, (ii) any other transaction in which the Corporation transitions into an investment fund structure, except where the Independent Committee determines that such transaction would not present any real or perceived conflict of interest if the full Board were to evaluate such transaction, and (iii) any transaction that could be subject to MI 61-101 (collectively, “**Conflict of Interest Transactions**”).

The mandate of the Independent Committee includes, among other things: (i) evaluation of Conflict of Interest Transactions within the framework of the Strategic Review mandate, (ii) evaluating reasonable alternatives to any Conflict of Interest Transaction that may be available to the Corporation (including without limitation maintaining the status quo), (iii) supervising the processes to be carried out by the Corporation and its advisors in considering any Conflict of Interest Transaction, (iv) negotiating or supervising the negotiation of, the terms and conditions of any Conflict of Interest Transaction and to supervise the preparation of any legal agreements or other documentation necessary to implement the same, in each case with the assistance of its advisors and management, (v) assessing the fairness of any Conflict of Interest Transaction to the Shareholders and any other relevant stakeholders of the Corporation, and whether any Conflict of Interest Transaction is in the best interests of the Corporation, the Shareholders and any other relevant stakeholders, (vi) advising the Board and making a recommendation as to whether a Conflict of Interest Transaction is in the best interests of the Corporation, the Shareholders and other relevant stakeholders, and (vii) if a Conflict of Interest Transaction is approved by the Board, maintaining, on behalf of the Board, oversight and review of its implementation.

The Independent Committee held its first meeting on February 21, 2024, at which the Initial Purpose Proposal was reviewed. The Independent Committee also instructed Ms. Friedman to initiate or continue discussions with potential acquirers of the Non-Ether Assets.

The Independent Committee reviewed the survey of Public Ether Funds and continued to discuss the Initial Purpose Proposal and engage in discussions with Purpose under the lead of Mr. Wertz, Chair of the Independent Committee with the support of Ms. Friedman. The Independent Committee directed Mr. Wertz and Ms. Friedman to negotiate a non-binding letter of intent with Purpose Unlimited based on the Initial Purpose Proposal. With the assistance of McCarthy Tétrault, Ms. Friedman and the Independent Committee commenced discussions with Purpose Unlimited to determine if there were terms that could be mutually acceptable to the Purpose Parties and the Corporation in respect of a Potential ETF Conversion with Purpose as the investment fund manager.

On February 28, 2024, the Independent Committee authorized the Corporation to sign a letter of intent with Purpose Unlimited (the “**LOI**”) that provided for the Corporation and Purpose Unlimited to work together to develop a proposed structure for a Potential ETF Conversion and to align on a purchase price for the Non-Ether Assets and the arrangements under which Purpose Investments would manage the Fund, including the management fee that would be payable by the Fund and the potential for Purpose to provide staking services to the Fund using proprietary technology built by the Corporation and included in the Non-Ether Assets to be acquired by Purpose, in each case subject to due diligence and further discussion. When authorizing the execution of the LOI, the Independent Committee considered, among other factors, Purpose Investments’ significant expertise in structuring and managing Public Crypto Asset Funds and ETFs more generally, Purpose’s ability to execute a Potential ETF Conversion in a timely manner, and Purpose’s willingness to commit resources to support further discussions in respect of a Potential ETF Conversion,

including considering the optimal transaction structure and engaging with the OSC regarding the proposed staking activities of the Fund following a Potential ETF Conversion if the parties were to ultimately arrive at mutually agreeable terms and the Independent Committee were to be satisfied such terms were in the best interests of the Corporation and the Shareholders.

The LOI was non-binding except in respect of confidentiality obligations, future termination of the consulting agreement between the Corporation and Purpose Investments, and a 30-day exclusivity period that would be automatically extended for an additional 45 days if the Corporation and Purpose Unlimited (i) wished to continue discussions, (ii) had alignment on a purchase price for the Non-Ether Assets and right to manage a potential ETF, and (iii) agreed on terms in respect of an expense reimbursement to be paid to Purpose Unlimited. During the initial exclusivity period, the Corporation was permitted to, and did, solicit other offers for its Non-Ether Assets. Further, the exclusivity terms permitted the Corporation to consider and pursue any proposal during the 30-day exclusivity period if the Independent Committee or Board determined that such proposal would increase Shareholder value more materially than the Potential ETF Conversion under discussion with Purpose Unlimited; provided that if the Corporation determined to pursue such a proposal, and terminated the exclusivity provision with Purpose Unlimited within the 30-day exclusivity period, the Corporation would pay Purpose Unlimited \$50,000 as a break fee to reimburse Purpose's expenses expected to be incurred in connection with its evaluation of a Potential ETF Conversion.

On March 5, 2024, the parties entered into a mutual non-disclosure agreement and standstill agreement in connection with the LOI.

During the months of February and March 2024, the Corporation engaged in discussions with several other potential acquirers of the Non-Ether Assets. The Independent Committee determined that it would be difficult to obtain an acceptable price for the Non-Ether Assets by selling them on a standalone basis. Furthermore, the Independent Committee recognized that the Potential ETF Conversion proposed in the LOI would provide a good opportunity for the Corporation to continue to benefit from the Staking IP which would be acquired by Purpose and could ensure the Fund would receive best-in-class staking services following the ETF Conversion.

During the month of March 2024, Purpose presented the Corporation with proposed terms for the resulting fund of a Potential ETF Conversion, including the fee structure and key service providers. The parties, together with their tax advisors, also discussed the optimal tax structure for a Potential ETF Conversion.

On March 21, 2024, the Independent Committee authorized the Corporation to sign an amending agreement to the LOI, which prescribed a purchase price for the acquisition by Purpose Unlimited of the Non-Ether Assets and management rights and granted Purpose Unlimited a right of first refusal to match any superior proposal that the Corporation may receive from a third party in respect of a Potential ETF Conversion or other strategic transaction during an exclusivity period that would expire on May 13, 2024. If the Corporation were to receive a superior proposal and Purpose Unlimited elected not to match it, the Corporation would be obligated to pay to Purpose Unlimited \$300,000 as a break fee to reimburse Purpose's expenses expected to be incurred in connection with its evaluation of a Potential ETF Conversion, including on account of preparing a draft Preliminary Prospectus. This agreement was the result of substantial negotiations between the parties and resulted in a purchase price that was higher than what was offered under the Initial Purpose Proposal and included additional terms beneficial to Shareholders.

During the last week of March 2024, the Corporation reviewed and commented on a draft Preliminary Prospectus prepared by Purpose for the Fund, and on March 28, 2024, with the approval of Ms. Friedman, as authorized by the Independent Committee, Purpose confidentially pre-filed the draft Preliminary Prospectus with the Investment Funds and Structured Products Branch of the OSC in order to initiate discussions with the OSC regarding the proposed staking activities of the Fund.

On April 4, 2024 the Independent Committee conducted a due diligence session with Purpose, which included presentations and inquiries related to Purpose's processes, procedures and capabilities to manage digital assets, including in respect of the custody and staking thereof.

On April 8, 2024, Purpose provided the Independent Committee with an initial draft of the Framework Agreement, and Mr. Wertz and Ms. Friedman took the lead on negotiating the Framework Agreement with Purpose under the oversight of the Independent Committee. Negotiations with Purpose continued for several weeks with legal assistance from McCarthy Tétrault.

On May 1, 2024 the Independent Committee and the Purpose Parties came to terms on the Framework Agreement, subject to formal approval by the Parties. Later that afternoon the Independent Committee finalized its report to the Board, which included its unanimous recommendation that the Transaction was in the best interests of the Corporation and fair to Shareholders and a recommendation that the Board approve the Transaction and recommend on the morning of May 2, 2024, that Shareholders vote in favour of the Special Resolution. Following such recommendation, the Board, with Mr. Seif and Mr. di Prata abstaining, consisting of the members of the Independent Committee and Mr. Mosoff, who had previously reviewed a draft of the report and had been apprised of updates on Transaction negotiations from the Independent Committee and McCarthy Tétrault, formally endorsed the report of the Independent Committee and unanimously determined that the Transaction was in the best interests of the Corporation and fair to Shareholders and recommended that the Shareholders vote in favour of the Special Resolution.

Transaction Steps & Mechanics

If the Special Resolution is approved at the Meeting, the Transaction would proceed in accordance with the following steps:

1. The Corporation would file the Articles of Amendment to:
 - (e) re-designate the Common Shares as non-voting, redeemable, participating ETF Shares;
 - (f) increase the authorized capital of the Corporation by creating an unlimited number of non-voting, redeemable, participating Mutual Fund Shares;
 - (g) increase the authorized capital of the Corporation by creating 100 Voting Shares; and
 - (h) change the Corporation's name to Purpose Ether Staking Corp. ETF.
2. The Corporation would sell, and Purpose Unlimited would purchase, all of the Non-Ether Assets, other than the Excluded Assets.
3. Purpose Unlimited would assume certain liabilities associated with the Non-Ether Assets.
4. The Corporation would execute the Management Agreement with Purpose Investments to appoint Purpose Investments as the investment fund manager of the Fund.
5. Purpose Investments and the Corporation would execute certain other agreements with third parties in respect of the Fund, including a custodian agreement, subcustodian agreements, a designated broker agreement, a dealer agreement and a transfer agency agreement, as more fully described under "*Summary of the Framework Agreement*".
6. The current directors and officers of the Corporation would resign.
7. The Corporation would issue 100 Voting Shares to the Independent Trust as a private placement for \$100.
8. The Independent Trust would elect new directors and appoint the new officers of the Fund. It is expected that the initial board of directors of the Fund would be comprised of one employee of Purpose Investments, and three independent directors who are members of the independent review committee of all public investment funds managed by Purpose Investments.

9. The Manager would file the Final Prospectus to qualify the ETF Shares for distribution to the public.
10. Subject to Cboe Canada approval and a receipt for the Final Prospectus, the ETF Shares would be listed for trading on Cboe Canada.

Required Approvals

1. Shareholder Approval. Pursuant to the OBCA and MI 61-101, the Special Resolution will require the affirmative vote of:
 - (a) at least two-thirds (66 2/3%) of the votes cast by the holders of Common Shares present or represented by proxy and entitled to vote at the Meeting; and
 - (b) a simple majority of the votes cast by the holders of Common Shares present or represented by proxy and entitled to vote at the Meeting, other than the Excluded Shareholders and any other person required to be excluded for the purpose of such vote under MI 61-101. See “*Securities Laws Matters – Application of MI 61-101*”.
2. Regulatory Approval. The completion of the Transaction is also subject to approval of the ETF Conversion by Cboe Canada, including the listing of the ETF Shares, and the issuance of a receipt from the OSC for the Final Prospectus of the Fund.

Voting and Support Agreements

The directors and executive officers of the Corporation (collectively, the “Supporting Shareholders”) have each entered into Voting and Support Agreements with Purpose Unlimited pursuant to which such director or executive officer has agreed to, among other things, vote all of such individual’s Common Shares in favour of the Special Resolution. The Supporting Shareholders hold, collectively, approximately 7.25% of the Common Shares.

The Voting and Support Agreements terminate upon the earliest of (a) the date on which the Framework Agreement is terminated in accordance with its terms or Purpose Unlimited publicly announcing by way of news release that it will not be proceeding with the Transaction; and (b) the Closing Time.

The form of Voting and Support Agreement is filed under the Company’s profile on SEDAR+ at www.sedarplus.ca. The preceding is only a summary of the Voting and Support Agreements and is qualified in its entirety by reference to the full text of each of the Voting and Support Agreements.

Recommendation of the Independent Committee

The Board established the Independent Committee in order to manage any actual or potential conflicts of interest that may arise in the course of the Strategic Review, in particular the actual conflict of interest that arose following the Corporation’s receipt of the Initial Purpose Proposal as a result of Mr. Seif and Mr. di Prata being interested in the Transaction in accordance with section 132 of the OBCA as directors, and in the case of Mr. Seif, an officer and director, of both the Corporation and Purpose Unlimited, which is a “related party” of the Corporation for purposes of MI 61-101. See “*Securities Laws Matters – Interest of Certain Persons in Matters to be Acted Upon*”, “*Information Concerning the Transaction – Background of the Transaction*” and “*Securities Laws Matters – Application of MI 61-101*”. The Independent Committee, having undertaken a thorough review of, and having carefully considered the terms of the Transaction, the Framework Agreement and the Fund Terms, has unanimously determined: (i) that the Transaction is in the best interests of the Corporation and fair to the Shareholders; (ii) to recommend that the Board approve the Transaction and the entering into by the Corporation of the Framework Agreement; and (iii) to recommend that the Board recommend to Shareholders that they vote in favour of the Special Resolution.

Recommendation of the Board

The Board (with Mr. Seif and Mr. di Prata, the interested directors, abstaining), having taken into account such factors and matters as it considered relevant including, among other things, the recommendation of the Independent Committee, unanimously determined that the Transaction is in the best interests of the Corporation and fair to Shareholders and recommends that the Shareholders vote **FOR** the Special Resolution.

Reasons for the Recommendation

The Independent Committee and the Board analyzed a number of strategic alternatives against the framework of the Strategic Review Goals. The Independent Committee and the Board each determined that, with the overarching goal of maximizing shareholder value, among the most important Strategic Review Goals was the objective to reduce the Market Price Discount to NEV. The Independent Committee and the Board believe that closing this discount would also have the likely effect of improving short-term liquidity of the Common Shares at a market price close to NEV per Share. The Independent Committee and the Board also evaluated the impact that each strategic alternative would have on the overall financial position of the Corporation and whether pursuing options other than a Potential ETF Conversion would have more long term potential benefit even if it would not result in a short-term narrowing of the Market Price Discount to NEV, and determined that a Potential ETF Conversion was the best option to achieve the Strategic Review Goals, and was in the best interests of the Corporation and fair to Shareholders.

Why ETF Conversion?

After reviewing transaction alternatives, the Board concluded that a Potential ETF Conversion is the best alternative to other options available to the Corporation, including maintaining the status quo, based on a number of factors, including the following:

- Most Likely to Close the Market Price Discount to Net Equity Value. It is expected that the ETF Shares would trade at or close to the net asset value (“NAV”) of the Fund’s underlying assets, supported by the redemption rights attached to the ETF Shares and the continuous distribution and creation structure of ETF Shares, whereas historically the common shares have traded at a discount to the Corporation’s Net Equity Value. The ETF structure is designed to ensure that designated brokers will post bid and ask prices on Cboe Canada that are expected to be close to NAV per share. The ETF Conversion is the only strategic alternative considered by the Board designed to ensure that the market price per participating share is equal, or very close, to net asset value per share.
- Most Likely to Improve Liquidity of the Common Shares. Trading in the Common Shares has been limited, affecting liquidity for Shareholders. It is anticipated that the ETF structure, in particular the redemption rights attached to ETF Shares and the continuous distribution and creation structure of ETF Shares, as described in the Fund Terms, will improve liquidity because it is expected that designated brokers will post bid and ask prices that are close to the net asset value per share of the ETF Shares allowing investors to more efficiently buy or sell shares. This feature will allow Shareholders to retain their exposure to the Ether Assets and staking yields of the Fund for as long as they want, with the option to sell or buy more shares any time during regular market hours.
- Continued Benefit from Staking. Subject to receipt of necessary regulatory approvals, it is expected that the Fund will stake a material portion of its Ether portfolio, and Purpose Investments will seek to leverage the proprietary staking infrastructure that the Corporation had built and operationalized for its own Ether Assets, including proprietary intellectual property (the “**Staking IP**”) developed by the Corporation as a means of managing its current staking activities. The ETF Conversion would allow the Corporation to leverage the customized infrastructure and leading staking practices, because the Fund would continue to stake a portion of its Ether Assets following the ETF

Conversion, with the expectation that the Staking IP purchased by Purpose Unlimited, an affiliate of the Manager, may be used.

- Foregoing Optional Revenue-Generating Activities is a Reasonable Trade-Off. Although the ETF Conversion would cause the Corporation to forego the optionality to commercialize its Staking IP and/or engage in revenue-generating activities within the Ethereum ecosystem, these trade-offs are appropriate because:
 - Purpose, an affiliate of the Manager, would acquire the Staking IP and therefore the Fund may continue to benefit from the Staking IP by receiving best-in-class staking services following the ETF Conversion;
 - The Financial and Market Analysis confirmed that there was not a reasonably likely scenario under which the Corporation's execution of various revenue opportunities would result in a higher NEV per Share relative to an ETF that stakes between 10% and 75% of its Ether;
 - There is no assurance that, even with higher operating revenues, the Market Price Discount to NEV would close or be substantially reduced; and
 - Most new revenue generating activities would require capital expenditure by the Corporation, which would necessitate a sale of Ether Assets, and the Corporation had not identified any opportunity that it believed would likely outperform the potential increase in the value of the Ether which would have been sold to fund the opportunity.
- ETF Conversion should Provide More Efficient Tax Outcomes based on Current Activities. The ETF Conversion should not result in a taxable disposition or any other tax event that would cause Shareholders to realize accrued capital gains and losses on their shares of the Corporation. The ETF Conversion should enable the Fund to eliminate entity-level tax on capital gains, provided that all such gains are properly distributed to Shareholders and relevant elections are made. The ETF Conversion should enable the Fund to eliminate entity-level tax on capital gains, provided that all such gains are properly distributed to Shareholders and relevant elections are made. While the ETF Conversion will increase the rate of entity-level tax on net income from staking activities, the increase in income tax rate is not expected to materially increase the Fund's income tax payable on future staking income relative to income tax that would be payable if the Company earned that future staking income. One of the key benefits of the existing corporate structure is the flexibility for the Corporation to stake 98% of the Ether Assets and pursue operating revenue and higher yield from more innovative activities in the decentralized finance ecosystem. However, the corporate level tax associated with those opportunities diminishes their attractiveness, particularly when combined with the risk profile of such activities.

The Financial and Market Analysis confirmed that potential improved financial performance of the Fund from the anticipated elimination of entity-level tax on capital gains would be close to or outweigh the anticipated reduction in the Fund's staking revenues and other potential revenue generating activities, under all reasonable scenarios. Factoring in a persistent share price discount to Net Equity Value, the potential improved financial performance of the Fund outweighed other potential revenue generating activities.

- Improved Regulatory Landscape. In April 2020, the first Public Crypto Asset Fund completed its initial public offering in Canada. Since that time, over 20 Public Crypto Asset Funds have been approved by the CSA, with eight such funds being Public Ether Funds. In October 2023, two Public Ether Funds commenced staking activities. This improved regulatory landscape indicates that it will be possible for the Corporation to continue to hold and stake its Ether Assets following the ETF Conversion.

Why Purpose?

Following a comprehensive analysis of all Public Crypto Asset Funds and their managers, the Independent Committee determined that Purpose Investments was the best choice to serve as Manager of the Fund, based on a number of factors, including:

- Significant Regulatory and Investment Fund Structuring Expertise. Purpose has a long history of engagement with applicable regulators to create innovative investment fund structures, including Purpose Bitcoin ETF (TSX: BTCC) and Purpose Ether ETF (TSX: ETHH), and this experience is highly valuable for structuring and completing an ETF Conversion.
- Extensive Experience as a Leading Independent Asset Manager. Managing approximately 100 investment funds and strategies, Purpose Investments is well qualified to manage the Fund with a view to preserving and increasing shareholder value.
- Strong Familiarity with the Corporation. Purpose Unlimited was a key partner in the establishment of the Corporation in 2018, and Purpose Unlimited and the Corporation have had a strong and productive working relationship for several years, including through Purpose's operational support, and have been partners in developing Purpose Investments' other Public Crypto Asset Funds. Such collaboration is valuable in the structuring and completion of the ETF Conversion. The Corporation's existing relationship with Purpose would provide a unique opportunity to work with a partner towards launching a Public Ether Fund that engages in best-in-class staking activities on an expedited timeline.
- Speed and Certainty of Transaction Execution. For the reasons noted above, the Independent Committee believes that Purpose can work expeditiously to complete the ETF Conversion and close the Transaction.
- Financial Incentives for Shareholders. In addition to the cash purchase price of \$1.5 million in respect of the Transaction, Purpose has offered financial incentives which will benefit Shareholders directly. First, Purpose has agreed to waive Management Fees on the ETF Shares for the first three months following the closing of the Transaction. Second, Purpose has agreed to commit its own resources to complete the Transaction, including the costs associated with the preparation and filing of the Preliminary Prospectus and the Final Prospectus.

Other Considerations

In making its recommendation to the Board, the Independent Committee considered the following:

- Framework Agreement Terms. The terms and conditions of the Framework Agreement are, in the judgment of the Independent Committee, following consultations with the Corporation's legal advisors, reasonable and were the result of extensive and arm's length negotiations.
- Oversight of Independent Committee. The negotiation of the LOI and Framework Agreement have been supervised by the Independent Committee, which was free of any conflicts of interest.
- Other Stakeholders. The Independent Committee also considered, in consultation with its legal advisors, the impact of the Transaction on the Corporation's various stakeholders. In particular, the Independent Committee took into account the potential impact of the ETF Conversion on the Corporation's employees, who will be offered employment with Purpose Unlimited on substantially the same terms in the aggregate, and whose length of service with the Corporation will be recognized.
- Preliminary Prospectus. The OSC has reviewed a confidentially pre-filed draft of the Preliminary Prospectus which sets out the Fund Terms, including the Fund's proposed staking activities. The

Preliminary Prospectus, which is subject to completion or amendment, has been or will be filed on SEDAR+ prior to mailing this Circular.

- Shareholder Approval. Pursuant to the OBCA and MI 61-101, the Special Resolution must be approved by (i) not less than two-thirds (66 2/3%) of the votes cast by Shareholders present in person or represented by proxy and entitled to vote at the Meeting and (ii) a simple majority of the votes cast by Shareholders present in person or represented by proxy and entitled to vote at the Meeting, other than the Excluded Shareholders and any other person required to be excluded for the purpose of such vote under MI 61-101.
- Dissent Rights. Registered Shareholders who do not vote in favour of the Special Resolution will have the right to dissent with respect to the Special Resolution, which provides them with the right to demand payment of the fair value for their Common Shares, as determined by a court under section 185 of the OBCA.

Uncertainties, Risks and Potential Negative Factors

The Independent Committee also considered a number of uncertainties, risks and potential negative factors relating to the Transaction, including:

- Risks of Non-Completion. The risks to the Corporation if the Transaction is not completed, including the costs to the Corporation in pursuing the Transaction and the diversion of the Corporation's management from the conduct of the Corporation's activities in the ordinary course.
- Conditions to Closing. There are conditions to the obligation of Purpose Unlimited and Purpose Investments to complete the Transaction, and certain of the conditions to closing are outside the control of the Corporation. In addition, Purpose Unlimited and Purpose Investments have the right to terminate the Framework Agreement in certain circumstances.
- Restrictions on Operations. The Framework Agreement imposes various restrictions on the conduct of the Corporation's activities during the period between the entering into of the Framework Agreement and the consummation of the Transaction.
- Interest of Certain Persons in the Transaction.
 - Som Seif, a director and the Interim Chief Executive Officer of the Corporation is a director and shareholder and Chief Executive Officer of Purpose Unlimited, and is a director and officer of certain affiliates of Purpose Unlimited, including Purpose Investments (of which he is Chief Executive Officer). Camillo di Prata, a director of the Corporation is a director and shareholder of Purpose Unlimited. As described further under "*Securities Laws Matters – Application of MI 61-101*" and "*Securities Laws Matters – Interest of Certain Persons in the Transaction*", as a result of holding such positions, Mr. Seif and Mr. di Prata have a material interest in the Transaction and have abstained from participating in the portion of any board meeting where the Transaction was discussed and have abstained from voting in respect of the Transaction in accordance with section 132 of the OBCA.
 - Purpose is an "associate" (as defined under applicable securities laws) of Mr. Seif because he beneficially owns voting securities carrying more than 10% of the voting rights attached to all of the voting securities of Purpose Unlimited. Purpose Unlimited is also a "related party" (as defined under MI 61-101) of the Corporation because Mr. Seif, a related party of the Corporation, owns more than 50% of a class of equity securities of Purpose Unlimited, and the sale of the Non-Ether Assets to Purpose Unlimited is a "related party transaction" as defined under MI 61-101. See "*Securities Laws Matters – Application of MI 61-101*".

- Certain of the Corporation's senior officers and directors (including those on the Independent Committee) may be entitled to receive benefits that could constitute "collateral benefits" (as such term is defined in MI 61-101) in connection with the Transaction because of the acceleration of unvested Options held by them and the amendment to the Stock Option Plan to implement an option for the cashless exercise of Options, each of which are being implemented in connection with the Transaction, although the Independent Committee has determined that these benefits are not material and do not constitute "collateral benefits" within the meaning of MI 61-101. In addition, pursuant to the terms of the Framework Agreement, Ms. Friedman may be receiving a lump sum termination payment which may be considered a "collateral benefit" under MI 61-101. See "*Securities Laws Matters – Application of MI 61-101*".
- ETF Shares Non-Voting. The ETF Shares will not carry the right to vote at meetings of the shareholders of the Fund, except in certain circumstances provided for under National Instrument 81-102 – *Investment Funds* dealing with significant changes to investment funds, or as otherwise required by the OBCA or the constating documents of the Fund.

Terms of the Fund

If the Special Resolution is approved, the Corporation would convert into the Fund and the Common Shares of the Fund would become ETF Shares. Purpose Investments would be the Manager of the Fund and would be subject to statutory and contractual obligations to exercise its powers and discharge its duties as Manager honestly, in good faith and in the best interests of the Fund and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances. In accordance with industry practice for certain types of investment funds, Voting Shares would be issued to the Independent Trust.

The principal features of Fund Terms are set out in Appendix D, which should be read together with the more detailed information and statements contained in the Preliminary Prospectus, which has been or will be filed on SEDAR+ prior to mailing this Circular.

Voting and Support Agreements

The directors and executive officers of the Corporation (collectively, the "**Supporting Shareholders**") have each entered into Voting and Support Agreements with Purpose Unlimited pursuant to which such director or executive officer has agreed to, among other things, vote all of such individual's Common Shares in favour of the Special Resolution. The Supporting Shareholders hold, collectively, approximately 7.25% of the Common Shares.

The Voting and Support Agreements terminate upon the earliest of (a) the date on which the Framework Agreement is terminated in accordance with its terms or Purpose Unlimited publicly announcing by way of news release that it will not be proceeding with the Transaction; and (b) the Closing Time.

The form of Voting and Support Agreement is filed under the Company's profile on SEDAR+ at www.sedarplus.ca. The preceding is only a summary of the Voting and Support Agreements and is qualified in its entirety by reference to the full text of each of the Voting and Support Agreements.

SUMMARY OF THE FRAMEWORK AGREEMENT

General

The Framework Agreement is the legal document that governs the Transaction. This section of this Circular describes the material provisions of the Framework Agreement but does not purport to be complete and may not contain all of the information about the Framework Agreement that is important to you. This summary is qualified in its entirety by the Framework Agreement, which is available under the Corporation's

profile on SEDAR+ at www.sedarplus.ca. We encourage you to read the Framework Agreement in its entirety. The Framework Agreement establishes and governs the legal relationship between the Corporation, Purpose Unlimited and Purpose Investments with respect to the transactions described in this Circular. It is not intended to be a source of factual or operational information about the Corporation, Purpose Unlimited or Purpose Investments.

Sale of Non-Ether Assets and Assumption of Liabilities

At the Closing, (i) the Corporation will sell to Purpose Unlimited, and Purpose Unlimited will purchase from the Corporation, the Non-Ether Assets; and (ii) Purpose Unlimited will assume and be liable for (A) all Liabilities of the Corporation under or otherwise to the extent relating to or arising out of circumstances or events occurring at or after the Closing in connection with the Non-Ether Assets and, (B) Liabilities relating to or arising out of the employment of any Transferred Employees by the Purchaser on or after the Closing, to the extent that such Liability arises or is based on facts, circumstances or events arising, occurring or existing after the Closing (or later date of transfer) and those expressly assumed in respect of the Transferred Employees.

Excluded Liabilities

The following Liabilities will not be assumed by the Purchaser, and will remain with the Corporation: (a) Liabilities of the Corporation arising or incurred in connection with the negotiation, preparation, investigation and performance of the Framework Agreement and the Transaction; (b) any Liabilities relating to or arising out of any excluded assets; (c) any Liabilities for Taxes payable by the Corporation; (d) any Liabilities for indebtedness; (e) any Liabilities under, or relating to any contracts of the Corporation occurring or arising from facts, circumstances or events existing prior to the Closing; (f) any Liabilities in respect of any legal claims, investigations or proceedings arising out of or otherwise relating to the operation or ownership of the Non-Ether Assets prior to Closing; (g) any Liabilities relating to or arising out of any employee benefit plans; (h) any Liabilities to the extent relating to or arising in respect of (i) any employee who is not a Transferred Employee, whether arising prior to, at or after the Closing, (ii) any Transferred Employee, to the extent that such Liability (A) arises or is based on facts, circumstances or events arising, occurring or existing prior to Closing (or later date of transfer), or (B) is otherwise expressly retained by the Corporation; (i) any Liabilities to indemnify, reimburse or advance amounts to any present or former officer, director, employee or agent of Corporation (including with respect to any breach of obligations by such Person); (j) any Liabilities arising out of or otherwise relating to the failure or alleged failure by the Corporation to comply with any Law; and (k) any Liabilities relating to any activity of the Corporation that was sold or otherwise disposed of prior to the Closing.

Purchase Price

The purchase price for the Non-Ether Assets is \$250,000, and the purchase price for the rights granted to Purpose Investments under the Management Agreement, including the right to be appointed as Manager, is \$1,250,000 (the “**Purchase Price**”).

Management Fee Waiver

Purpose Investments has agreed to waive the Management Fee in respect of the ETF Shares for a period of three months following the Closing.

Conditions to the Transaction Becoming Effective

Completion of the Transaction is subject to the satisfaction (or waiver) of certain conditions must have been satisfied (or in certain cases, waived), including but not limited to the conditions summarized below:

1. Mutual Conditions Precedent

- (a) *Special Resolution Approval.* The Special Resolution shall have been approved and adopted by Shareholders at the Meeting.
- (b) *Cboe Canada Listing Conditions.* ETF Shares shall have been conditionally approved for listing by Cboe Canada.
- (c) *Illegality.* No Governmental Entity shall have enacted, issued, changed, promulgated, enforced or entered any Order or Law which is in effect that makes the consummation of the Transaction illegal or otherwise prohibits or enjoins the Corporation or the Purpose Parties from consummating the Transaction.
- (d) *No Proceedings.* There shall be no action, investigation or proceeding by any Governmental Entity that is pending or threatened against any of the Parties which if successful would prohibit or enjoin the Corporation or the Purpose Parties from consummating the Transaction.
- (e) *Regulatory Approval.* The Regulatory Approvals have been obtained, made, given or waived and shall be in full force and effect, and all terminations or expirations of applicable waiting periods, if any, imposed by any Governmental Entity necessary for the consummation of the Transaction shall have occurred.

2. Additional Conditions Precedent to the Obligations of the Purpose Parties

- (a) *Representations and Warranties.* Certain fundamental representations and warranties of the Corporation and those representations and warranties which are qualified by references to materiality or Corporation Material Adverse Effect, shall be true and correct in all respects as of the Closing Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date), and all other representations and warranties of the Corporation shall be true and correct as of the Closing Time in all material respects (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date).
- (b) *Performance of Covenants.* The Corporation shall have fulfilled or complied in all material respects with each of the covenants of the Corporation contained in the Framework Agreement to be fulfilled or complied with by it on or prior to the Closing Time.
- (c) *No Corporation Material Adverse Effect.* There shall not have occurred a Corporation Material Adverse Effect.
- (d) *Liens.* The Purchaser shall have received evidence satisfactory to it that all liens against the Purchased Assets other than permitted liens have been discharged and that the Non-Ether Assets are free and clear of all liens other than permitted liens.
- (e) *Third Party Consents and Notices.* Required third party consent and notices shall have been obtained, made, given or waived and shall be in full force and effect.
- (f) *Articles of Amendment.* The Articles of Amendment shall have been filed and the Corporation shall have received a certificate of amendment dated as of the Closing Date.
- (g) *Closing Deliveries.* The Purpose Parties shall have received certain deliveries, including the Management Agreement signed by the Corporation, certain ancillary agreements signed by the Corporation, resignation and release letters from the existing directors of the Corporation, evidence that the Corporation's owned Ether is held in a segregated cold storage Ether address used by the sub-custodian on behalf of the Corporation, evidence that the Corporation's staked Ether has been unbonded, is not staked, is liquid and freely transferable, and evidence that certain contracts and the Corporation's employee benefit plans, including the Stock Option Plan, have been terminated.

3. Additional Conditions Precedent to the Obligations of the Corporation

- (a) *Representations and Warranties.* The representations and warranties of the Purpose Parties which are qualified by references to materiality or Purpose Material Adverse Effect shall be true and correct as of the Closing Time in all respects (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date) and all other representations and warranties of the Purpose Parties shall be true and correct as of the Closing Time in all material respects (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date).
- (b) *Performance of Covenants.* Each Purpose Party shall have fulfilled or complied in all material respects with each of the covenants of the Purpose Parties contained in the Framework Agreement to be fulfilled or complied with by it on or prior to the Closing Time.
- (c) *No Purpose Material Adverse Effect.* There shall not have occurred a Purpose Material Adverse Effect.
- (d) *Closing Deliveries.* The Corporation shall have received certain deliveries, including payment of the Purchase Price, the Management Agreement signed by Purpose Investments, and certain ancillary agreements signed by Purpose Investments and certain third parties.

Covenants of the Corporation

Conduct of Activities of the Corporation

The Corporation has agreed that, during the period from the Effective Date to the earlier of the Closing Date or the date on which the Framework Agreement is terminated, except: (i) with the prior written consent of the Purchaser (such consent not to be unreasonably withheld, delayed or conditioned in respect of any action intended to facilitate the Closing and the Corporation's covenants in the Framework Agreement); (ii) as required or expressly permitted by the Framework Agreement; or (iii) as required by Law or contract, the Corporation shall conduct its activities in the Ordinary Course and in accordance with Law, and the Corporation shall use commercially reasonable efforts to maintain and preserve its organization, assets, properties, employees, goodwill and relationships it currently maintains with customers, suppliers, partners and other Persons with which the Corporation has relations. Shareholders should refer to the Framework Agreement for details regarding the additional negative and affirmative covenants given by the Corporation in relation to the conduct of its activities prior to the Closing.

Covenants of the Corporation Regarding the Transaction

The Corporation shall perform all obligations required to be performed by it under the Framework Agreement, co-operate with the Purpose Parties in connection therewith, and do all such other acts and things as may be necessary or desirable in order to, subject to the terms and conditions set out in the Framework Agreement, consummate and make effective, as soon as reasonably practicable, the Transaction and, without limiting the generality of the foregoing, the Corporation shall:

- (a) use all commercially reasonable efforts to satisfy all conditions precedent in the Framework Agreement and comply promptly with all requirements imposed by Law on it with respect to the Framework Agreement or the Transaction;
- (b) have unbonded all its owned Ether that is staked as of the Effective Date in an efficient manner and with minimal loss, including loss due to "slashing" or other inactivity penalties;
- (c) use all commercially reasonable efforts to obtain and maintain all third party or other consents, waivers, permits, exemptions, Orders, approvals, agreements, amendments or confirmations that are (i) necessary to be obtained under the Corporation's contracts or (ii) required in order to maintain the Corporation's contracts in full force and effect following completion of the Transaction, in each case, on terms that are reasonably satisfactory to the Purpose Parties, and without paying,

and without committing itself or the Purpose Parties to pay, any consideration or incurring any Liability or obligation without the prior written consent of the Purpose Parties;

- (d) use all commercially reasonable efforts to effect all necessary registrations, filings and submissions of information required by Governmental Entities from the Corporation relating to the Transaction;
- (e) use all commercially reasonable efforts to assist and cooperate with the Purpose Parties with respect to the negotiation, preparation and entering into of the ancillary closing agreements by the Purpose Parties;
- (f) use all commercially reasonable efforts to, upon reasonable consultation with the Purpose Parties, oppose, lift or rescind any injunction, restraining or other Order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Transaction and defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging the Transaction or the Framework Agreement;
- (g) not take any action, or refrain from taking any commercially reasonable action, or permitting any action to be taken or not taken, which would reasonably be expected to prevent, materially delay or otherwise impede the consummation of the Transaction;
- (h) discharge certain agreed upon Liabilities at or prior to the Closing and to the extent necessary, use the Purchase Price to satisfy and discharge such Liabilities; and
- (i) maintain materially complete and accurate financial books, records and accounts of expenses incurred during the period between the Effective Date and the earlier of the Closing and the termination of the Framework Agreement.

The Corporation has agreed to promptly notify the Purpose Parties in writing of any Corporation Material Adverse Effect or any material filings, claims, investigations or proceedings commenced or, to its knowledge, threatened against, relating to or involving the Corporation or that relate to the Framework Agreement or the Transaction.

The Corporation has agreed to, subject to receipt of Shareholder approval, accelerate the vesting of all outstanding Options and make amendments to the Stock Option Plan to provide for cashless exercise of Options, and that any cashless exercise of Options shall require the holder of Options to fund any Tax payable in respect thereof at the time of exercise of such Options.

Covenants of the Purpose Parties Regarding the Transaction

Each Purpose Party shall perform all obligations required to be performed by it under the Framework Agreement, co-operate with the Corporation in connection therewith, and do all such other acts and things as may be necessary or desirable in order to, subject to the terms and conditions set out in the Framework Agreement, consummate and make effective, as soon as reasonably practicable, the Transaction and, without limiting the generality of the foregoing, each Purpose Party, as applicable, shall:

- (a) use all commercially reasonable efforts to satisfy all conditions precedent in the Framework Agreement and comply promptly with all requirements imposed by Law on it with respect to the Framework Agreement or the Transactions (including, for certainty, to vote, or caused to be voted, at the Meeting, all of the Common Shares held by the Purpose Parties or their affiliates);
- (b) use all commercially reasonable efforts to obtain and maintain all third party or other consents, waivers, permits, exemptions, Orders, approvals, agreements, amendments or confirmations that are (i) necessary to be obtained under the Corporation's contracts in connection with the Transaction or (ii) required in order to maintain the Corporation's contracts in full force and effect following completion of the Transaction, in each case, on terms that are reasonably satisfactory to

the Purchaser, and without committing itself or the Corporation to pay any consideration or to incur any Liability or obligation that is not conditioned on consummation of the Transaction;

- (c) use all commercially reasonable efforts to effect all necessary registrations, filings and submissions of information required by Governmental Entities from it relating to the Transaction;
- (d) use all commercially reasonable efforts to negotiate, prepare and enter into certain ancillary closing agreements;
- (e) use all commercially reasonable efforts, upon reasonable consultation with the Corporation, to oppose, lift or rescind any injunction, restraining or other Order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Transaction and defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging the Transaction or the Framework Agreement; and
- (f) not take any action, or refrain from taking any commercially reasonable action, or permitting any action to be taken or not taken, which would reasonably be expected to prevent, materially delay or otherwise impede the consummation of the Transaction.

The Purpose Parties shall promptly notify the Corporation in writing of any Purpose Material Adverse Effect or any material filings, claims, investigations or proceedings commenced or, to its knowledge, threatened against, relating to or involving the Purpose Parties that relate to the Framework Agreement or the Transaction.

Regulatory Approvals

The Parties have agreed that:

- (a) the Purpose Parties are leading discussions with the OSC regarding the Preliminary Prospectus and are consulting with the Corporation regarding the OSC's review.
- (b) the Purpose Parties and the Corporation shall promptly make all additional filings as are reasonably required to obtain the Regulatory Approvals and listing approval from Cboe Canada in respect of the ETF Shares, and will provide all information to Governmental Entities as may be requested, required or ordered pursuant to statutory and non-statutory requests for information, supplemental information requests and any court orders in connection with the Regulatory Approvals.
- (c) the Purpose Parties and the Corporation will exchange advance drafts of all proposed submissions, filings, applications, correspondences and other documents to be filed with any Governmental Entity in respect of the Framework Agreement or the Transaction and will consider in good faith and give reasonable consideration to any suggestions and comments made in relation thereto by the other Parties and their counsel. The Corporation agrees that all final and submitted submissions, filings, applications, correspondences and other documents must be in a form and content satisfactory to the Purpose Parties, acting reasonably. The Purpose Parties and the Corporation will keep each other fully apprised of all communications with any Governmental Entity in respect of the Framework Agreement or the Transaction, including providing copies to each other on a timely basis of all communications that are received from Governmental Entities, and will not participate in such communications or meetings with Governmental Entities without giving the other Parties and their respective counsel the opportunity to participate therein (for certainty, any written communications with any Governmental Entities must be in form and content satisfactory to the Purpose Parties and the Corporation, each acting reasonably), except to the extent that competitively sensitive information is discussed, in which case external legal counsel for the relevant Parties will be given the opportunity to participate.

- (d) the Purpose Parties and the Corporation shall use their commercially reasonable efforts to promptly and expeditiously take all steps in order to obtain the Regulatory Approvals and the clearance of the OSC in respect of the confidentially filed Preliminary Prospectus, and obtain listing approval from Cboe Canada in respect of the ETF Shares, in each case so as to permit the Closing to occur at the earliest possible date and in any event prior to the Outside Date including:
- (i) not withdrawing any filings or notifications in respect of the Regulatory Approvals or listing approval from Cboe Canada in respect of the ETF Shares or agreeing to extend any waiting periods or review periods without the prior written consent of the Corporation;
 - (ii) if any objections are asserted with respect to the Transaction under any Law, or if any proceeding is instituted or threatened by any Governmental Entity challenging or which could lead to a challenge of any of the Transaction as not in compliance with Law or as not satisfying any applicable legal text under a Law necessary to obtain the Regulatory Approvals, use its commercially reasonable efforts to avoid and resolve such objection or proceeding; and
 - (iii) not take any action, or refrain from taking any commercially reasonable action, or permitting any action to be taken or not taken, which would reasonably be expected to prevent, materially delay or otherwise impede the consummation of the Transaction, including, for the avoidance of doubt, the taking of any action or the entering into of any transaction, including any merger, acquisition, joint venture, disposition or contract that would reasonably be expected to prevent, delay or impede the obtaining of, or increase the risk of not obtaining, any Regulatory Approval or otherwise prevent, delay or impede the consummation of the Transaction or obtaining listing approval from Cboe Canada in respect of the ETF Shares.

Access to Information

Until the earlier of the Closing or the termination of the Framework Agreement, subject to Law and the terms of any of the Corporation's contracts, the Corporation shall: (i) give to the Purpose Parties and their Representatives reasonable access to the offices, properties, books and records and the Purchased Assets during normal business hours and in such manner as to not unreasonably interfere with the conduct of the activities of the Corporation; and (ii) furnish to the Purpose Parties and their Representatives such financial and operating data and other information as such Persons may reasonably request, including continuing access to the data room; provided that the Corporation shall not be obligated to furnish any particular documents or information if the Corporation reasonably believes, after consulting with outside legal counsel, disclosure of such documents or information would result in the loss of attorney-client or other legal privilege pertaining thereto, which shall instead be provided on an outside counsel-only basis to external counsel of the Purpose Parties and if requested shall be subject to execution of a common interest privilege agreement, in a form and content satisfactory to the Parties, acting reasonably.

Upon the Purpose Parties' request on or around two weeks prior to the expected Closing Date, the Corporation will deliver to the Purpose Parties a balance sheet and supporting materials and will provide the Purpose Parties with updates to same as may be reasonably requested by the Purpose Parties.

Insurance and Indemnification

Prior to the Closing Time, the Corporation will obtain and fully pay the necessary premium for, customary "tail" policies of directors' and officers' liability insurance providing protection for a claims reporting or discovery period beginning at the Closing Time and continuing for not less than six years thereafter and with terms and conditions that are no less favourable in the aggregate to the protection provided by the

policies maintained by the Corporation that are in effect on the Effective Date and providing protection in respect of claims arising from facts or events that occurred on or prior to the Closing Date.

From and after the Closing Time, the Purpose Parties shall cause the Corporation not to amend any existing rights to indemnification or exculpation existing as of the date of the Framework Agreement in favour of present and former officers and directors of the Corporation to the extent that they are included in the Corporation's constating documents or provided for by Law, and acknowledge that such rights shall survive the Closing Time and shall continue in full force and effect in accordance with their terms for a period of not less than six years from the Closing Date. For certainty, the Purpose Parties shall not assume and shall not be responsible for any Liabilities to indemnify, reimburse or advance amounts to any present or former officer, director, employee or agent of the Corporation (including with respect to any breach of obligations by such Person).

Additional Covenants Regarding Non-Solicitation

Non-Solicitation

Except as expressly provided in the Framework Agreement, the Corporation shall not, directly or indirectly, through any Representative:

- (a) solicit, assist, initiate, encourage or knowingly facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books and records) any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Alternative Transaction;
- (b) enter into or otherwise engage or participate in or knowingly facilitate any discussions or negotiations with any Person (other than with the Purpose Parties) regarding any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Alternative Transaction; provided that, the Corporation may advise any Person of the restrictions of the Framework Agreement;
- (c) make a Change in Recommendation; or
- (d) accept, approve, endorse or enter into or publicly propose to accept, approve, endorse or enter into any agreement in respect of an Alternative Transaction.

The Corporation shall, and shall cause its Representatives to, immediately cease and terminate, any solicitation, encouragement, discussion or negotiation commenced prior to the Effective Date with any Person (other than with the Purpose Parties and its affiliates) with respect to any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Alternative Transaction, and in connection therewith, the Corporation will:

- (a) promptly discontinue access to and disclosure of all confidential information, including any data room and any access to the assets, properties, facilities, books and records; and
- (b) within two Business Days, request (i) the return or destruction of all copies of any confidential information regarding the Corporation provided to any Person (other than the Purpose Parties) in respect of a possible Alternative Transaction, and (ii) the destruction of all material including or incorporating or otherwise reflecting such confidential information regarding the Corporation, using its commercially reasonable efforts to ensure that such requests are complied with in accordance with the terms of such rights.

The Corporation has agreed that it shall (i) use commercially reasonable efforts to enforce any confidentiality, standstill or similar agreement or restriction to which the Corporation is a party and (ii) not release any Person from, or waive, amend, suspend or otherwise modify any Person's obligations

respecting the Corporation under any confidentiality, standstill or similar agreement or restriction to which the Corporation is a party.

Notification of Alternative Transactions

If after the Effective Date the Corporation or any of its Representatives, receives or otherwise becomes aware of any inquiry, proposal or offer that constitutes, or would reasonably be expected to constitute or lead to, an Alternative Transaction, or any request for copies of, access to, or disclosure of, confidential information relating to the Corporation (including information, access or disclosure relating to the properties, facilities, books or records of the Corporation) in connection with a possible Alternative Transaction, the Corporation shall promptly notify the Purpose Parties as soon as practicable (and in any event within 36 hours) in writing, of such Alternative Transaction, inquiry, proposal, offer or request, including a complete description of the terms and conditions, the identity of all Persons making the inquiry, proposal, offer or request and copies of all substantive written documents received in respect of, from or on behalf of any such Persons.

Responding to an Alternative Transaction

If any Person has delivered a written proposal for an Alternative Transaction to the Corporation or any of its Representatives that did not otherwise result from a breach of the Corporation's non-solicitation obligations, the Corporation may:

- (a) contact the Person making such proposal and its Representatives solely for the purpose of clarifying the terms and conditions of such proposal; and
- (b) engage in or participate in discussions or negotiations with such Person regarding such proposal and may provide copies of, access to, or disclosure of, confidential information, properties, facilities, books or records of the Corporation, if and only if:
 - (i) the Board first determines in good faith, after consultation with its advisors that such proposal constitutes, or could reasonably be expected to constitute, a Permitted Alternative Proposal;
 - (ii) the Corporation has been, and continues to be, in compliance with its no-solicitation obligations; and
 - (iii) before providing any such copies, access or disclosure, the Corporation enters into a confidentiality agreement with such Person that contains a customary standstill provision, and the Corporation provides an executed copy thereof to the Purchaser.

Acceptance of Permitted Alternative Proposal; Right to Match

If the Corporation receives a proposal for an Alternative Transaction that constitutes a Permitted Alternative Proposal prior to the approval of the Special Resolution by the Shareholders, the Board may authorize the Corporation to enter into a definitive agreement or make a Change in Recommendation with respect to such Permitted Alternative Proposal, if and only if:

- (a) the Corporation has been, and continues to be, in compliance with its non-solicitation obligations;
- (b) the Corporation or its Representatives have delivered to the Purchaser a written notice of the determination of the Board that such Alternative Transaction constitutes a Permitted Alternative Proposal and of the intention to enter into a definitive agreement or make a Change in Recommendation with respect to such Permitted Alternative Proposal (a "**Permitted Alternative Proposal Notice**");

- (c) the Corporation or its Representatives have provided the Purchaser with a copy of the proposed definitive agreement for the Permitted Alternative Proposal provided to the Corporation in connection therewith;
- (d) at least five Business Days (the “**Matching Period**”) have elapsed from the date that is the later of the date on which the Purchaser received the Permitted Alternative Proposal Notice and the date on which the Purchaser received a copy of the definitive agreement;
- (e) during any Matching Period, the Purpose Parties have had the opportunity (but not the obligation), to offer to amend the Framework Agreement in order for such Alternative Transaction to cease to be a Permitted Alternative Proposal;
- (f) after the Matching Period, the Board has determined that such Alternative Transaction continues to constitute a Permitted Alternative Proposal; and
- (g) in the case of the Corporation entering into a definitive agreement with respect to a Permitted Alternative Proposal, the Corporation (i) has terminated the Framework Agreement; and (ii) withdraws the Preliminary Prospectus and covenants and agrees not to use the Preliminary Prospectus in connection with the Permitted Alternative Proposal.

During the Matching Period: (i) the Purpose Parties shall have the opportunity (but not the obligation) to offer to amend the Framework Agreement; (ii) the Board shall, in good faith review any offer made by the Purpose Parties to amend the terms of the Framework Agreement in order to determine whether such proposal would, upon acceptance, result in the Alternative Transaction previously determined to constitute a Permitted Alternative Proposal ceasing to be a Permitted Alternative Proposal; (iii) the Corporation shall, and shall cause its Representatives to, negotiate in good faith with the Purpose Parties to make such amendments to the terms of the Framework Agreement as would enable the Purpose Parties to proceed with the transactions contemplated by the Framework Agreement on such amended terms; and (iv) neither the Corporation nor its Representatives shall take any action in connection with the negotiation or consummation of the Alternative Transaction. If, as a consequence of the foregoing, the Board determines that such Alternative Transaction would cease to be a Permitted Alternative Proposal, the Corporation shall promptly so advise the Purchaser and the Corporation and the Purpose Parties shall amend the Framework Agreement to reflect such offer made by the Purpose Parties and shall take or cause to be taken all such actions as are necessary to give effect to the foregoing.

Each successive amendment or modification to any Alternative Transaction shall constitute a new Alternative Transaction for purposes of the foregoing right to match and, to the extent such new Alternative Transaction is determined to be a Permitted Alternative Proposal, the Purpose Parties shall be afforded a new five Business Day Matching Period from the later of the date on which the Purchaser received the Permitted Alternative Proposal Notice for the new Permitted Alternative Proposal and the date on which the Purchaser received a copy of the definitive agreement with respect to such new Permitted Alternative Proposal.

If the Corporation receives a proposal for an Alternative Transaction that constitutes a Permitted Alternative Proposal prior to the approval of the Special Resolution by the Shareholders and if the Corporation provides a Permitted Alternative Proposal Notice to the Purchaser after a date that is less than 10 Business Days before the Meeting, the Corporation shall be entitled to, and shall upon request from the Purchaser, postpone the Meeting to a date that is not more than 15 Business Days after the initially scheduled date of the Meeting, but in any event to a date that is less than five Business Days prior to the Outside Date.

Representations and Warranties

Representations and Warranties of the Corporation

The Framework Agreement contains certain representations and warranties of the Corporation relating to the following: organization and qualification; corporate authorization; executing and binding obligation;

governmental authorization; non-contravention; title to certain assets, third party consents, capitalization, subscription for the Voting Shares; shareholders' and similar agreements; no subsidiaries; Securities Law matters; financial statements; no material undisclosed Liabilities; absence of certain changes or events; related party transactions; compliance with Laws; authorizations and licenses; contracts; personal property; real property, intellectual property; litigation; employees; employee benefit plans; insurance; Taxes; corrupt practices legislation; privacy; brokers; Board approval; regulated activities; the Circular.

Representations and Warranties of the Purpose Parties

The Framework Agreement contains certain representations and warranties of the Purchaser and Purpose Investments relating to the following: organization and qualification; corporate authorization; execution and binding obligation; governmental authorization; non-contravention; litigation; brokers; registration and compliance with Law.

Employee Matters

Purpose Unlimited will make offers of employment to certain employees of the Corporation, conditional on Closing, which offers will provide for total compensation that is substantially similar in the aggregate to each such employee's total compensation as of the date of the Framework Agreement and disclosed to the Purchaser. The Purchaser shall recognize each Transferred Employee's service with the Corporation as service with the Purchaser for the purposes required pursuant to applicable employment standards legislation.

At Closing, each employee benefit plan will be terminated by the Corporation and the Corporation shall retain responsibility for all Liabilities in respect of the employee benefit plans.

The Corporation will be responsible for (a) all Liabilities in respect of the Corporation's employees to the extent that such Liability arises or is based on facts, circumstances or events arising, occurring or existing prior to the Closing (or later date of transfer), including, all amounts in respect of vacation pay, bonus, incentive or equity compensation, commission or overtime pay; and (b) all Liabilities in respect of notice of termination, termination pay, severance pay and other costs, Liabilities and obligations whether due under contract, statute, common law or otherwise relating to the Corporation's employees who do not become Transferred Employees. If any employee of the Corporation does not accept an offer, the Corporation shall negotiate and enter into a termination or separation agreement with such employee on commercially reasonable and market terms.

Termination of the Framework Agreement

The Framework Agreement may be terminated prior to the Closing Time by:

- (a) the mutual written agreement of the Parties; or
- (b) any Party if:
 - (i) the Meeting is duly convened and held and the Special Resolution is voted on by Shareholders and not approved by the Shareholders;
 - (ii) after the Effective Date, any legal Order or Law is enacted, made, enforced or amended, as applicable, that makes the consummation of the Transaction illegal or otherwise prohibits or enjoins any Party from consummating the Transaction, and such Order or Law has, if applicable, become final and non-appealable; provided that such Party has used its commercially reasonable efforts to, as applicable, appeal or overturn such Order or Law or otherwise have it lifted or rendered non-applicable in respect of the Transaction and provided further that the enactment, making, enforcement or amendment of such Order or Law was not primarily due to the failure of such Party to perform any of its covenants or agreements under the Framework Agreement; or

- (iii) the Closing Time does not occur on or prior to the Outside Date; except if the failure of the Closing Time to so occur has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under the Framework Agreement; or
- (c) the Corporation if:
- (i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Purpose Parties under the Framework Agreement occurs that would cause any closing condition related to the Purpose Parties' representations or warranties or covenants to be satisfied by the Outside Date; provided that any wilful breach shall be deemed to be incapable of being cured and provided further that the Corporation is not then in breach of the Framework Agreement so as to cause any closing condition related to its representations or warranties or covenants not to be satisfied by the Outside Date;
 - (ii) prior to the approval of the Special Resolution by the Shareholders, the Board authorizes the Corporation to enter into a definitive written agreement with respect to a Permitted Alternative Proposal or makes a Change in Recommendation; provided that in each case the Corporation is then in compliance with its non-solicitation obligations; or
 - (iii) there has occurred a Purpose Material Adverse Effect after the Effective Date.
- (d) the Purpose Parties if:
- (i) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Corporation under the Framework Agreement occurs that would cause any closing condition related to the Corporation's representations or warranties or covenants not to be satisfied by the Outside Date; provided that any wilful breach shall be deemed to be incapable of being cured and provided further that the Purpose Parties are not then in breach of the Framework Agreement so as to cause any closing condition related to the Purpose Parties' representations or warranties or covenants not to be satisfied by the Outside Date;
 - (ii) prior to the approval by the Shareholders of the Special Resolution, (A) the Board makes a Change in Recommendation, or (B) the Corporation has breached its non-solicitation covenants, agreements or obligations in any material respect; or
 - (iii) there has occurred a Corporation Material Adverse Effect after the Effective Date.

Termination Fee

If a Termination Fee Event occurs, the Corporation is obligated to pay the Purchaser or a designated affiliate a Termination Fee on account of the Purchaser's opportunity costs, potential reputational damages and expenses. The "**Termination Fee**" means (i) in connection with a Termination Fee Event pursuant to subsection (a) or (b) of the definition of Termination Fee Event, \$300,000; or (ii) in connection with a Termination Fee Event pursuant to subsection (c) or (d) of the definition of Termination Fee Event, \$1,000,000. "**Termination Fee Event**" means the termination of the Framework Agreement:

- (a) by any Party for the reasons set forth above in clause (b) under "*Termination Rights*", except under (b)(iii) where the failure of the Closing Time to occur on or prior to the Outside Date has been caused by, or is a result of, a breach by a Purpose Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under the Framework Agreement or failure to satisfy the closing condition that there is no Purpose Material Adverse Effect;

- (b) by the Purpose Parties, pursuant to clause (d)(i) or (d)(iii) under “*Termination Rights*”;
- (c) by the Purpose Parties, pursuant to clause (d)(ii) under “*Termination Rights*” or by the Corporation under the same circumstances (i.e., prior to the approval by the Shareholders of the Special Resolution, (A) the Board makes a Change in Recommendation, or (B) the Corporation has breached its non-solicitation covenants, agreements or obligations in any material respect); or
- (d) by the Corporation, pursuant to clause (c)(ii) under “*Termination Rights*” (i.e., prior to the approval of the Special Resolution by the Shareholders, the Board authorizes the Corporation to enter into a definitive written agreement with respect to a Permitted Alternative Proposal or makes a Change in Recommendation; provided that in each case the Corporation is then in compliance with its non-solicitation obligations).

In the event that the Termination Fee is paid in full to the Purchaser (or as it directs), no other amounts will be due and payable as damages or otherwise by the Corporation and such payment is the sole and exclusive remedy of the Purpose Parties in connection with the Framework Agreement.

Expenses

Other than in respect of the Termination Fee, all costs and expenses incurred in connection with the Framework Agreement and the Transaction shall be paid by the Party incurring such cost or expense. The Purchaser shall pay all costs and expenses incurred in connection with preparing and filing the Preliminary Prospectus and the Final Prospectus.

Governing Law

The Framework Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. In connection with the Framework Agreement, each Party irrevocably attorns and submits to the non-exclusive jurisdiction of the Ontario courts situated in the City of Toronto and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

SECURITIES LAWS MATTERS

Interest of Certain Persons in the Transaction

Som Seif, a director and the Interim Chief Executive Officer of the Corporation is a director and shareholder and Chief Executive Officer of Purpose Unlimited and a director and Chief Executive Officer of Purpose Investments. Camillo di Prata, a director of the Corporation, is a director and shareholder of Purpose Unlimited. As directors and officers of parties to a material transaction with the Corporation, each of Mr. Seif and Mr. di Prata has a conflict of interest in the Transaction and has abstained from participating in the portion of any board meeting where the Transaction was discussed and from voting in respect of the Transaction in accordance with section 132 of the OBCA.

Purpose Unlimited is an “associate” (as defined under applicable securities laws) of Mr. Seif because he beneficially owns voting securities carrying more than 10% of the voting rights attached to all of the voting securities of Purpose Unlimited. The Purpose Parties are each also a “related party” (as defined under MI 61-101) of the Corporation because Mr. Seif, a related party of the Corporation, owns more than 50% of a class of equity securities of Purpose Unlimited, and Purpose Investments is a wholly owned subsidiary of Purpose Unlimited, and the sale of the Non-Ether Assets to Purpose Unlimited is a “related party transaction” as defined under MI 61-101. See “*Securities Laws Matters – Application of MI 61-101*”.

Certain of the Corporation’s senior officers and directors (including those on the Independent Committee) may be entitled to receive benefits that could constitute “collateral benefits” (as such term is defined in MI

61-101) in connection with the Transaction because of the acceleration of unvested Options held by them and the amendment to the Stock Option Plan to implement an option for the cashless exercise of Options, each of which are being implemented in connection with the Transaction because the Fund cannot maintain an equity incentive plan, although the Independent Committee has determined that these benefits are not material and do not constitute “collateral benefits” within the meaning of MI 61-101. In addition, the Parties have agreed under the Framework Agreement that as a deliverable in connection with Closing, the Corporation will enter into a termination agreement with Ms. Friedman which may provide for a lump sum payment in respect of Ms. Friedman’s termination of employment. Such lump sum payment may be considered a “collateral benefit” under MI 61-101. See “*Securities Laws Matters – Application of MI 61-101*”.

Further, each of the directors and executive officers of the Corporation own Common Shares, which would be re-designated as ETF Shares if the Transaction is completed, in the same manner as all Common Shares. See “*Securities Laws Matters – Ownership of Common Shares and Stock Options*”.

Pursuant to the Voting and Support Agreements, the directors and executive officers of the Corporation who hold securities of the Corporation have agreed, among other things, to vote their Common Shares in favour of the Special Resolution. See “*Information Concerning the Transaction – Voting and Support Agreements*”.

Ownership of Common Shares and Stock Options

The directors and executive officers of the Corporation, and (to the Corporation’s knowledge after reasonable enquiry) the associates other insiders of the Corporation and their respective affiliates, beneficially own, directly or indirectly, or control the following Common Shares and Options which will be affected by the Transaction:

Name	Position / Title	Common Shares	Stock Options (vested and unvested)
Som Seif ⁽¹⁾	Interim CEO, Executive Chairman, Director	1,666,500	76,250
Jillian Friedman	Chief Operating Officer and Interim Chief Financial Officer	200	258,750
Boris Wertz ⁽²⁾	Director	365,000	80,250
Liam Horne	Director	110,000	72,500
Colleen McMorrow	Director	30,000	77,000
Camillo di Prata ⁽³⁾	Director	20,000	75,500
Brian Mosoff	Director	182,500	519,407
Purpose Unlimited ⁽⁴⁾	Related party and associate of an insider of the Corporation	1,160,000	Nil
MMCAP International Inc. SPC ⁽⁵⁾	Insider of the Corporation	4,990,000	Nil

Notes:

- (1) Mr. Seif owns 354,000 Common Shares personally and 1,312,500 Common Shares through a personal holding company, Seif Corp.
- (2) 47,500 Common Shares are held by Version One Ventures II LP and 2,500 Common Shares are held by Version One Ventures II (INT) LP, partnerships over which Mr. Wertz exercises control or direction.
- (3) Mr. di Prata's Common Shares are held by Gibraltar Three Corporation, a corporation over which Mr. di Prata exercises control or direction.
- (4) Purpose Unlimited holds Common Shares through its wholly owned subsidiary 2617265 Ontario Inc.
- (5) Current as of February 2024, per the early warning report of MM Asset Management Inc. (on its own behalf and on behalf of MMCAP International Inc. SPC) dated March 8, 2024.

Application of MI 61-101

The Corporation is a reporting issuer in all provinces and territories in Canada, and, accordingly, is subject to applicable securities laws in all such provinces and territories, including MI 61-101.

MI 61-101 is intended to regulate certain transactions to ensure fair treatment of securityholders in transactions which raise the potential for conflicts of interest, generally requiring enhanced disclosure, approval by a majority of securityholders excluding interested or related parties, independent valuations and, in certain instances, approval and oversight of the transaction by a special committee of independent directors. The protections of MI 61-101 apply to a reporting issuer proposing to carry out, among other transactions, a "business combination" and/or a "related party transaction" (each as defined in MI 61-101).

At the time the Framework Agreement was agreed to, Mr. Seif, who is a "related party" of the Corporation for purposes of MI 61-101 by virtue of being a director and senior officer of the Corporation, owned more than 50% of a class of equity securities of Purpose Unlimited, and therefore Purpose Unlimited is a "related party" of the Corporation for purposes of MI 61-101. Purpose Investments, as an "affiliated entity" (within the meaning of MI 61-101) of Purpose Unlimited, is therefore also a "related party" of the Corporation for purposes of MI 61-101.

A transaction may be a "business combination" for purposes of MI 61-101 if, among other things, as a consequence of an amendment to the terms of a class of equity securities or any other transaction of the issuer, the interest of a holder of an equity security of the issuer may be terminated without the holder's consent, regardless of whether the equity security is replaced with another security, and where a "related party" (as defined in MI 61-101) at the time the transaction was agreed to (i) would, as a consequence of the transaction, directly or indirectly acquire the issuer or the business of the issuer, or combine with the issuer, through an amalgamation, arrangement or otherwise, whether alone or with joint actors, (ii) is a party to any connected transaction to the transaction or (iii) is entitled to receive, directly or indirectly, as a consequence of the transaction, a "collateral benefit" (as defined in MI 61-101).

The ETF Conversion constitutes a "business combination" for the purposes of MI 61-101 because (1) the proposed amendments to the share terms of the Common Shares to remove the voting rights and re-designate them as ETF Shares is "an amendment to the terms of a class of equity securities or any other transaction of the issuer, as a consequence of which the interest of a holder of an equity security of the issuer may be terminated without the holder's consent, regardless of whether the equity security is replaced with another security" within the meaning of MI 61-101 and (2) Purpose Unlimited is a party to the Framework Agreement pursuant to which, among other things, it will purchase the Non-Ether Assets and assume certain liabilities relating thereto and Purpose Investments is a party to a connected transaction by virtue of agreeing under the Framework Agreement to execute the Management Agreement.

Because Purpose Unlimited and Purpose Investments are "related parties" for purposes of MI 61-101, the sale of the Non-Ether Assets to Purpose Unlimited is a "related party transaction" for purposes of MI 61-101.

Collateral Benefit

A “collateral benefit”, as defined under MI 61-101, includes any benefit that a “related party” of the Corporation, which includes the directors and “senior officers” (as defined under MI 61-101) of the Corporation, is entitled to receive as a consequence of the Transaction, including, without limitation, an increase in salary, a lump sum payment, a payment for surrendering securities, or other enhancement in benefits related to past or future services as an employee, director or consultant of the Corporation. MI 61-101 excludes from the meaning of “collateral benefit” certain benefits to a “related party” received solely in connection with the related party’s services as an employee, director or consultant of an issuer where, among other things, (a) the benefit is not conferred for the purpose, in whole or in part, of increasing the value of the consideration paid to the related party for securities relinquished under the transaction, (b) the conferring of the benefit is not, by its terms, conditional on the related party supporting the transaction in any manner, (c) full particulars of the benefit are disclosed in the disclosure document for the transaction, and (d) (i) at the time the transaction was agreed to, the related party and its associated entities beneficially own or exercise control or direction, over less than 1% of the outstanding shares of the issuer, or (ii) an independent committee, acting in good faith, determines that the value of the collateral benefit, net of any offsetting costs to the related party, is less than 5% of the value of the consideration the related party expects to receive under the terms of the transaction (the “**De Minimis Exception**”).

In connection with the Transaction, the Board will accelerate the vesting of each unvested Option outstanding because under applicable securities laws no ETF Share may be issued by the Fund at a price that is less than the Fund’s net asset value per share, and the Corporation has agreed under the Framework Agreement to terminate the Stock Option Plan effective as of Closing. The Independent Committee has determined that existing option holders would be prejudiced if the vesting of the unvested Options were not accelerated. Further, the Board has decided to amend the terms of the Stock Option Plan to facilitate the exercise of Options prior to the termination of the Stock Option Plan, which will be terminated on Closing in accordance with the terms of the Framework Agreement. The acceleration of the outstanding Options, and the amendments to the Stock Option Plan implementing the option for a cashless exercise of Options may each be considered a “collateral benefit” to each director or senior officer of the Corporation that are holders thereof, but are not in these circumstances because such benefits fall within the exception to the definition of “collateral benefit” under MI 61-101 as they satisfy the conditions set out above, including the fact that each of the directors and senior officers of the Corporation who hold unvested Options, other than Mr. Seif, and Mr. Wertz, beneficially owns less than 1% of the outstanding securities of the Corporation within the meaning of MI 61-101, which deems the Options as being beneficially owned by the holder thereof if they are convertible into Common Shares within 60 days following the date of the Framework Agreement. In respect of Mr. Seif and Mr. Wertz, the acceleration of their Options fall within the De Minimis Exception because the value of the collateral benefit is less than 5% of the value of the consideration each will receive under the Transaction, assuming the ETF Shares are valued at the Net Equity Value as of the date of the Framework Agreement.

The following table sets out the number of unvested options held by existing directors and senior officers of the Corporation that are expected to be vested prior to the completion of the Transaction:

	Name of Optionholder	Number of Unvested Options Held
	Som Seif	9,167
	Boris Wertz	11,833
	Colleen McMorrow	9,667
In	Cam di Prata	8,667
	Liam Horne	6,667
	Jillian Friedman	147,500

In addition, the Parties have agreed under the Framework Agreement that as a deliverable in connection with Closing, the Corporation will enter into a termination agreement with Ms. Friedman which may provide for a lump sum payment in respect of Ms. Friedman’s termination of employment. Such lump sum payment may be considered a “collateral benefit” under MI 61-101.

Formal Valuation

The Corporation is not required to obtain a formal valuation under MI 61-101 as no “interested party” (as defined in MI 61-101) is, as a consequence of the Transaction, directly or indirectly acquiring the Corporation or its business or combining with the Corporation, whether alone or with joint actors, and there is no “connected transaction” that would qualify as a “related party transaction” (as defined in MI 61-101) for which the Corporation would be required to obtain a formal valuation, as the Independent Committee has made a good faith determination that fair market value of the Non-Ether Assets does not exceed more than 25% of the Corporation’s market capitalization as of the date of the Framework Agreement.

The Independent Committee also made a good faith determination that the fair market value of the rights acquired by Purpose Investments under the Management Agreement together with the Non-Ether Assets does not exceed 25% of the Corporation’s market capitalization as of the date of the Framework Agreement.

Minority Vote

Because the ETF Conversion is a “business combination” under MI 61-101, in addition to the requirement for the Special Resolution to be approved by two-thirds (66 2/3%) of the votes cast by Shareholders at the Meeting, the Special Resolution must also be approved by a simple majority of the votes cast at the Meeting, excluding for this purpose the votes attached to the Common Shares held by (i) an “interested party” (as defined in MI 61-101); (ii) any “related party” (as defined in MI 61-101) of an “interested party”, unless the “related party” meets that description solely in its capacity as a director or senior officer of one or more persons that are neither an “interested party” nor “issuer insiders” of the Corporation; and (iii) any person that is a “joint actor” (as defined in MI 61-101) with any of the foregoing (collectively, the “**Excluded Shareholders**” and the Shareholders other than the Excluded Shareholders, the “**Minority Shareholders**”).

To the knowledge of the Corporation and the Board, the following table sets out the Excluded Shareholders and the Common Shares each Excluded Shareholder beneficially owns or exercises control or direction over (within the meaning of MI 61-101):

Name of Shareholder	Number and Percentage of Common Shares Owned or Controlled⁽¹⁾
Purpose Unlimited ⁽²⁾	1,160,000 (3.51%)
Som Seif ⁽³⁾	1,666,500 (5.04%)
Foundation Wealth Diversifier Pool ⁽⁴⁾	33,300 (0.10%)
Cam di Prata ⁽⁵⁾	20,000 (0.06%)
Jillian Friedman	200 (0.0006%)

Notes:

- (1) Percentage calculated on a non-diluted basis, based on an aggregate of 33,034,320 Common Shares outstanding on the date hereof.
- (2) Purpose Unlimited holds Common Shares through its wholly owned subsidiary 2617265 Ontario Inc.
- (3) Mr. Seif owns 354,000 Common Shares personally and 1,312,500 Common Shares through a personal holding company. Mr. Seif also holds Options exercisable for 76,250 Common Shares.
- (4) Purpose Investments is a portfolio manager of Foundation Wealth Diversifier Pool and therefore has control or direction over the 33,300 Common Shares held by Foundation Wealth Diversifier Pool.
- (5) Mr. di Prata owns 20,000 common shares through his wholly owned subsidiary, Gibraltar Three Corp. Mr. di Prata also holds Options exercisable for 75,500 Common Shares.

Purpose Unlimited is an Excluded Shareholder by virtue of being an “interested party” because it is a party to a connected transaction to the business combination and would receive a collateral benefit, in each case as described above under “*Application of MI 61-101*”. Mr. Seif is an Excluded Shareholder because he is a director and officer of Purpose Unlimited, which is an “interested party”. Mr. di Prata is an Excluded Shareholder because he is a director of Purpose Unlimited, which is an “interested party”. Ms. Friedman is an Excluded Shareholder because she may be entitled to receive a lump sum payment in respect of the termination of her employment in connection with the Transaction.

Prior Valuations

MI 61-101 requires that every “prior valuation” (as defined in MI 61-101) in respect of the Corporation that has been made in the 24 months prior to the date of this Circular, the existence of which is known, after reasonable inquiry, to the Corporation or any of its directors or senior officers, be disclosed in the Circular. To the knowledge of the Corporation or any of its directors or senior officers, after reasonable inquiry, there has been no “prior valuation” of the Corporation or of its securities, including the Common Shares, or material assets in the 24 months preceding the date of this Circular.

Expenses of the Transaction

The Corporation estimates that expenses in the aggregate amount of approximately \$1,200,000 will be incurred by it in connection with the Transaction, including legal, accounting, filing fees and costs, Independent Committee fees, the premium for the directors and officers insurance “tail” policy, the cost of preparing, printing and mailing this Circular, and costs with respect to the Meeting.

Except as otherwise expressly provided in the Framework Agreement, all out-of-pocket costs, fees and expenses incurred in connection with the Framework Agreement or Transaction will be paid by the Party incurring such costs, expenses and fees, whether or not the Transaction is consummated. No broker, finder or investment banker is or will be entitled to any brokerage, finder’s or other fee or commission by the Corporation in connection with the Transaction.

INFORMATION CONCERNING ETHER CAPITAL

Overview

Ether Capital is a Canadian-based company pursuing a long term operating model built on (i) investing in the digital asset Ether to facilitate participation in the Ethereum ecosystem, (ii) staking a material portion of its Ether to generate incremental yield, and (iii) building intellectual property in order to optimize its staking activity. The Corporation’s strategy is to be a net accumulator of Ether on its balance sheet and create attractive positive value through staking. The Corporation has also in the past invested in projects, protocols, technologies, and activities related to the Ethereum ecosystem and decentralized (Web 3) technologies and developed intellectual property with a view towards possible commercialization.

Additional information regarding the Corporation is included in documents incorporated by reference into this Circular. See “*Management Information Circular – Documents Incorporated by Reference*”.

Trading Price and Volume of Common Shares

The Common Shares are listed on Cboe Canada under the symbol “ETHC”. The following table sets out the high and low trading prices and trading volumes for Common Shares on a monthly basis on Cboe Canada for the period from April 1, 2023 to May 6, 2024:

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Volume</u>
April 2023	\$2.13	\$1.70	541,327
May 2023	\$1.90	\$1.54	728,406
June 2023	\$2.11	\$1.50	863,771

Month	High	Low	Volume
July 2023	\$2.12	\$1.72	588,161
August 2023	\$1.93	\$1.66	264,148
September 2023	\$1.81	\$1.62	198,516
October 2023	\$1.95	\$1.57	504,770
November 2023	\$2.45	\$1.75	1,025,451
December 2023	\$3.12	\$2.28	1,234,600
January 2024	\$3.57	\$2.71	1,456,101
February 2024	\$4.22	\$2.75	1,377,107
March 2024	\$4.83	\$3.65	1,938,927
April 2024	\$4.24	\$3.12	693,898
May 2024 (1-6)	\$4.94	\$3.13	824,416

Prior Sales

There were no issuances of Common Shares during the 12 month period immediately preceding the date of this Circular, excluding grants of Options and issuances of Common Shares thereunder by the Corporation pursuant to the Stock Option Plan. The closing price per Common Share on May 1, 2024, the last full trading day on Cboe Canada before the public announcement of the Transaction, was \$3.55.

Prior Purchases

The tables below summarize the purchases of Common Shares by the Corporation during the 12 month period immediately preceding the date of this Circular. In June 2023 the Company announced the implementation of a normal course issuer bid program (“**NCIB**”) with the intention to purchase up to 2,566,662 Common Shares, representing approximately 7.5% of the total issued and outstanding Common Shares. The NCIB continued into 2024, where 442,900 Common Shares were purchased for total proceeds of \$1,506,845, at a weighted average price per share of \$3.52. From the commencement of the NCIB on June 15, 2023, until March 18, 2024, when the NCIB was paused in connection with the Strategic Review, 1,169,300 Common Shares were purchased for total proceeds of \$2,937,204, at a weighted average price of \$2.51.

Period of Purchase	Number of Common Shares Purchased	Purchase Price³	Nature of Purchase
April 2023	Nil	Nil	N/A
May 2023	Nil	Nil	N/A
June 2023	Nil	Nil	N/A
July 2023	112,000	\$1.91	NCIB
August 2023	113,400	\$1.85	NCIB
September 2023	93,200	\$1.76	NCIB
October 2023	144,000	\$1.74	NCIB
November 2023	178,900	\$2.03	NCIB
December 2023	84,900	\$2.70	NCIB
January 2024	188,000	\$3.12	NCIB

³ Volume weighted average purchase price during the month.

Period of Purchase	Number of Common Shares Purchased	Purchase Price³	Nature of Purchase
February 2024	158,400	\$3.26	NCIB
March 2024	96,500	\$4.18	NCIB
April 2024	Nil.	Nil.	N/A

INFORMATION CONCERNING THE FUND

On completion of the Transaction, the Fund will exist as an exchange-traded fund structured as a mutual fund corporation (as defined in the Tax Act) managed by Purpose Investments, and the activities of the Corporation will continue to be conducted through the Fund, as adjusted in connection with the ETF Conversion. The Fund will only be formed in the event the Special Resolution receives the requisite approval at the Meeting and the Transaction proceeds to completion.

Additional information regarding the Fund and the ETF Shares is included in documents incorporated by reference into this Circular. See “*Management Information Circular – Documents Incorporated by Reference*”.

RISK FACTORS

The following risk factors should be carefully considered by Shareholders in evaluating the approval of the Special Resolution. The following risk factors are not a definitive list of all risk factors associated with the Corporation or the Transaction.

Tax-Related Risks

If the Fund fails to or ceases to qualify as a “mutual fund corporation” under the Tax Act, the income tax considerations described under the heading “Certain Canadian Federal Income Tax Considerations” would be materially and adversely different in certain respects.

The Fund will be deemed not to be a mutual fund corporation if it is established or maintained primarily for the benefit of non-residents of Canada unless, at all times since incorporation, all or substantially all of its property is and has been property other than property that would be “taxable Canadian property” as defined in the Tax Act (if the definition of such term in the Tax Act were read without reference to paragraph (b) thereof). The 2024 Canadian federal budget (“**Budget 2024**”) also proposes that a corporation may be deemed not to be a mutual fund corporation at a particular time if, at the particular time (i) a person or partnership, or any combination of persons or partnerships that do not deal with each other at arm’s length (in either case referred to as “specified persons”) own, in the aggregate, shares of the capital stock of the corporation having a fair market value of more than 10% of the fair market value of all of the issued and outstanding shares of the capital stock of the corporation and (ii) the corporation is controlled by or for the benefit of one or more specified persons. This deeming rule would not apply where the corporation was incorporated not more than two years before the particular time and the aggregate fair market value (“**FMV**”) of the shares of the corporation owned by the specified persons does not exceed \$5,000,000. The current law does not provide any means of rectifying a loss of mutual fund corporation status if one of these deeming rules are not met.

Legal and regulatory changes may occur, including income tax laws and administrative policies and assessing practices of the Canada Revenue Agency (“**CRA**”) relating to the treatment of mutual fund corporations under the Tax Act, that may adversely affect the Fund which could make it more difficult, if not impossible, for the Fund to operate or to achieve their investment objectives. To the extent possible, the

Manager will attempt to monitor such changes to determine the impact such changes may have on the Fund and what can be done, if anything, to try to limit such impact.

The Fund is also generally required to pay GST/HST on any management fees and most of the other fees and expenses that it has to pay. There may be changes to the way that the GST/HST and provincial sales taxes apply to fees and expenses incurred by mutual fund corporations such as the Fund and there may be changes in the rates of such taxes, which, accordingly, may affect the costs borne by the Fund and its shareholders.

A mutual fund corporation is effectively permitted to flow through certain income to investors in the form of dividends, specifically capital gains and dividends from taxable Canadian corporations. However, a mutual fund corporation cannot flow through other income including income from staking Ether or similar activities. If this type of income, calculated for the Fund as a whole, is greater than the expenses or other deductions from income or taxable income available to the Fund, the Fund would generally become taxable on such net income.

If the Fund has taxable net income, this could be particularly disadvantageous for two types of investors: (a) investors in a Registered Plan (as defined below under *Eligibility for Investment – ETF Shares*); and (b) investors with a lower marginal tax rate than the Fund. Investors in Registered Plans do not immediately pay income tax on income received, therefore income that a fund is permitted to flow through to a Registered Plan will not be subject to any immediate income tax. If the Fund earns income that it cannot distribute, investors in a Registered Plan will indirectly bear the income tax incurred by the Fund. With regard to investors described in (b) above, the corporate tax rate applicable to mutual fund corporations is higher than some personal income tax rates, depending on the province or territory in which an investor resides and depending on the investor's marginal tax rate. As such, if the income is taxed inside the Fund rather than when distributed to the investor (such that the investor pays the tax), the investor may indirectly bear a higher rate of tax on that income.

Conditions Precedent and Required Approvals

There can be no certainty that all conditions precedent to the Transaction will be satisfied or waived, nor can there be any certainty of the timing of their satisfaction or waiver. Failure to complete the Transaction for any reason could materially negatively impact the trading price of the Common Shares.

The completion of the Transaction is subject to certain conditions precedent, some of which are outside the control of the Corporation, including the Special Resolution being approved and adopted by the Shareholders at the Meeting. In addition, the completion of the Transaction by the Purchaser is conditional on, among other things, the issuance of a receipt from the OSC for the Final Prospectus and approval from Cboe Canada for the listing of the ETF Shares. There can be no certainty, nor can the Corporation provide any assurance, that these conditions will be satisfied or waived or, if satisfied or waived, when they will be satisfied or waived. If the Transaction is not completed for any reason, there are risks that the announcement of the Transaction and the dedication of substantial resources of the Corporation to the completion thereof could have a negative impact on the Corporation's current relationships, including with future and prospective employees, customers, distributors, suppliers and partners, and could have a material adverse effect on the current and future operations, financial condition and prospects of the Corporation. If the Transaction is not completed and the Board decides to seek an alternative transaction, there can be no assurance that an alternative transaction will be consummated. See "*Summary of the Framework Agreement – Conditions to Closing*".

The Required Shareholder Approvals May Not Be Obtained

To become effective, the Special Resolution must be approved by at least (i) two-thirds (66 2/3%) of the votes cast by Shareholders present or represented by proxy and entitled to vote at the Meeting and (ii) a simple majority of the votes cast by Shareholders present or represented by proxy and entitled to vote at the Meeting, other than the Excluded Shareholders and any other person required to be excluded for the purpose of such vote under MI 61-101. If the required shareholder approvals are not obtained, the

consequent failure to complete the Transaction could materially negatively impact the trading price of the Common Shares.

Termination in Certain Circumstances

Each of the Parties has the right, in certain circumstances, in addition to termination rights relating to the failure to satisfy the conditions of closing, to terminate the Framework Agreement. Accordingly, there can be no certainty, nor can the Corporation provide any assurance, that the Framework Agreement will not be terminated by any of the Parties prior to the completion of the Transaction. The Corporation's activities, financial condition or results of operations could also be subject to various material adverse consequences, including that (i) the Corporation would remain liable for significant costs relating to the Transaction including, among others, legal, accounting and printing expenses and (ii) the Corporation's relationships with customers, suppliers, employees and other stakeholders may be adversely affected. Since the completion of the Transaction is subject to uncertainty, officers and employees of the Corporation may experience uncertainty about their future roles with the Corporation. Similarly, uncertainty may adversely affect the Corporation's ability to attract or retain key personnel. See "*Summary of the Framework Agreement – Termination Rights*".

Adverse Effect on the Corporation's Activities in Case of Termination

The completion of the Transaction is subject to the satisfaction of certain closing conditions, including the approval by Shareholders and certain regulatory approvals. See "*Summary of the Framework Agreement – Conditions to Closing*". A substantial delay in obtaining satisfactory approvals and/or the imposition of unfavourable terms or conditions in the approvals to be obtained could have an adverse effect on the activities, financial condition or results of operations of the Corporation or could result in the termination of the Framework Agreement. If (a) Shareholders choose not to approve the Transaction, (b) the Corporation otherwise fails to satisfy, or fails to obtain a waiver of the satisfaction of, the closing conditions to the transaction and the Transaction is not completed, (c) the Framework Agreement is terminated, or (d) any legal proceeding results in enjoining all or part of the Transaction, the Corporation could be subject to various adverse consequences, including that the Corporation would remain liable for significant costs relating to the Transaction, including, among others, legal, accounting, financial advisory and printing expenses.

No Voting Rights in the Corporation Following the Transaction

Following the completion of the ETF Conversion, Shareholders will hold ETF Shares, which are different than the Common Shares because, among other things, they do not entitle the holder thereof to vote on any matters other than those matters expressly provided under certain circumstances in accordance with the OBCA. As a result, among other things, Shareholders will not be entitled to vote for the election of directors.

The Voting Shares will be held by the Independent Trust and will be entitled to elect all of the directors of the Corporation and to vote on all other ordinary matters.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary, as of the date hereof, of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a holder of Common Shares who, at all relevant times for the purposes of the Tax Act, (i) is or is deemed to be a resident of Canada, (ii) deals at arm's length with, and is not affiliated with the Corporation, (iii) is the beneficial owner of Common Shares and, following the ETF Conversion, ETF Shares, and (iv) holds the Common Shares and, following the ETF Conversion, the ETF Shares as capital property (a "**Holder**").

Generally, the Common Shares or ETF Shares, as applicable, will constitute capital property to a Holder provided that the Holder does not hold the Common Shares or ETF Shares, as applicable, in the course of

carrying on a business of trading or dealing in securities and did not or does not, as applicable, acquire them as part of an adventure or concern in the nature of trade. Certain Holders who might not otherwise be considered to hold the Common Shares or the ETF Shares as capital property may be entitled to make the irrevocable election permitted by subsection 39(4) of the Tax Act to have their Common Shares or ETF Shares and all other “Canadian securities” as defined in the Tax Act owned or subsequently acquired by them treated as capital property.

This summary does not address the tax consequences of the ETF Conversion to Holders of the Corporation’s options under the Stock Option Plan. Such Holders should consult their own tax advisors.

This summary is not applicable to a Holder (i) that is a “financial institution” (as defined in the Tax Act for purposes of the mark-to-market rules), (ii) that is a “specified financial institution” (as defined in the Tax Act), (iii) an interest in which is a “tax shelter investment” (as defined in the Tax Act), (iv) that has elected to report its “Canadian tax results” (as defined in the Tax Act) in a currency other than Canadian currency, (v) that enters into a “derivative forward agreement” or “synthetic disposition arrangement” (as defined in the Tax Act) in respect of the ETF Shares, (vi) that receives dividends on ETF Shares under or as part of a “dividend rental arrangement” as defined in the Tax Act, (vi) that is a partnership, or (vii) that is exempt from tax under Part I of the Tax Act. Such Holders should consult their own tax advisors.

This summary assumes that after the transaction and at all relevant times (i) the Fund will qualify as a “mutual fund corporation” for the purposes of the Tax Act, (ii) the ETF Shares will be listed on a “designated stock exchange” in Canada for the purposes of the Tax Act (which currently includes the Cboe Canada), (iii) not more than 50% of the FMV of the ETF Shares is attributable to one or more properties each of which is real or immovable property situated in Canada, a “Canadian resource property” or a “timber resource property” (each as defined in the Tax Act), or options in respect of, or interests or rights in, any such properties, whether or not such properties exist, and (iv) all or substantially all of the property of the Corporation will be and will have since the date the Corporation was incorporated been property other than “taxable Canadian property” (each as defined in the Tax Act). This summary also assumes (i) that the Corporation is not a “tax shelter” or a “tax shelter investment”, each as defined in the Tax Act, and (ii) that the Corporation does not carry on a trading business with respect to its Ether Assets and does not hold its Ether Assets as part of an adventure or concern in the nature of trade. However, no assurance can be given in this regard.

This summary is based on the current provisions of the Tax Act and the Regulations thereunder (the “**Regulations**”), all specific proposals to amend the Tax Act and Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”), counsel’s understanding of the current administrative policies of the CRA which have been published in writing and made publicly available by it prior to the date hereof. This summary assumes the Tax Proposals will be enacted in the form proposed; however, no assurance can be given that the Tax Proposals will be enacted in the form proposed, or at all. Except for the Tax Proposals, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account other federal or any provincial, territorial or foreign tax legislation or considerations which may differ significantly from the Canadian federal income tax considerations discussed herein.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations applicable to the ETF Conversion. The income and other tax consequences of acquiring, holding or disposing of ETF Shares will vary depending on a Holder’s particular circumstances including the province or territory in which the Holder resides or carries on business. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Holders should consult their own tax advisors for advice with respect to the tax consequences of the ETF Conversion, based on their particular circumstances.

For the purposes of the Tax Act, all amounts not otherwise expressed in Canadian dollars must be converted into Canadian dollars based on the daily exchange rate as quoted by the Bank of Canada for the applicable day or such other rate of exchange that is acceptable to the Minister of National Revenue (Canada).

Tax considerations for Holders - ETF Conversion

The ETF Conversion will be deemed to be a disposition of the Holder's Common Shares for proceeds of disposition equal to the adjusted cost base of the Holder's Common Shares and accordingly will not give rise to any capital gain or capital loss. The cost to a Holder of an ETF Share received on the ETF Conversion will be deemed to be equal to the Holder's adjusted cost base of the Common Share immediately before the ETF Conversion.

Tax considerations for the Fund

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to the taxation of the Fund.

Status of the Fund

The Fund intends at all relevant times after the ETF Conversion to qualify as a mutual fund corporation ("**MFC**") as defined in the Tax Act. To qualify as an MFC: (i) the Fund must be a "Canadian corporation" that is a "public corporation" for purposes of the Tax Act; (ii) the only undertaking of the Fund must be (a) the investing of its funds in property (other than real property or interests in real property or immovables or real rights in immovables), (b) the acquiring, holding, maintaining, improving, leasing or managing of any real property (or interest in real property) or of any immovable (or real right in immovables) that is capital property of the Fund or (c) any combination of the activities described in (a) and (b); and (iii) at least 95% of the FMV of all of the issued shares of the capital stock of the Fund must generally be redeemable at the demand of the Holders of those shares. In addition, the Fund must not reasonably at any time be considered to be established or maintained primarily for the benefit of non-resident persons unless, throughout the period that begins on the date of the Corporation's incorporation and ends at that time, substantially all of its property consists of property other than property that would be "taxable Canadian property" within the meaning of the Tax Act (if the definition of such term were read without reference to paragraph (b) of that definition).

Budget 2024 proposes that a corporation (other than a prescribed labour-sponsored venture capital corporation) may be deemed not to be a MFC after a particular time if, at the particular time (i) a person or partnership, or any combination of persons or partnerships that do not deal with each other at arm's length (in either case referred to as "specified persons") own, in the aggregate, shares of the capital stock of the corporation having an FMV of more than 10% of the FMV of all of the issued and outstanding shares of the capital stock of the corporation; and (ii) the corporation is controlled by or for the benefit of one or more specified persons. This deeming rule would not apply where the corporation was incorporated not more than two years before the particular time and the aggregate FMV of the shares of the corporation owned by the specified persons does not exceed \$5,000,000.

If the Fund were not to qualify as an MFC at all relevant times, the income tax considerations described below would, in some respects, be materially and adversely different. At the time the proposed rule is intended to apply, Purpose, together with persons who do not deal at arm's length with it, will not own more than 10 per cent of the FMV of shares of the Corporation.

Taxation of the Fund

The ETF Shares will be a separate class of shares of the Fund. Although the Fund may issue any number of classes, in any number of series, it will be required to compute its income and net capital gains for tax purposes as a single entity. All of the Fund's revenues, deductible expenses, non-capital losses, capital gains and capital losses in connection with all of its assets, and other items relevant to its tax position (including the tax attributes of all of its assets), will be taken into account in determining the income (and taxable income) or loss of the Fund and applicable taxes payable by the Fund as a whole. For example, expenses, tax deductions and losses arising from the Fund's investments and activities in respect of the

ETF Shares may be deducted or offset against income or gains arising from the Fund's investments and activities in respect of other classes of ETF Shares (if any).

In general, gains and losses realized by the Fund from staking Ether will be on income account. To the extent that the Fund earns net income (other than dividends from taxable Canadian corporations and certain taxable capital gains and after available deductions for purposes of the Tax Act), including staking income, the Fund will be subject to income tax on such net income and no refund will be available in respect thereof.

In determining the income of the Fund, gains or losses realized upon dispositions of cryptocurrency held by the Fund will generally constitute capital gains or capital losses of the Fund in the year realized unless the Fund has acquired the cryptocurrency in a transaction or transactions considered to be an adventure or concern in the nature of trade. An MFC can make the election under subsection 39(4) that its gains and losses on the disposition of "Canadian securities" be deemed capital gains or capital losses even if the MFC otherwise would be regarded as a trader or dealer in securities that is not entitled to make the election; the Fund's cryptocurrency should not be a "Canadian security" for these purposes.

As an MFC, the Fund will be entitled, in certain circumstances, to a refund of tax paid by it in respect of its net realized capital gains determined on a formula basis that is based in part on the redemption of the ETF Shares ("**Capital Gains Redemption**"). Also, as an MFC, the Fund will be entitled to maintain a capital gains dividend account in respect of its net realized capital gains and from which it may elect to pay dividends ("**Capital Gains Dividends**") which are treated as capital gains in the hands of Holders (see "*Tax considerations for Holders Resident in Canada*" below). In certain circumstances where the Fund has realized a capital gain in a taxation year, it may elect not to pay Capital Gains Dividends in that taxation year in respect thereof and instead pay refundable capital gains tax, which may in the future be fully or partially refundable upon the payment of sufficient Capital Gains Dividends and/or Capital Gains Redemptions. Where the Fund has realized a net capital loss in a taxation year, such capital loss cannot be allocated to Holders but the Fund may carry such capital loss back three years or forward indefinitely to offset capital gains realized by the Fund in accordance with the rules of the Tax Act.

In computing its income under the Tax Act, the Fund may generally deduct reasonable administrative and other expenses incurred to earn staking income (including management fees and staking service fees paid to Purpose Investment). In certain circumstances, the Fund may not be able to deduct interest on borrowed funds that are used to fund redemptions of its ETF Shares. The Fund is entitled to deduct an amount equal to the reasonable expenses that it incurs in the course of issuing ETF Shares that is not reimbursed. Such issue expenses will be deductible by the Fund ratably over a five-year period subject to reduction in any taxation year which is less than three hundred and sixty-five (365) days.

In certain situations, where the Fund disposes of property and would otherwise realize a capital loss, the loss will be deemed to be a "suspended loss". This may occur if the Fund disposes of a property and the Fund or an affiliated person acquires the same property or an identical property (a "substituted property") during the period that begins 30 days before and ends 30 days after the disposition of property and holds it at the end of that period. If a loss is deemed to be a "suspended loss", the Fund cannot deduct the loss from the Fund's capital gains until the substituted property is sold and is not reacquired by the Fund, or a person affiliated with the Fund, within 30 days before and after the sale.

To the extent that any capital gains are realized by the Fund and not distributed to shareholders as a Capital Gains Dividend, or to the extent that the Fund has staking income, such income or capital gains will be subject to tax within the Fund (net of any deductions that may be available to the Fund for purposes of computing its income). Any such tax would be attributed to the ETF Shares and be indirectly borne by the shareholders. While any such tax on capital gains may be fully or partially refundable in subsequent years upon the payment by the Fund of sufficient Capital Gains Dividends and/or Capital Gains Redemptions, there can be no assurances in this regard.

Tax considerations for Holders Resident in Canada

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to the acquisition, holding and disposition of ETF Shares by a Holder.

Management fee rebate

Generally, a Holder who receives a management fee rebate in a particular taxation year will include the amount of such rebate in income for that year. Holders should consult their own tax advisors with respect to the tax treatment of management fee rebates.

Dividends

A Holder will be required to include in income the amount of any dividends other than Capital Gains Dividends (“**Ordinary Dividends**”) paid on ETF Shares, whether received in cash, in the form of ETF Shares or as cash which is reinvested in additional ETF Shares. In the case of a Holder that is an individual, the dividend gross-up and tax credit treatment normally applicable to taxable dividends (including eligible dividends) paid by a taxable Canadian corporation will generally apply to such dividends. The treatment to Holders of Capital Gains Dividends is described below.

In the case of a Holder that is a corporation, the amount of any such Ordinary Dividend that is included in its income for a taxation year will generally be deductible in computing its taxable income for that taxation year. In certain circumstances, an Ordinary Dividend received by a Holder that is a corporation may be treated as proceeds of disposition or a capital gain pursuant to the rules in subsection 55(2) of the Tax Act. Corporate Holders should contact their own tax advisors with respect to the application of these rules in their particular circumstances.

A Holder that is a “private corporation” or a “subject corporation,” each as defined in the Tax Act, will generally be liable to pay a tax (refundable in certain circumstances in accordance with the Tax Act) under Part IV of the Tax Act on Ordinary Dividends received on the ETF Shares to the extent such dividends are deductible in computing the Holder’s taxable income for the year.

A Resident Holder that is throughout the year a “Canadian-controlled private corporation” (“**CCPC**”) (as defined in the Tax Act) or that is a “substantive CCPC” (as defined in Tax Proposals contained in Bill C-59, An Act to implement certain provisions of the fall economic statement tabled in Parliament on November 21, 2023 and certain provisions of the budget tabled in Parliament on March 28, 2023), may be liable for an additional tax (refundable in certain circumstances in accordance with the Tax Act) on its “aggregate investment income”, which is defined to include an amount in respect of dividends other than dividends deductible in computing the corporation’s taxable income. CCPCs or substantive CCPCs acquiring or holding ETF Shares should consult their tax advisors with respect to the implications of the refundable tax as it relates to the acquisition, holding and disposition of ETF Shares.

Return of capital

If the Fund pays a return of capital such amount will generally not be taxable but will reduce the adjusted cost base of the Holder’s ETF Shares in respect of which the return of capital was paid. However, where such returns of capital are reinvested in new ETF Shares, the Holder’s overall adjusted cost base of such ETF Shares will not be reduced. In the circumstance where a reduction to the adjusted cost base of a Holder’s ETF Shares would result in such adjusted cost base becoming a negative amount, that amount will be treated as a capital gain realized by the Holder of the ETF Shares and the adjusted cost base will then be reset to zero.

Capital gains and capital gains dividends

Upon the actual or deemed disposition of an ETF Share, including the redemption of an ETF Share for cash proceeds, a Holder will realize a capital gain (or a capital loss) to the extent that the proceeds of disposition of the ETF Share so disposed of exceed (or are less than) the aggregate of the adjusted cost base to the Holder of such Share and any reasonable costs of disposition.

Capital Gains Dividends will be paid to Holders at the discretion of the Fund's board of directors including with respect to the timing, the amount and, if applicable, the class of shares on which the dividend will be paid, in respect of any capital gains realized by the Fund. The amount of a Capital Gains Dividend paid to a Holder will be treated as a capital gain in the hands of the Holder from the disposition of capital property in the taxation year in which the Capital Gains Dividend is received, and will be subject to the general rules relating to the taxation of capital gains which are described below.

A Holder that is throughout the relevant taxation year a CCPC or a substantive CCPC that disposes of ETF Shares may be liable to pay an additional tax, which is refundable under certain circumstances, on certain investment income for the year, including taxable capital gains.

Currently, one-half of a capital gain realized by a Holder is required to be included in the income of the Holder. One-half of a capital loss realized by a Holder is deductible against the taxable portion of capital gains realized in the taxation year, in the three preceding taxation years or in subsequent taxation years, subject to the rules in the Tax Act. For capital gains realized on or after June 25, 2024, Budget 2024 proposes generally to increase the capital gains inclusion rate from one-half to two-thirds for corporations and trusts, and from one-half to two-thirds for individuals on the portion of capital gains realized, including capital gains realized indirectly through a trust or partnership and taking into account certain employee stock option benefits, in a taxation year (or in each case the portion of the year beginning on June 25, 2024, in the case of the 2024 taxation year) that exceed \$250,000. As proposed in Budget 2024, two-thirds of capital losses realized prior to 2024 will be deductible against capital gains included in income at the two-thirds inclusion rate such that a capital loss will offset an equivalent capital gain regardless of the inclusion rate. Budget 2024 does not include comprehensive rules (including draft legislation) implementing these changes and state that additional details related to the change of the capital gains inclusion rate are forthcoming.

Holders who may be subject to the increased inclusion rate for capital gains as a result of legislative proposals in Budget 2024 should consult their own tax advisors.

Cost

Where an Ordinary Dividend or a Capital Gains Dividend is paid on ETF Shares, or in cash which is reinvested in ETF Share, the cost of such ETF Shares will be equal to the amount of the dividend. The adjusted cost base of each ETF Share to a Holder will generally be the weighted average of the cost of the ETF Shares acquired by the Holder at a particular time and the aggregate adjusted cost base of any ETF Shares of the same class and series held as capital property immediately before the particular time.

Alternative minimum tax

Capital gains realized and Ordinary Dividends and Capital Gains Dividends received by a Resident Holder who is an individual (other than certain trusts) may give rise to alternative minimum tax under the Tax Act, depending on the individual's circumstances. In Budget 2024, the Minister of Finance (Canada) proposed further revisions to the alternative minimum tax rules, building on the changes announced in the 2023 federal budget. Resident Holders who are individuals should consult their own tax advisors in this regard.

Eligibility for Investment – ETF Shares

Based on current provisions of the Tax Act and the Regulations, the ETF Shares will be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan, or "RRSP," a registered retirement income fund, or "RRIF," a registered disability savings plan, or "RDSP," a deferred

profit sharing plan, a registered education savings plan, or “RESP,” a tax-free savings account, or “TFSA,” or a first home saving account, or “FHSA” (each a “**Registered Plan**”) at any particular time, provided that the Fund qualifies as an MFC within the meaning of the Tax Act, or the ETF Shares of the Fund are listed on a “designated stock exchange” within the meaning of the Tax Act (which includes Cboe Canada).

Notwithstanding that an ETF Share may be a qualified investment, a holder, annuitant or subscriber, as applicable, of a Registered Plan will be subject to a penalty tax with respect to an ETF Share held in the Registered Plan if such ETF Share, as applicable, is a “prohibited investment” for the Registered Plan (within the meaning of the Tax Act). An ETF Share will generally not be a prohibited investment for a Registered Plan provided the holder, annuitant or subscriber, as applicable, of such Register Plan deals at arm’s length with the Fund and does not have a “significant interest” (as defined in the Tax Act) in the Fund. In addition, an ETF Share will not be a prohibited investment for a TFSA, FHSA, RDSP, RRSP, RRIF or RESP if such ETF Share is “excluded property” as defined in the Tax Act for such TFSA, FHSA, RDSP, RRSP, RRIF or RESP. Such Holders are encouraged to consult their own tax advisors in this regard.

Holders of a TFSA, FHSA or RDSP, annuitants under an RRSP or RRIF or the subscriber of the RESP should consult their own tax advisors with respect to the income tax consequences of holding the ETF Shares in a Registered Plan having regard to their particular circumstances.

Tax considerations for Holders Not Resident in Canada

The following portion of this summary is applicable to a Holder who, for the purposes of the Tax Act and any applicable income tax treaty, and at all relevant times, is not, and is not deemed to be, resident in Canada and does not use or hold, and is not deemed to use or hold, Common Shares, and will not use or hold or be deemed to use or hold ETF Shares, in connection with carrying on a business in Canada (a “**Non-Resident Holder**”).

Disposition of Common Shares ETF Shares

A disposition of Common Shares or ETF Shares by a Non-Resident Holder will not give rise to any capital gain subject to tax under the Tax Act, provided that the Common Shares or ETF Shares do not constitute “taxable Canadian property” within the meaning of the Tax Act of the Non-Resident Holder at the time of disposition.

The Common Shares or ETF Shares generally will not be taxable Canadian property of a Non-Resident Holder unless at any time during the 60-month period that ends immediately before the disposition of the Common Shares or ETF Shares (A) the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm’s length (for purposes of the Tax Act), partnerships in which the Non-Resident Holder or such a person held a membership interest directly or indirectly through one or more partnerships, or any combination thereof, held 25% or more of the issued and outstanding shares of any class of the Fund, and (B) more than 50% of the fair market value of the Common Shares or ETF Shares was, at that time, derived, directly or indirectly, from one or any combination of real or immovable property situated in Canada, Canadian resource property (as defined in the Tax Act), or timber resource property (as defined in the Tax Act) or options or interests or rights in respect of such property (whether or not such property exists).

Non-Resident Holders should consult their own tax advisors with respect to the Canadian tax consequences of the ETF Conversion and the acquisition, holding or disposition of Common Shares or ETF Shares based on their particular circumstances.

DISSENTING SHAREHOLDERS’ RIGHTS

Registered Shareholders have a right to dissent in respect of the Special Resolution pursuant to section 185 of the OBCA (“**Dissent Rights**”). The following summary is qualified in its entirety by the provisions of section 185 of the OBCA, the full text of which is set out in Appendix E, which Shareholders are urged to review carefully. Shareholders who wish to exercise Dissent Rights are also advised to seek legal advice,

as failure to comply strictly with the provisions of the OBCA may result in the loss or unavailability of their Dissent Rights.

Any Registered Shareholder who validly exercises Dissent Rights (a “**Dissenting Shareholder**”), may be entitled, in the event the Transaction becomes effective, to be paid by the Corporation the fair value of the Common Shares held by such Dissenting Shareholder.

Section 185 of the OBCA provides that a Dissenting Shareholder may only make a claim under that section with respect to all of the Common Shares held by the Dissenting Shareholder on behalf of any one beneficial owner and registered in the Dissenting Shareholder’s name. One consequence of this provision is that a Registered Shareholder may exercise Dissent Rights only in respect of Common Shares that are registered in that Registered Shareholder’s name.

In many cases, Common Shares beneficially owned by a Non-Registered Shareholder are registered either: (a) in the name of an Intermediary, or (b) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant. Accordingly, a Non-Registered Shareholder will not be entitled to exercise its Dissent Rights directly (unless the Common Shares are re-registered in the Non-Registered Shareholder’s name). A Non-Registered Shareholder who wishes to exercise Dissent Rights should immediately contact the Intermediary with whom the Non-Registered Shareholder deals in respect of its Common Shares and either: (i) instruct the Intermediary to exercise Dissent Rights on the Non-Registered Shareholder’s behalf (which, if the Common Shares are registered in the name of CDS Clearing and Depository Services Inc. or other clearing agency, may require that such Common Shares first be re-registered in the name of the Intermediary), or (ii) instruct the Intermediary to re-register such Common Shares in the name of the Non-Registered Shareholder, in which case the Non-Registered Shareholder would be able to exercise Dissent Rights directly.

A Registered Shareholder wishing to exercise Dissent Rights with respect to the Special Resolution must send to the Corporation a Dissent Notice, which the Corporation must receive, c/o Chief Operating Officer by email at info@ethcap.co, or by mail at 130 Adelaide Street West, Suite 3100, Toronto, Ontario, M5H 4H1 by no later than 5:00 p.m. (Toronto time) on June 6, 2024 (or not later than 5:00 p.m. (Toronto time) that is two business days immediately preceding the date of the adjourned or postponed Meeting if the Meeting is adjourned or postponed), and must otherwise strictly comply with the dissent procedures described in this Circular and section 185 of the OBCA.

The filing of a dissent Notice does not deprive a Registered Shareholder of the right to vote at the Meeting. **No Registered Shareholder who has voted FOR the Special Resolution shall be entitled to exercise Dissent Rights with respect to its Common Shares. A vote against the Special Resolution, an abstention from voting, or a proxy submitted instructing a proxyholder to vote against the Special Resolution does not constitute a Dissent Notice, but a Registered Shareholder need not vote its Common Shares against the Special Resolution in order to dissent.** Similarly, the revocation of a proxy conferring authority on the proxyholder to vote FOR the Special Resolution does not constitute a Dissent Notice. However, any proxy granted by a Registered Shareholder who intends to dissent, other than a proxy that instructs the proxyholder to vote against the Special Resolution, should be validly revoked in order to prevent the proxyholder from voting such Common Shares for of the Special Resolution and thereby causing the Registered Shareholder to forfeit such Registered Shareholder’s Dissent Rights.

Within ten days after Shareholders adopt the Special Resolution, the Corporation is required to notify each Dissenting Shareholder that the Special Resolution has been adopted. Such notice is not required to be sent to any Shareholder who voted FOR the Special Resolution or who has withdrawn its Dissent Notice.

A Dissenting Shareholder who has not withdrawn its Dissent Notice prior to the Meeting must then, within 20 days after receipt of notice that the Special Resolution has been adopted, or if a Dissenting Shareholder does not receive such notice, within 20 days after learning that the Special Resolution has been adopted, send to the Corporation a written notice containing such Dissenting Shareholder’s name and address, the number of Common Shares in respect of which such Dissenting Shareholder dissents (the “**Dissenting Shares**”), and a demand for payment of the fair value of such Common Shares (the “**Demand for**

Payment”). Within thirty days after sending a Demand for Payment, a Dissenting Shareholder must send to the Corporation certificates representing the Dissenting Shares. The Corporation will or will cause TSX Trust to endorse on the applicable share certificates received from a Dissenting Shareholder a notice that the holder is a Dissenting Shareholder and will forthwith return such certificates to a Dissenting Shareholder.

Failure to strictly comply with the requirements set forth in section 185 of the OBCA may result in the loss of any right to dissent.

After sending a Demand for Payment, a Dissenting Shareholder ceases to have any rights as a Shareholder in respect of its Dissenting Shares other than the right to be paid the fair value of the Dissenting Shares held by such Dissenting Shareholder, except where: (i) a Dissenting Shareholder withdraws its Dissent Notice before the Corporation makes an offer to pay (an **“Offer to Pay”**), (ii) the Corporation fails to make an Offer to Pay and a Dissenting Shareholder withdraws the Demand for Payment, or (iii) the Board revokes the Special Resolution, in which case a Dissenting Shareholder’s rights as a Shareholder will be reinstated as of the date of the Demand for Payment.

The Corporation is required, not later than seven days after the later of the Closing Date or the date on which a Demand for Payment is received from a Dissenting Shareholder, to send to each Dissenting Shareholder who has sent a Demand for Payment, an Offer to Pay for its Dissenting Shares in an amount considered by the Board to be the fair value of the Common Shares, accompanied by a statement showing the manner in which the fair value was determined. Every Offer to Pay for Common Shares must be on the same terms. The Corporation must pay for the Dissenting Shares of a Dissenting Shareholder within ten days after an Offer to Pay has been accepted by a Dissenting Shareholder, but any such offer lapses if the Corporation does not receive an acceptance within thirty days after the Offer to Pay has been made.

If the Corporation fails to make an Offer to Pay for Dissenting Shares, or if a Dissenting Shareholder fails to accept an Offer to Pay that has been made, the Corporation may, within fifty days after the Closing Date or within such further period as a court may allow, apply to a court to fix a fair value for the Dissenting Shares. If the Corporation fails to apply to a court, a Dissenting Shareholder may apply to a court for the same purpose within a further period of 20 days or within such further period as a court may allow. A Dissenting Shareholder is not required to give security for costs in such an application.

If the Corporation or a Dissenting Shareholder makes an application to court, the Corporation will be required to notify each affected Dissenting Shareholder of the date, place and consequences of the application and of its right to appear and be heard in person or by counsel. Upon an application to a court, all Dissenting Shareholders who have not accepted an Offer to Pay will be joined as parties and be bound by the decision of the court. Upon any such application to a court, the court may determine whether any person is a Dissenting Shareholder who should be joined as a party, and the court will then fix a fair value for the Dissenting Shares of all Dissenting Shareholders. The final order of a court will be rendered against the Corporation in favour of each Dissenting Shareholder for the amount of the fair value of its Dissenting Shares as fixed by the court. The court may, in its discretion, allow a reasonable rate of interest on the amount payable to each Dissenting Shareholder from the Closing Date until the date of payment.

INFORMATION CONCERNING DIRECTORS

Nominees for Election to the Board of Directors

The following table sets forth information about each director nominee, including (i) his or her name and place of residence, (ii) the period during which each has served as a director, (iii) memberships on committees of the Board, (iv) present principal occupation, business or employment, and (v) the number of Common Shares of the Corporation beneficially owned, or controlled or directed, directly or indirectly, by such director nominee. In the table, certain information, not being within the knowledge of the Corporation, has been furnished by the respective proposed nominees individually.

Name and Place of Residence	Principal Occupation	Current Position(s) with the Corporation	Director Since	Number of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly
Som Seif Ontario, Canada	CEO, Purpose Inc. and Purpose Unlimited Interim CEO, Ether Capital	Interim CEO, Executive Chairman, Director	April 2018	1,666,500 ⁽¹⁾
Boris Wertz ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁹⁾ British Columbia, Canada	Founding Partner of Version One Ventures	Director and Lead Independent Director	April 2018	365,000 ⁽⁴⁾
Liam Horne ⁽⁵⁾⁽⁶⁾⁽⁹⁾ Ontario, Canada	Co-Founder of ETHGlobal	Director	April 2018	110,000 ⁽⁶⁾
Colleen McMorrow ⁽²⁾⁽³⁾⁽⁵⁾⁽⁷⁾⁽⁹⁾ Ontario, Canada	Corporate Director	Director	April 2018	30,000 ⁽⁷⁾
Camillo di Prata ⁽²⁾⁽³⁾⁽⁵⁾ Ontario, Canada	Founder and Managing Partner of Gibraltar & Company	Director	April 2018	20,000 ⁽⁸⁾

Notes:

- (1) 1,312,500 Common Shares are held by Seif Corp., a corporation wholly owned by Mr. Seif. Mr. Seif, through Seif Corp. also holds Options to purchase 76,250 Common Shares.
- (2) Member of the Compensation and Corporate Governance Committee. Mr. Wertz is chair of the Compensation and Corporate Governance Committee.
- (3) Member of the Audit Committee. Ms. McMorrow is chair of the Audit Committee.
- (4) 47,500 Common Shares are held by Version One Ventures II LP and 2,500 Common Shares are held by Version One Ventures II (INT) LP, partnerships over which Mr. Wertz exercises control or direction. Mr. Wertz also holds Options to purchase 80,250 Common Shares.

- (5) Boris Wertz, Liam Horne, Colleen McMorrow and Camillo di Prata are independent directors within the meaning of National Policy 58-201 – *Corporate Governance Guidelines* (“NP 58-201”). Boris Wertz is the lead independent director.
- (6) Mr. Horne also holds Options to purchase 72,500 Common Shares
- (7) Ms. McMorrow also holds Options to purchase 77,000 Common Shares
- (8) Mr. di Prata’s shares are held by Gibraltar Three Corporation, a corporation over which Mr. di Prata exercises control or direction. Mr. di Prata also holds Options to purchase 75,500 Common Shares.
- (9) Member of the Independent Committee. Mr. Wertz is the chair of the Independent Committee.

Director Biographies

The following are brief profiles of our director nominees, including a description of each individual’s principal occupation within the past five years.

Som Seif

Som Seif is the Executive Chairman, Director and Chief Executive Officer (Interim) of Ether Capital and is the founder and Chief Executive Officer of Purpose Unlimited, which he formed following the sale of Claymore Investments to BlackRock Inc. in March 2012. Som is also the Co-Founder of WealthSimple Technologies Inc. Prior to Claymore Investments, Som was an investment banker with RBC Capital Markets. He has a strong commitment to community and is currently Co-Chair of the University of Toronto’s Defy Gravity Campaign, a member of the AGO Foundation Board and Next Canada Board.

Boris Wertz

Boris Wertz is the lead independent director of Ether Capital. Boris is the founding partner of Version One Ventures, an early-stage fund with offices in Vancouver and San Francisco. Before becoming an investor, Boris was the Chief Operating Officer of AbeBooks.com which sold to Amazon in 2008. He was responsible for marketing, business development, product, customer service and international operations – leading a team of 60 people. This deep operational experience helps him guide other entrepreneurs to start, build and scale companies. Boris finished his PhD at the Graduate School of Management (WHU), Koblenz, majoring in Business Economics & Business Management. In 2005, he was named the Pacific Ernst & Young Entrepreneur Of The Year.

Liam Horne

Liam Horne is a director of Ether Capital. Liam dropped out of the University of Waterloo to build PiinPoint, a location analytics and retail site selection platform which was backed by Y Combinator and Real Ventures. At the same time he also Co-Founded Hack the North, Canada’s Largest Hackathon, which recently celebrated its 10th anniversary. In the cryptocurrency industry, Liam co-founded ETHGlobal, the largest blockchain developer organization which has onboarded over 100,000 developers into the space. Liam was also CEO of OP Labs, the company that designed and built Optimism, the leading scaling solution for Ethereum which secures over \$10B of capital and many millions of transactions each week for companies like Coinbase, Worldcoin and more.

Colleen McMorrow

Colleen McMorrow is a director of Ether Capital and an experienced corporate director serving on the boards of public and private corporations as well as not-for-profit organizations. She is a director of Exco Technologies Limited (TSX: XTC), West Fraser Timber Co. Ltd. (TSX and NYSE: WFG) and the Investment Management Corporation of Ontario (IMCO). Prior to June 2016, Ms. McMorrow was a senior client serving Audit Partner at Ernst & Young LLP (EY). Ms. McMorrow held a number of senior leadership positions at EY over her 38-year career including Canadian Growth Markets Leader, National Director Entrepreneur of the Year Awards, National Media and Technology Leader, and Office and Service Line Managing Partner. She graduated from Concordia University John Molson School of Business with a Bachelor of Commerce degree and a Graduate Diploma in Accounting. Colleen is a chartered accountant (CPA), a Fellow of the

Institute of Chartered Accountants of Ontario (FCPA) and holds the Institute of Corporate Directors designation (ICD.D). In 2015 she was selected as one of Canada's Top 100 Most Powerful Women by WXN.

Camillo di Prata

Camillo (Cam) di Prata is the Founder and Chief Executive Officer and Managing Partner of Gibraltar & Company, an investment management firm he founded in 2013. As a former financial services industry executive with over 25 years of mergers and acquisitions experience, Cam possesses significant mergers, acquisitions, divestiture and valuation transactional experience primarily in the technology, media and consumer sectors. During his career he worked, with successively increasing leadership responsibilities, at Nesbitt Burns, Citigroup, and Scotia Capital. In 2003, he joined National Bank Financial as Vice Chairman and in 2006 was promoted to Executive Vice President and head of National Bank Financial's corporate and investment banking division, a position he held until 2012. In addition to his responsibilities with Gibraltar & Company and its related activities, Cam is a director of Purpose Unlimited, where he serves on various board committees. Ether Capital and as an advisory board member of The BrandProject LP. He is an international member of SOHO House and is an active supporter of the Toronto arts community. His not-for-profit activities include serving as Board Trustee and member of the Executive Committee of the Art Gallery of Ontario. He is past director of Les Grands Ballets Canadiens, The Canadian Opera Company, The Empire Club of Canada and the Luminato Festival and the International Festival of Authors. In 2007, he was awarded the Star of Italian Solidarity and appointed to the rank of Commendatore (Commander) by the Italian Government in recognition for his service in promoting Italian culture in Canada. A citizen of Canada and Italy, Cam resides in Toronto and Capri, Italy.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Corporation, no proposed nominee for election as a director of the Corporation: (a) is, at the date of this Circular, or has been, within the last ten years, a director, chief executive officer or chief financial officer of any company that, while that person was acting in that capacity, (i) was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, or (ii) was the subject of an event that resulted, after that person ceased to be a director or chief executive officer or chief financial officer, in the company being the subject of such an order; (b) is, at the date of this Circular, or has been, within the last ten years, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (c) has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with credits, or had a receiver, receiver manager or trustee appointed to hold his or her assets.

No proposed director of the Corporation has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Majority Voting Policy

Ether Capital has adopted a majority voting policy. Pursuant to the policy, shareholders vote for the election of individual directors at each annual meeting of shareholders, rather than for a fixed slate of directors. Further, in an uncontested election of directors at an applicable meeting of shareholders, a director must receive more votes with respect to his or her election than votes withheld with respect to his or her election. If that is not the case, that director must immediately tender his or her resignation to the Chair following the applicable meeting of shareholders. A director who tenders resignation under this policy may not participate

in any meeting of the Compensation and Corporate Governance Committee or the Board at which the resignation is considered. The Compensation and Corporate Governance Committee will promptly consider such tendered resignation and recommend to the Board the action to be taken with respect to such tendered resignation. Absent exceptional circumstances, the Board shall promptly accept such tendered resignation. In any event, the resignation will be accepted (or in rare cases rejected) within 90 days of the applicable meeting of shareholders. The Board must promptly disclose its decision, including reasons for its decision, via press release. The Corporation shall provide a copy of such press release to Cboe Canada.

If the Board determines not to accept the resignation, the press release must fully state the reasons for that decision. If a resignation is accepted, the Board may leave the resultant vacancy in the Board unfilled until the next annual meeting of shareholders, fill the vacancy through the appointment of a director whom the Board considers to merit the confidence of Ether Capital's shareholders, or call a special meeting of the shareholders to consider the election of a nominee recommended by the Board to fill the vacant position.

Director Term Limits/Mandatory Retirement

The Board has not adopted a term limit for directors. The imposition of director term limits may discount the value of experience and continuity amongst board members and runs the risk of excluding experienced and potential valuable board members. The Board may rely on an annual director assessment procedure in evaluating Board members and believes that it can strike the right balance between continuity and fresh perspectives without mandated term limits.

Meetings of the Board and Committees of the Board

The Board typically meets formally a minimum of four times per year, including (i) in order to approve annual statements; and (ii) a general corporate strategy meeting. Each committee of the Board meets at least once each year, or more frequently as deemed necessary by the applicable committee. The frequency of the meetings and the nature of the meeting agendas are dependent upon the nature of the activities and affairs that the Corporation faces from time to time.

The following table provides details regarding director attendance at Board and committee meetings held during the year ended December 31, 2023.

MEETINGS ATTENDED	BOARD OF DIRECTORS	AUDIT COMMITTEE	COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE
Brian Mosoff	9/9		
John Ruffolo ⁽²⁾	5/9		1/1
Som Seif	9/9		
Boris Wertz	9/9	4/4	1/1
Liam Horne	9/9		
Colleen McMorrow	9/9	4/4	0/1
Camillo di Prata	9/9	4/4	1/1

Notes:

(1) Mr. Ruffolo did not stand for re-election at the annual meeting of Shareholders held on June 16, 2023.

Directors' Compensation

The Corporation's director compensation program is designed to attract and retain qualified individuals. The Compensation and Corporate Governance Committee assesses the director compensation program annually and makes recommendations with respect to director compensation to the Board, for approval.

The following table provides a summary of total compensation earned during the financial year ended December 31, 2023 by each non-executive director for services rendered in all capacities during those periods. The Corporation's executive officers who also serve as directors of the Corporation do not receive additional compensation for serving as a director of the Corporation.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
John Ruffolo ⁽¹⁾	\$11,000	-	-	-	-	-	\$11,000
Som Seif ⁽²⁾	\$27,500	-	-	-	-	-	\$27,500
Boris Wertz	\$35,500	-	-	-	-	-	\$35,500
Liam Horne	\$20,000	-	-	-	-	-	\$20,000
Colleen McMorrow	\$29,000	-	-	-	-	-	\$29,000
Camillo di Prata	\$26,000	-	-	-	-	-	\$26,000

Notes:

(1) Mr. Ruffolo did not stand for re-election at the annual meeting of Shareholders held on June 16, 2023.

(2) Mr. Seif was appointed interim Chief Executive Officer of Ether Capital effective as of January 1, 2024.

Outstanding Option-Based Awards

The following table sets out all option-based awards outstanding as of December 31, 2023 for all individuals who were non-executive directors of the Corporation during the year ended December 31, 2023. The per-share trading price of the Common Shares as of the close of business on December 29, 2023 (the last trading date of the year ended December 31, 2023) was \$2.88. There were no share-based awards during the financial year.

Option-based Awards				
Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options⁽³⁾ (\$)
John Ruffolo ⁽¹⁾	50,000	\$0.35	12/16/2029	\$126,500
	12,500	\$4.10	05/21/2031	-
Som Seif ⁽²⁾	50,000	\$0.35	12/16/2029	\$126,500
	12,500	\$4.10	05/21/2031	-
	13,750	\$2.32	09/12/2032	\$7,700
Boris Wertz	50,000	\$0.35	12/16/2029	\$126,500
	12,500	\$4.10	05/21/2031	-
	17,750	\$2.32	09/12/2032	\$9,940
Liam Horne	50,000	\$0.35	12/16/2029	\$126,500
	12,500	\$4.10	05/21/2031	-
	10,000	\$2.32	09/12/2032	\$5,600
Colleen McMorrow	50,000	\$0.35	12/16/2029	\$126,500
	12,500	\$4.10	05/21/2031	-
	14,500	\$2.32	09/12/2032	\$8,120
Camillo di Prata	50,000	\$0.35	12/16/2029	\$126,500
	12,500	\$4.10	05/21/2031	-
	13,000	\$2.32	09/12/2032	\$7,280

Notes:

(1) Mr. Ruffolo did not stand for re-election at the annual meeting of shareholders held on June 16, 2023. During 2023, 11,000 Options previously granted to Mr. Ruffalo were cancelled.

(2) Mr. Seif was appointed interim Chief Executive Officer of Ether Capital effective as of January 1, 2024.

(3) Determined by deducting the exercise price of the Options from the fair market value of the options as at December 31, 2023.

Value Vested or Earned During the Year

The options-based awards vest over a three year period and one third vests on each anniversary of the date of issuance, except for the Options issued on May 27th, 2021, which vested as to one quarter on each of August 21, 2021, November 21, 2021, February 21, 2022, and May, 2022. The Options awarded on December 16, 2019 and on May 21, 2021 to each director were fully vested by December 31, 2023 and the values of those Options are set out in the table above. The Options granted on September 12, 2022 have vested in one third as at December 31, 2023. There were no share-based awards or other equity-based incentives that were issued or vested during the financial year.

Name	Option-based awards – Value vested during the year
John Ruffolo ⁽¹⁾	-
Som Seif ⁽²⁾	\$2,567
Boris Wertz	\$3,313
Liam Horne	\$1,867
Colleen McMorrow	\$2,707
Camillo di Prata	\$2,427

Notes:

(1) Mr. Ruffolo did not stand for re-election at the annual meeting of shareholders held on June 16, 2023. During 2023, 11,000 Options previously granted to Mr. Ruffalo were cancelled.

(2) Mr. Seif was appointed interim Chief Executive Officer of Ether Capital effective as of January 1, 2024.

Dividend Policy

To date, the Corporation has neither declared nor paid any dividends, nor does the Corporation anticipate that dividends will be declared or paid prior to completion of the Transaction.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Corporation's corporate governance disclosure obligations are set out in the Canadian Securities Administrators' National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”), NP 58-201 and National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”). These instruments set out a series of guidelines and requirements for effective corporate governance (collectively, the “**Guidelines**”). The Guidelines address matters such as the constitution and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness and education of board members. NI 58-101 requires the disclosure by each listed corporation of its approach to corporate governance with reference to the Guidelines.

Set out below is a description of the Corporation's approach to corporate governance in relation to the Guidelines.

Board of Directors

The Board is currently comprised of six directors: Som Seif, Boris Wertz, Liam Horne, Colleen McMorrow, Camillo di Prata and Brian Mosoff. Four of the six members of the Board are “independent”, as that term is

defined in NI 58-101, being Boris Wertz, Liam Horne, Colleen McMorrow and Camillo di Prata. Som Seif is not considered “independent” within the meaning of NI 58-101 because he is the interim Chief Executive Officer of Ether Capital. Brian Mosoff is not considered “independent” within the meaning of NI 58-101 because he was the Chief Executive Officer of the Corporation until January 1, 2024.

Som Seif is the Chair of the Board, and accordingly, the Board does not have an independent Chair. The role of the Chair is to act as the leader of the Board, to manage and co-ordinate the activities of the Board and to oversee the execution by the Board of its mandate, a copy of which is attached as Appendix A (the “**Board Mandate**”).

Because the Chair of the Board is not independent, the independent directors of the Board appointed a lead independent director. The lead independent director is responsible for, among other things: (i) together with the Chair, providing leadership to enhance the effectiveness and independence of the Board and ensure that the Board functions independently of management of the Corporation; (ii) chairing meetings of independent directors or non-management directors; (iii) in the absence of the Chair, acting as chair of meetings of the Board; (iv) recommending, where necessary, the holding of special meetings of the Board; (v) promoting best practices and high standards of corporate governance; and (vi) performing such other duties and responsibilities as may be delegated to the lead independent director by the Board from time to time. Mr. Wertz is the Board’s lead independent director.

The independent members of the Board do not hold regularly scheduled meetings at which the non-independent directors and members of management are not in attendance. However, the Board facilitates open and candid discussion among its independent directors and holds in-camera sessions without management present at the conclusion of every quarterly board meeting and when the need arises.

Certain members of the Board are also members of the board of directors of other reporting issuers, as noted below:

Name of Director	Name(s) of Reporting Issuer(s) and Exchange
Colleen McMorrow	Exco Technologies Limited (TSX and OTC) West Fraser Timber Co. Ltd. (TSX and NYSE)

Board Mandate

The Board has the duty to oversee the management of the activities and affairs of the Corporation. The Board discharges this responsibility directly and through delegation of specific responsibilities to Board committees, the Chair, and officers of the Corporation, all as more particularly described in the Board Mandate adopted by the Board.

As set out in the Board Mandate, the Board has established two committees to assist with its responsibilities: the Audit Committee and the Compensation and Corporate Governance Committee. Each of the Audit and the Compensation and Corporate Governance has a mandate defining its responsibilities. A previous Committee of the Board, the Investment Committee, was disbanded given that the Corporation no longer was pursuing strategic or minority portfolio investments. The Board Mandate is attached as Appendix A.

Position Descriptions

The Board has written position descriptions for the Chair, chairs of each of the committees of the Board, the lead independent director and the Chief Executive Officer. The Board Mandate and the committee mandates for the Audit Committee and the Compensation and Corporate Governance Committee set out

in writing the responsibilities of the Board and the committees for supervising management of the Corporation.

Orientation and Continuing Education

The Board consists of directors who are familiar with the industry or who bring particular expertise to the Board from their professional experience. New directors will be expected to participate in an initial orientation session and each director shall participate in the Corporation's continuing director development programs. All new directors will receive a record of public information about the Corporation, as well as other relevant corporate information including corporate governance practices of the Corporation, the structure of the Board and its standing committees, its corporate organization, the charters of the Board and its standing committees and the Corporation's articles. Members of senior management make regular presentations to the Board on the main areas of the activities of the Corporation and the directors have the opportunity to ask questions.

Ethical Conduct

The Board views good corporate governance as an integral component to the success of the Corporation and to meet responsibilities to shareholders and has adopted a *Code of Business Conduct and Ethics* (the "Code"). A copy of the Code is available on the Corporation's profile on SEDAR+ at www.sedarplus.ca.

At least annually, the Board reviews the report of the Compensation and Corporate Governance Committee relating to compliance with, or material deficiencies from, the Code and approves any changes to the Code that it considers appropriate. The Board Mandate provides that the Board shall review any reports from the Compensation and Corporate Governance Committee concerning investigations and any resolutions of complaints received under the Code.

It is a requirement of applicable corporate law and the Code that directors and senior officers who have an interest in a transaction or agreement with the Corporation promptly disclose that interest at any meeting of the Board at which the transaction or agreement will be discussed and, in the case of directors, to abstain from discussions and voting in respect of such matter if the interest is material. Conflicts of interest are addressed under the Corporation's Conflict of Interest Policy.

Diversity and Inclusion

Board and Senior Management Diversity

The Corporation recognizes the benefits of having a diverse Board, and seeks to increase diversity at the Board level. The Corporation does not maintain a written policy, quotas or targets regarding gender representation on the Board or in executive officer positions. All Board appointments will be made based on merit, in the context of the skills, experience, independence, knowledge and other qualities which the Board as a whole requires to be effective, with due regard for the benefits of diversity (including the level of representation of women on the Board). As at the date hereof, the Corporation has one director who is female, representing approximately 20% of the directors on the Board. The Corporation recruits, manages and promotes on the basis of an individual's competence, qualification, experience and performance, regardless of gender, age, ethnic origin, religion, sexual orientation or disability or other aspects of diversity in executive officer positions.

The Board encourages a diversity of background skills and experience and personal characteristics among the directors. As a result, while neither a written policy nor targets relating to the identification and nomination of female directors have been adopted to date and the emphasis in filling Board vacancies is on finding the best qualified candidates given the needs and circumstances of the Board, a nominee's diversity will be considered favorably in the identification and selection process.

The Board has not adopted any policies that specifically address the appointment of women to executive officer positions. The Board believes that executive officer appointments should be made on the basis of the skills, knowledge, experience and character of individual candidates and the requirements of management at the time. The Corporation believes that considering the broadest group of individuals is required to provide the leadership needed to achieve the Corporation's objectives; however, due to the small size of the Corporation's executive leadership, the representation of women in executive officer positions has not been considered when making executive officer appointments and the Corporation has not adopted targets regarding the representation of women in executive officer positions for the reasons stated above. As at the date hereof, one of the executive officers of the Corporation is a woman, representing 50% of executive officers.

Nomination of Directors

The Compensation and Corporate Governance Committee is responsible for recommending to the Board candidates for election as directors and candidates for appointment to Board committees as set out in the Compensation and Corporate Governance Committee Mandate. See "*Compensation and Corporate Governance Committee*". The Chair is also responsible for consulting with the Compensation and Corporate Governance Committee regarding candidates for nomination or appointment to the Board.

Board and Committee Assessment

The Compensation and Corporate Governance Committee is responsible for assessing the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors. The assessment includes individual self-assessments by the directors and assessment of the Board and committee performance and effectiveness. The Compensation and Corporate Governance Committee, in consultation with the Chair of the Board or lead independent director, endeavour so that an appropriate system is in place to evaluate the effectiveness of the Board as a whole as well as the committees of the Board with a view to confirming that they are fulfilling their respective responsibilities and duties. The Compensation and Corporate Governance Committee makes recommendations to the Board to improve the effectiveness of the Board in light of the results of its evaluations.

Audit Committee

The Audit Committee is comprised of Colleen McMorrow (Chair), Boris Wertz and Camillo di Prata], each of which is independent within the meaning of NI 52-110. Each Audit Committee member is "financially literate" within the meaning of NI 52-110 and possesses education or experiences that is relevant for the performance of their responsibilities as a member of the Audit Committee.

The responsibilities and operation of the Audit Committee are set out in the Corporation's Audit Committee Mandate, the text of which is included as Schedule A to the Corporation's Annual Information Form for the year ended December 31, 2023, a copy of which is available on SEDAR+ at www.sedarplus.ca. Please refer to the section entitled "*Governance of the Corporation – Standing Committees of the Board – Audit Committee*" contained therein for further information.

Compensation and Corporate Governance Committee

The Compensation and Corporate Governance Committee is comprised of Boris Wertz (Chair), Colleen McMorrow and Camillo di Prata, each of which is independent within the meaning of NI 58-101. The duties of the Compensation and Corporate Governance Committee are set out in a compensation and corporate governance committee mandate that gives the Compensation and Corporate Governance Committee responsibility for, among other things, determining and making recommendations with respect of all forms of compensation to be granted to the CEO, reviewing the CEO's recommendations respecting compensation of other senior executives, and determining and making recommendations with respect to the corporate governance of the Corporation.

As a whole, the members of the Compensation and Corporate Governance Committee have direct experience and skills relevant to their responsibilities in executive compensation, including with respect to enabling the Compensation and Corporate Governance Committee in making informed decisions on the suitability of the Corporation’s compensation policies and practices. Each of the members of the Compensation and Corporate Governance Committee has experience on the board of directors and related committees of other public companies, or such other relevant experience, as described under “Nominees for Election to the Board of Directors” in this Circular.

EXECUTIVE COMPENSATION

During the financial year ended December 31, 2023, the following individuals were considered named executive officers (“**Named Executive Officers**” or “**NEOs**”), as such term is defined in Form 51-102F6 – *Statement of Executive Compensation*, of the Corporation:

Named Executive Officer	Title
Brian Mosoff ⁽¹⁾	Chief Executive Officer
Ian McPherson ⁽²⁾	President and Chief Financial Officer
Jillian Friedman ⁽³⁾	Chief Operating Officer and Interim Chief Financial Officer
Shayan Eskandari ⁽⁴⁾	Chief Technical Officer

Notes:

- (1) Mr. Mosoff stepped down as Chief Executive Officer of Ether Capital effective January 1, 2024.
- (2) Mr. McPherson stepped down as President and Chief Financial Officer of Ether Capital on August 16, 2023.
- (3) Ms. Friedman joined Ether Capital as its Chief Operating Officer on March 7, 2022 and was appointed interim Chief Financial Officer of Ether Capital on August 16, 2023.
- (4) Mr. Eskandari resigned as Chief Technical Officer on March 7, 2023.

Our Approach to Compensation

Our executive compensation program has been designed to motivate, reward, attract and retain high caliber management deemed essential to ensure our success. The program seeks to align executive compensation with our short-term and long-term objectives, strategy and financial performance. Our compensation program is designed to achieve the following objectives:

- provide competitive compensation opportunities in order to attract and retain talented, high caliber executive officers, whose expertise, skills and performance are critical to our success;
- motivate these executive officers to achieve our strategic vision and objectives;
- align the interests of our executive officers with those of our shareholders and other stakeholders by tying a meaningful portion of compensation directly to the overall growth of the Corporation; and
- provide incentives that encourage appropriate levels of risk-taking by the executive team.

Executive Compensation Components

The Corporation’s executive compensation program is comprised of fixed and variable components. The variable component includes an equity incentive plan. Each compensation component has a different function, but all elements are designed to work in concert to maximize Corporation and individual

performance and provide financial incentives to senior executives based on the level of achievement of specific operational and financial objectives. The compensation of the NEOs includes: base salary; short-term incentive plan consisting of an annual, discretionary bonus; long-term equity incentives, consisting of stock options granted under the Stock Option Plan and any other equity plan that may be approved by the Board; customary benefit programs; and severance benefits. These principal elements of compensation are described in more detail below.

Base Salary

Base salaries for executive officers are established based on the scope of their responsibilities and their prior relevant experience, and takes into account the overall market demand for such executives at the time of hire. The Corporation does not actively benchmark its compensation to other companies, but has reviewed the public disclosure available for other comparable companies to assist in determining the competitiveness of base salary (as well as bonuses, benefits and stock options) paid to the executive officers of the Corporation. An executive officer's base salary is determined by reviewing the executive officer's other compensation to ensure that the executive officer's total compensation is in line with the Corporation's overall compensation philosophy.

Base salaries are reviewed annually and increased for merit reasons, based on the executive's success in meeting or exceeding individual objectives and/or for market competitiveness. Additionally, base salaries can be adjusted as warranted throughout the year to reflect promotions or other changes in the scope or breadth of an executive's role or responsibilities, as well as for market competitiveness.

Bonus Plans

Executive officers are eligible to receive an annual bonus in the form of both cash and stock options based on the performance of the executive and the Corporation. Receipt of a bonus is not guaranteed and is contingent upon the performance achieved by the Corporation in the calendar year and the executive's overall performance in his or her assigned duties as measured against key performance indicators set annually or more frequently.

Stock Option Plan

The Stock Option Plan provides that the Board may from time to time, in its discretion, and in accordance with Exchange requirements, grant to directors, senior officers, full-time employees and consultants of the Corporation and its subsidiaries, as well as employees of any person providing management services to the Corporation, non-transferable options to purchase Common Shares for a period as specified in the grant. The expiry date for each stock option is set by the Board at the time of issue and will not exceed ten years from the date of grant. The number of Common Shares reserved for issuance shall not exceed 10% of the total issued and outstanding Common Shares, calculated from time to time at the date the options are granted.

The purpose of the Stock Option Plan, pursuant to which the Corporation may grant incentive stock options, is to provide the Corporation with a share-related mechanism designed to develop and increase the interest in the growth and development of the Corporation of those of the respective directors, officers, full-time employees and consultants of the Corporation, as well as employees of any person providing management services to the Corporation, as may from time to time be granted options under the Stock Option Plan by providing to them the opportunity to acquire a proprietary interest in the Corporation through the purchase of Common Shares. Pursuant to the Stock Option Plan, the maximum number of Common Shares reserved for issuance to Insiders under the Stock Option Plan and other security based compensation arrangements of the Corporation, within a 12-month period, shall not exceed 10% of the issued Common Shares calculated on the effective date of an option granted to any Insider. The maximum number of Common Shares reserved for issuance in any 12-month period to any one optionee may not exceed 5% of the issued and outstanding Common Shares at the date of the grant (calculated on a non-diluted basis). No financial assistance is provided to participants to facilitate the exercise of stock options under the Stock Option Plan.

The Board may from time to time, subject to applicable law and to the prior approval, if required, of Cboe Canada or any other regulatory body having authority over the Corporation or the Stock Option Plan, suspend, terminate or discontinue the Stock Option Plan at any time, or amend or revise the terms of the Stock Option Plan or of any option granted under the Stock Option Plan and any option agreement relating thereto, provided that no such amendment, revision, suspension, termination or discontinuance shall in any manner adversely affect any option previously granted to a participant under the Stock Option Plan without the consent of that participant.

Perquisites and Other Benefits

Certain of our executive officers are provided perquisites to aid in the performance of their respective duties and to provide compensation competitive with executives with similar positions and levels of responsibilities. Perquisites generally include reimbursement of monthly cell phone and internet expenses from home offices, technology allowances and/or payment of professional development fees. Such perquisites are not a significant element of the compensation of executive officers.

Health and Insurance Benefits

Each of our executive officers is eligible to participate in our health and insurance plans. Such benefits include:

- medical and dental benefits;
- long-term disability insurance; and
- life insurance and accidental death and disability coverage.

Stock Option Granting Process

Generally, stock option grants are determined on an ad hoc basis. The CEO makes recommendations to the Compensation and Corporate Governance Committee regarding individual stock option awards for all recipients, other than the CEO and the directors of the Corporation. The Compensation and Corporate Governance Committee makes recommendations to the Board regarding stock options for the CEO and the directors. The Compensation and Corporate Governance Committee considers relevant market data and other information in order to determine the CEO's stock option grant recommendation to the Board.

The Compensation and Corporate Governance Committee reviews the appropriateness of the stock option grant recommendations by the CEO and accepts or adjusts these recommendations. The Compensation and Corporate Governance Committee is responsible for approving all individual stock option grants. The Compensation and Corporate Governance Committee is also responsible for recommending to the Board for its approval any stock option grants for executive officers.

The Compensation and Corporate Governance Committee approves or recommends compensation awards, including stock option grants, which are not contingent on the number, term or current value of other outstanding compensation previously awarded to the individual.

A holder of vested options may acquire Common Shares at the exercise price established on the options' date of grant. Each stock option is issued at an exercise price of not less than the last closing price per Common Share on the trading day immediately preceding the day on which the Corporation announces the grant of the stock option or, if the grant is not announced, on the date of grant. Notwithstanding valuations of options required by financial reporting requirements, options only have value to their holders when the market price of the Common Shares exceeds the exercise price of the options; the greater the difference between the market price (i.e. when the market price of the Common Shares rises, thereby increasing shareholder value) and the exercise price, the greater the value of the options.

The Board (through the Compensation and Corporate Governance Committee) has overall responsibility for the oversight of the Corporation's risk management, including in relation to all aspects of compensation.

In this regard, the Board oversees the Corporation's compensation programs to ensure they do not encourage individuals to take inappropriate or excessive risks that could have a materially adverse effect on the Corporation. The Board, together with the Compensation and Corporate Governance Committee, considered the compensation programs of the Corporation so that controls are in place to monitor and separate decision authorities related to key risks associated with Corporation's compensation and incentive plans. The Board and the Compensation and Corporate Governance Committee each also sought to ensure that the size of the rewards related to any given metric within the influence of a director or senior officer was not significant enough to encourage excessive risk taking, and that the Corporation's compensation policies and practices are unlikely to have a materially adverse impact on the Corporation.

The Corporation does not permit its Named Executive Officers or directors to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officer or director, without the approval of the Board.

Compensation of Named Executive Officers

The following table provides a summary of total compensation earned during the financial years ended December 31, 2023, December 31, 2022 and December 31, 2021, by each NEO for services rendered in all capacities during those periods.

Name, Principal Position – Current Employees	Year	Salary (\$)	Option- based awards \$(⁴)	Non-equity incentive plan compensation (\$)		All other compensation (\$)	Total compensation (\$)
				Annual incentive plans	Longer- term incentive plans		
Brian Mosoff ⁽¹⁾	2023	\$150,000	-	-	-	\$5,902	\$155,902
<i>Former Chief Executive Officer</i>	2022	\$150,000	-	-	-	\$2,398	\$152,398
	2021	\$150,000	-	-	-	-	\$150,000
Ian McPherson ⁽²⁾	2023	\$187,500	-	-	-	\$115,385	\$304,159
<i>Former President and Chief Financial Officer</i>	2022	\$245,577	\$840,000	\$17,500	-	\$2,060	\$1,105,137
	2021	N/A	N/A	N/A	N/A	N/A	N/A
Jillian Friedman ⁽³⁾	2023	\$225,000	\$245,363	-	-	964	\$471,327
<i>Chief Operating Officer and Interim Chief Financial Officer</i>	2022	\$184,183	\$420,000	\$21,000	-	\$554	\$625,737
	2021	N/A	N/A	N/A	N/A	N/A	N/A

Name, Principal Position – Current Employees	Year	Salary (\$)	Option- based awards (\$) ⁽⁴⁾	Non-equity incentive plan compensation (\$)		All other compensation (\$)	Total compensation (\$)
				Annual incentive plans	Longer- term incentive plans		
Shayan Eskandari ⁽⁵⁾	2023	\$40,962	-	-	-	\$3237	\$44,199
	2022	\$225,000	-	\$15,000	-	\$1,325	\$241,325
	2021	69,907	\$770,000	-	-	-	\$839,907

Notes:

- (1) Mr. Mosoff also served as a director of the Corporation during the year ended December 31, 2023 but did not receive any compensation in his service as a director. Mr. Mosoff stepped down as Chief Executive Officer of the Corporation on January 1, 2024.
- (2) Mr. McPherson stepped down as President and Chief Financial Officer of the Corporation on August 16, 2023.
- (3) Ms. Friedman joined the Corporation as its Chief Operating Officer on March 7, 2022 and was appointed interim Chief Financial Officer of the Corporation on August 16, 2023.
- (4) The Corporation determines the grant date fair values using the Black-Scholes option valuation model at the time it allocates long-term compensation for each executive. The Black-Scholes option valuation model takes into account an option's exercise price, its expected life, a risk-free interest rate and the expected volatility.
- (5) Mr. Eskandari stepped down as Chief Technical Officer of the Corporation on March 7th, 2023.

Outstanding Option-Based Awards

The table below reflects all option-based awards for each Named Executive Officer outstanding as at December 31, 2023. The Corporation does not have any other equity incentive plan other than the Stock Option Plan. The per-share trading price of the Common Shares as of the close of business on December 29, 2023 (the last trading date of the year ended December 31, 2023) was \$2.88. There were no share-based awards during the financial year.

NEO OPTION-BASED AWARDS OUTSTANDING AS AT DECEMBER 31, 2023				
Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the- money options (\$) ⁽¹⁾
Brian Mosoff	519,407	\$1.20	August 15, 2028	\$872,604
Ian McPherson	100,000	\$3.15	March 7, 2032	-

NEO OPTION-BASED AWARDS OUTSTANDING AS AT DECEMBER 31, 2023				
Jillian Friedman	150,000	\$3.15	March 7, 2032	-
	33,750	\$1.65	May 25, 2033	\$41,513
	75,000	\$2.88	December 29, 2023	-
Shayan Eskandari ⁽²⁾	66,680	4.59	September 10, 2031	-

Notes:

- (1) Determined by deducting the exercise price of the Options from the fair market value of the options as at December 31, 2023.

Exercise of Compensation Securities by Directors and NEOs

During the year ended December 31, 2023 no directors or executive officers exercised compensation securities.

Value Vested or Earned During the Year

Of the Options granted to Jillian Friedman on March 7, 2022, 50,000 were vested and for Ian McPherson's options granted on March 7, 2022, 100,000 Options were vested. No other Options vested for any named executive officers in 2023.

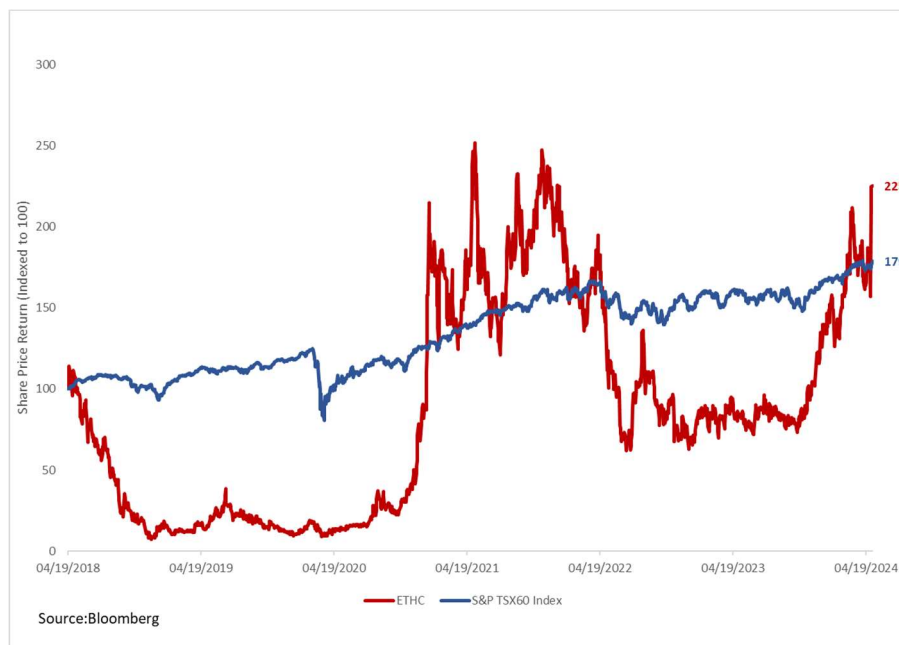
Equity Compensation Plan Information

The following table sets out the number of Common Shares issuable pursuant to the Stock Option Plan, and the weighted-average exercise price of the outstanding Options.

Plan Category	Number of Securities to be Issued upon Exercise of Options (as at December 31, 2023)	Weighted – Average Exercise Price of Outstanding Options (as at December 31, 2023)	Number of Securities Remaining Available for Future Issuance Under the Stock Option Plan (as at December 31, 2023)
Equity Compensation Plans Approved by Securityholders	1,556,777	\$1.89	1,790,945
Equity Compensation Plans Not Approved by Securityholders	—	—	—
Total	1,556,777	\$1.89	1,790,945

Performance Graph

The Common Shares are listed on Cboe Canada under the trading symbol “ETHC”. The chart below compares the share price performance of the Corporation to the S&P/TSX 60 Index over the past 5 years.



Source: Bloomberg

Termination and Change of Control Benefits for NEOs

The employment agreements that the Corporation has entered into with its NEOs may require the Corporation to make certain types of payments and provide certain types of benefits to the NEOs upon termination of employment of a NEO.

Employment Agreement of Jillian Friedman

Ms. Friedman entered into an employment agreement with the Corporation as of March 6, 2022, pursuant to which she became the Chief Operating Officer of the Corporation. Ms. Friedman was appointed interim Chief Financial Officer of the Corporation on August 16, 2023. Under the terms of her employment agreement, if Ms. Friedman is terminated without just cause, then the Corporation must provide Ms. Friedman with a payment equal to 3 months' pay plus one additional month for each year served with the Corporation, up to a maximum of 12 months. As at December 31, 2023, such payment upon termination would be equal to \$93,750.

Ms. Friedman is subject to a non-competition clause and a non-solicitation clause for a period of 12 months following the date of the termination of their employment, for whatever reason and with or without just cause.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No current or former director, executive officer or employee of the Corporation, or any associate of any such person, is, or has been at any time since January 1, 2023, indebted to the Corporation or any of its subsidiaries nor is, or at any time since the incorporation of the Corporation has, any indebtedness of any such person to another entity been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

Indemnification and Insurance

The Corporation maintains director and officer liability insurance and errors and omissions insurance which has a total policy limit as of the date of this Circular of \$5,000,000 as of April 2024 (up from \$2,000,000 previously). The Corporation's by-laws require that the Corporation indemnify and hold any individual who is or was a director or officer of the Corporation and any individual who acts or acted at the Corporation's request as a director or officer (or any individual acting in a similar capacity) of another entity, against all costs, charges and expenses, including, without limitation, an amount paid to settle an action or satisfy a judgment, reasonably incurred by any such individual in respect of any civil, criminal, administrative, investigative or other proceeding in which such individual is involved because of his/her association with the Corporation or such other entity, provided that such individual acted honestly and in good faith and in a manner the individual reasonably believed to be in or not opposed to the Corporation's best interests and, with respect to criminal and administrative actions or proceedings that are enforced by monetary penalty, such individual had no reasonable grounds to believe that his or her conduct was unlawful. The Corporation's by-laws also provide for the advancement of defence expenses to such individuals by the Corporation. The 2023 premium costs for the director and officer liability insurance was \$124,200.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise described in this Circular, including under "*Securities Laws Matters – Application of MI 61-101*" and "*Securities Laws Matters – Interest of Certain Persons in the Transaction*", none of the directors or officers of the Corporation, the director nominees, any person or corporation who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding Common Shares, nor any associate or affiliate of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction since the beginning of the Corporation's last completed financial year or proposed transaction which has materially affected or would materially affect the Corporation.

AVAILABLE INFORMATION

Additional information relating to the Corporation is available on SEDAR+ at www.sedarplus.ca. Financial information about the Corporation is provided in the Corporation's comparative annual financial statements and MD&A for its most recently completed financial year.

Shareholders of the Corporation may request copies of the Corporation's financial statements and MD&A for the year ended December 31, 2023 by calling (647) 795-8215 or emailing info@ethcap.co and are also available electronically on SEDAR+ at www.sedarplus.ca.

DIRECTORS' APPROVAL

The contents and the sending of this Circular have been approved by the Board of Directors of the Corporation.

Dated as of May7, 2024.

By: (Signed) Som Seif
Som Seif
Executive Chairman

GLOSSARY OF TERMS⁴

In this Circular, unless the context otherwise requires, “**you**” and “**your**” refer to the Shareholders, as applicable, and “**we**”, “**us**” and “**our**” refer to the Corporation.

The following is a glossary of certain terms used in this Information Circular:

“**Alternative Transaction**” means, other than the Transactions, any oral or written offer, proposal, expression of interest or inquiry from any Person or group of Persons other than the Purchaser, or an affiliate of the Purchaser or any Person acting jointly or in concert with the Purchaser, received by the Corporation after the Effective Date relating to, in each case whether in a single transaction or a series of transactions: (i) any direct or indirect sale or disposition (or any lease, license or other arrangement having the same economic effect as a sale or disposition) of assets representing (x) 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of the Corporation or (y) all or any portion of the Purchased Assets; (ii) any take-over bid, tender offer, exchange offer, treasury issuance or other transaction that, if consummated, would result in a Person or group of Persons beneficially owning 20% or more of any class of voting or equity securities of the Corporation; (iii) any acquisition, share issuance, arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, or other similar transaction involving the Corporation pursuant to which any Person or group of Persons would own, directly or indirectly, 20% or more of the voting or equity securities of the Corporation or of the surviving entity or the resulting direct or indirect parent of the Corporation or the surviving entity; or (iv) any arrangement or agreement pursuant to which the Corporation would convert into a public investment fund where a Person other than the Purchaser or any of its affiliates would become the investment fund manager of the Corporation.

“**Articles of Amendment**” means articles of amendment of the Corporation substantially in the form attached as Schedule A to the Special Resolution.

“**Board**” means the board of directors of the Corporation.

“**Board Mandate**” has the meaning given to it under the heading “*Statement of Corporate Governance Practices – Board of Directors*”.

“**Board Recommendation**” means the recommendation of the Board to the Shareholders to vote in favour of the Special Resolution at the Meeting.

“**Business Day**” means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Toronto, Ontario.

“**Cboe Canada**” means Cboe Canada Inc., formerly known as the NEO Exchange.

“**CEO**” means Chief Executive Officer.

“**Chair**” means the chairperson of the Board of Directors or a Committee of the Board of Directors, as the context requires.

“**Change in Recommendation**” means (i) any modification or qualification in a manner adverse to or the withdrawal, or public proposal to modify or qualify in a manner adverse to the Purchaser or withdraw, the Board Recommendation, (ii) any approval, endorsement or recommendation (or public proposal to do so) by the Board of any tender offer, take-over bid or other Alternative Transaction (other than a recommendation against such offer, bid or Alternative Transaction), (iii) any failure to include the Board Recommendation in the Circular, (iv) any failure by the Board to publicly reaffirm the Board Recommendation within five Business Days after the Purchaser reasonably requests in writing after a

⁴ **NTD:** McT is updating the glossary to incorporate more defined terms.

material event or development (other than an event described in clause (v) below) (or within such fewer number of days as remains before the day that is two Business Days before the Meeting), (v) in the case of a take-over bid or insider bid subject to National Instrument 62-104 - Takeover Bids and Issuer Bids of the Canadian Securities Administrators, any failure by the entire Board to unanimously (subject to abstentions of any conflicted director) recommend, in a directors' circular, rejection of such take-over bid or insider bid within 15 days of the date of such take-over bid or insider bid or (vi) taking no position or a neutral position with respect to an Alternative Transaction for more than five Business Days after the public announcement of such Alternative Transaction (it being understood that taking no position or a neutral position with respect to an Alternative Transaction for a period of no more than five Business Days after the public announcement of such Alternative Transaction will not be considered to be a Change in Recommendation provided the Board has rejected such Alternative Transaction and affirmed the Board Recommendation before the end of such five Business Day period).

"Circular" means this management information circular, together with all appendixes.

"Closing" means the completion of the Transaction.

"Closing Date" means the date on which the Closing occurs, which pursuant to the Framework Agreement will be no later than the third Business Day after the satisfaction, or where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of the conditions to closing set out in the Framework Agreement (excluding conditions that, by their terms, are to be satisfied on the Closing Date, but subject to the satisfaction, or where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of such conditions at such time) or such other date or at such other time as the is agreed to in writing by the Parties.

"Closing Time" means 8:00 a.m. (Toronto time) on the Closing Date.

"Code" means the Corporation's *Code of Business Conduct and Ethics*.

"Common Shares" means the common shares in the capital of the Corporation and includes, for greater certainty, and common shares issued upon the valid exercise of options.

"Conflict of Interest Transactions" has the meaning given to it under the heading "*Information Concerning The Transaction – Background of the Transaction*".

"Corporation Material Adverse Effect" means, in relation to the Corporation, any one or more changes, events, occurrences, developments, effects, circumstances or state of facts that either individually or in the aggregate, has had or would reasonably be expected to have, a material and adverse effect on (a) the activities, assets, Liabilities, financial condition or results of operations of the Corporation, or (b) the ability of the Corporation to consummate the Transaction, but in the case of clause (a) or (b), shall exclude any Corporation Material Adverse Effect arising out of:

- (a) any change relating to financial markets or general economic conditions;
- (b) the outbreak or escalation of war or acts of terrorism;
- (c) acts of God, natural disasters or other force majeure events;
- (d) any epidemic, pandemic or disease outbreak (including COVID-19) or any worsening thereof;
- (e) any generally applicable change in Laws or interpretation of such change in Laws;
- (f) any adverse change, event, occurrence, development, effect or circumstance resulting from any action required by the Framework Agreement;

- (g) any change in the market price or trading volume of Common Shares (it being understood that the causes underlying any such change may, to the extent not otherwise excluded from the definition of Corporation Material Adverse Effect, be taken into account in determining whether a Corporation Material Adverse Effect has occurred);
- (h) any change in the price or value of Ether (it being understood that the causes underlying any such change, to the extent not otherwise excluded from the definition of Corporation Material Adverse Effect, be taken into account in determining whether a Corporation Material Adverse Effect has occurred); or
- (i) the execution, announcement or performance of the Framework Agreement or the Transaction or the implementation of the Transaction;

provided, however, that with respect to paragraphs (a) through to and including (e), only to the extent that such matter does not have a materially disproportionate effect on the Corporation, relative to other comparable companies and entities operating in the industries in which the Corporation operates.

“**CSA**” means, collectively, the securities regulatory authority or regulator in each province and territory of Canada.

“**Demand for Payment**” has the meaning given to it under the heading “*Dissenting Shareholders’ Rights*”.

“**Dissent rights**” has the meaning given to it under the heading “*Dissenting Shareholders’ Rights*”.

“**Dissenting Shareholder**” has the meaning given to it under the heading “*Dissenting Shareholders’ Rights*”.

“**Dissenting Shares**” has the meaning given to it under the heading “*Dissenting Shareholders’ Rights*”.

“**Effective Date**” means the date of the Framework Agreement, being May 2, 2024.

“**Ether Assets**” means all units of the digital asset Ether owned by the Corporation.

“**ETF**” means exchange-traded fund.

“**ETF Conversion**” has the meaning given to it under the heading “*Summary – Purpose of the Meeting*”.

“**ETF Shares**” has the meaning given to it under the heading “*Information Concerning The Transaction – Terms of the Fund*”.

“**Excluded Assets**” means the Corporation’s Ether Assets, cash and cash equivalents and assets relating to Tax.

“**Final Prospectus**” means the final simplified prospectus of the Fund which would be filed in connection with the Transaction.

“**Financial and Market Analysis**” has the meaning given to it under the heading “*Information Concerning the Transaction – Background on the Transaction*”.

“**Financial Statements**” means the Corporation’s audited consolidated financial statements for the year ended December 31, 2023, and the accompanying auditors’ report.

“**Framework Agreement**” means the framework agreement dated May 2, 2024 by and among Ether Capital, Purpose Unlimited and Purpose Investments, as it may be amended or supplemented from time to time.

“forward-looking statements” has the meaning given to it under the heading *“Management Information Circular – Forward-Looking Information”*.

“Fund” means Ether Capital Corporation following the Transaction, if the Special Resolution is approved at the Meeting.

“Fund Terms” means the summary terms of the Fund set forth in Appendix D.

“Governmental Entity” means (i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau, minister, ministry, governor in council, cabinet, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the above, (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing or (iv) any stock exchange.

“Guidelines” has the meaning given to it under the heading *“Statement of Corporate Governance Practices”*.

“Independent Committee” has the meaning given to it under the heading *“Information Concerning The Transaction – Background of the Transaction”*.

“Independent Committee Mandate” has the meaning given to it under the heading *“Information Concerning The Transaction – Background of the Transaction”*.

“Independent Trust” means a trust to be formed under the laws of the province of Ontario, the beneficiaries of which shall be the Shareholders from time to time and of which there shall be three trustees, at least two of which shall not be a director, officer or senior employee of either of the Purpose Parties or any of their affiliates.

“Initial Purpose Proposal” has the meaning given to it under the heading *“Information Concerning The Transaction – Background of the Transaction”*.

“Intermediary” has the meaning given to it under the heading *“Information Concerning The Meeting And Voting – Non-Registered Shareholders”*.

“Law” means, with respect to any Person, any and all applicable law, constitution, treaty, convention, ordinance, by-law, code, rule, regulation, Order, injunction, judgment, decree, ruling, award or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, standards, notices and protocols of any Governmental Entity, as amended unless expressly specified otherwise.

“Liabilities” means any and all debts, liabilities, penalties, fines, demands or other losses, costs or expenses of any kind, whether fixed, contingent or absolute, matured or unmatured, liquidated or unliquidated, accrued or not accrued, disputed or undisputed.

“LOI” means the non-binding letter of intent signed by the Corporation and Purpose Unlimited on February 28, 2024.

“Management Agreement” means the agreement under which the Corporation, upon conversion into the Fund, engages Purpose Investments as Manager.

“Management Fee” has the meaning ascribed to it in Appendix D.

“Manager” means Purpose Investments, in its capacity as the investment fund manager, portfolio manager and commodity trading manager of the Fund.

“Market Price Discount to NEV” has the meaning given to it under the heading *“Information Concerning the Transaction – Reasons for the Recommendation”*.

“McCarthy Tétrault” means McCarthy Tétrault LLP, counsel to the Corporation.

“Meeting” means the annual and special meeting of Shareholders of the Corporation to be held on June 10, 2024.

“meeting materials” has the meaning given to it under the heading *“Information Concerning The Meeting And Voting – Appointment of Proxyholders by Non-Registered Shareholders”*.

“MER” means the **“management expense ratio”** of the Fund, which means the total fees and expenses the Fund paid during a year divided by its average assets for that year.

“MI 61-101” means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

“Misrepresentation” has the meaning ascribed thereto under Securities Laws.

“Mutual Fund Shares” means the non-voting, redeemable, participating shares to be issued by the Fund to certain investors, which shares are not expected to be listed on any stock exchange.

“Named Executive Officers” or **“NEOs”** has the meaning given to it under the heading *“Statement of Corporate Governance Practices – Executive Compensation”*.

“NAV” means net asset value.

“Net Equity Value” or **“NEV”** means the Corporation’s shareholder’s equity as determined according to the methodology used to prepare the Corporation’s audited financial statements.

“NEV per Share” means the amount equal to (a) the Net Equity Value, *divided by* (b) the number of issued and outstanding Common Shares.

“NI 58-101” means National Instrument 61-101 – *Mutual Fund Prospectus Disclosure*.

“NI 52-110” means National Instrument 52-110 – *Audit Committees*.

“NOBOs” has the meaning given to it under the heading *“Information Concerning The Meeting And Voting – Appointment of Proxyholders by Non-Registered Shareholders”*.

“Non-Ether Assets” means certain assets of Ether Capital other than its Ether Assets, cash and cash equivalents, including Ether Capital’s intellectual property rights and certain contracts relating to staking infrastructure, and goodwill.

“Non-Registered Holder” has the meaning given to it under the heading *“Information Concerning The Meeting And Voting – Non-Registered Shareholders”*.

“OBCA” means the *Business Corporations Act* (Ontario), R.S.O. 1990 c. B-16, as amended.

“OBOs” has the meaning given to it under the heading *“Information Concerning The Meeting And Voting – Appointment of Proxyholders by Non-Registered Shareholders”*.

“**Offer to Pay**” has the meaning given to it under the heading “*Dissenting Shareholders’ Rights*”

“**Operating Profit**” means a non-IFRS measure defined as Revenue less Operating Expenses before Impairment and Revaluation Expenses.

“**Option**” means an option issued pursuant to the Stock Option Plan that is exercisable for a Common Share.

“**Order**” means all judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, injunctions, orders, decisions, rulings, determinations, reports, awards or decrees of any Governmental Entity (in each case, whether temporary, preliminary or permanent).

“**Ordinary Course**” means, with respect to an action taken by the Corporation, that such action is consistent with the past practices of the Corporation and is taken in the ordinary course of the normal day-to-day operations of the Corporation.

“**OSC**” means the Ontario Securities Commission.

“**Osler**” means Osler, Hoskin & Harcourt LLP, counsel to Purpose in respect of the Transaction.

“**Outside Date**” means June 17, 2024 or such later date as may be agreed to in writing by the Parties.

“**Parties**” means, collectively, the Corporation and the Purpose Parties and “**Party**” means any one of them.

“**Permitted Alternative Proposal**” means any unsolicited bona fide proposal or offer to acquire 100% of the outstanding Common Shares or all or substantially all of the assets of the Corporation that is made by a third party (or third parties acting jointly) with whom the Corporation deals at arm’s length: (i) that is offered or made in compliance with all applicable Laws and did not result from or involve a breach of the Corporation’s non-solicitation obligations; (ii) that is not subject to any due diligence condition; (iii) that is not subject to a financing condition; and (iv) that the Board (or any committee thereof), in its good faith judgment, after receipt of advice from its outside advisors, has determined would, if consummated in accordance with its terms, but, without assuming away the risk of non-completion, be more favourable to the Corporation or the Shareholders (after taking into account the remedies payable to the Purchaser hereunder), from a financial point of view, than the Transaction.

“**Person**” includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including a Governmental Entity), syndicate or other entity, whether or not having legal status.

“**Potential ETF Conversion**” has the meaning given to it under the heading “*Information Concerning The Transaction – Background of the Transaction*”.

“**Preliminary Prospectus**” means the preliminary simplified prospectus of the Fund that has been filed or will be filed on SEDAR+ prior to the mailing of this Circular and is available at www.sedarplus.ca.

“**Public Crypto Asset Fund**” has the meaning given to it in CSA Staff Notice 81-336 – *Guidance on Crypto Asset Investment Funds That Are Reporting Issuers*.

“**Public Ether Fund**” means a Public Crypto Asset Fund that seeks exposure to Ether, as described in CSA Staff Notice 81-336 – *Guidance on Crypto Asset Investment Funds that Are Reporting Issuers*.

“**Purchaser**” means Purpose Unlimited, in its capacity as purchaser under the Framework Agreement.

“**Purchased Assets**” means the Non-Ether Assets proposed to be purchased by Purpose Unlimited pursuant to, and as further described in, the Framework Agreement.

“Purpose” means Purpose Unlimited and its Affiliates, including Purpose Investments.

“Purpose Investments” means Purpose Investments Inc.

“Purpose Material Adverse Effect” means, in relation to Purpose Investments, that Purpose Investments:

- (a) is no longer duly registered as an investment fund manager under securities Laws in Ontario and would not reasonably be expected to be so registered from and after Closing; or
- (b) would not reasonably be expected to be able to perform its obligations under the Management Agreement in any material respect from and after Closing.

“Purpose Parties” means, collectively, Purpose Unlimited and Purpose Investments.

“Purpose Services Agreement” and **“Amended and Restated Purpose Services Agreement”** have the meanings given to them under the heading *“Management Contracts – Purpose Services Agreement”*.

“Purpose Unlimited” means Purpose Unlimited Inc.

“Record Date” means May 6, 2024.

“Registered Shareholders” has the meaning given to it under the heading *“Summary – The Meeting”*.

“Regulatory Approvals” means any consent, waiver, permit, exemption, review, Order, decision or approval of, or any registration and filing with, any Governmental Entity, or the expiry, waiver or termination of any waiting period imposed by Law or a Governmental Entity, in each case in connection with the Transaction and includes the Cboe Canada Approval and the Final Prospectus Receipt.

“Related Party Transaction” has the meaning given to it under MI 61-101.

“Representatives” means, with respect to any Person, any director, officer or employee of such Person and any agent, consultant, legal, accounting, financial or other advisor or other representative authorized by such Person to represent or act on behalf of such Person.

“Special Resolution” means the special resolution of the Shareholders approving the Transaction, to be considered at the Meeting, substantially in the form and content of Appendix C of this Circular.

“Staking IP” has the meaning given to it under *“Summary – Reasons for Recommendation – Why ETF Conversion?”*.

“Shareholders” means the registered and/or beneficial holders of the Common Shares, as the context requires.

“Stock Option Plan” means the share option plan approved by the shareholders on April 13, 2018 and its subsequent renewal approved by the shareholders at the annual and special meeting of shareholders held on June 23, 2021.

“Stock Option Resolution” has the meaning given to it under the heading *“Matters To Be Acted Upon At Meeting – Approval of Renewal of Option Plan”*.

“Strategic Review” has the meaning given to it under the heading *“Information Concerning The Transaction – Background of the Transaction”*.

“Strategic Review Goals” has the meaning given to it under the heading *“Information Concerning The Transaction – Background of the Transaction”*.

“Strategic Review Mandate” has the meaning given to it under the heading *“Information Concerning The Transaction – Background of the Transaction”*.

“Tax” or **“Taxes”** means (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies, withholdings, and other charges or assessments of any kind whatsoever imposed by any Governmental Entity and any amounts owing or refunds owing under section 125.7 of the Tax Act, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or estimated or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, abandoned or unclaimed property, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, use, value-added, excise, alternative minimum, special assessment, stamp, withholding, business, franchising, real or personal property, health, employee health, payroll, workers’ compensation, employment or unemployment, disability, severance, social services, social security, education, utility, surtaxes, customs, import or export, countervailing and anti-dumping, franchise and registration, and including all license and registration fees and all employment insurance, health insurance and Canada, Québec and other government pension plan premiums or contributions; (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (i) above or this clause (ii); (iii) any Liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (iv) any Liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any party.

“Tax Act” means the *Income Tax Act* (Canada) and the regulations promulgated thereunder, as amended.

“Termination Fee” has the meaning given to it under the heading *“Summary of the Framework Agreement”*.

“Transaction” means, collectively, the transactions contemplated by the Framework Agreement.

“Transferred Employees” means employees of the Corporation who accept the Purpose Parties’ (or one of their affiliates’) offer of employment and start employment with a Purpose Party at Closing.

“TSX Trust” means TSX Trust Company.

“VIF” has the meaning given to it under the heading *“Information Concerning The Meeting And Voting - Appointment of Proxyholders by Non-Registered Shareholder”*.

“Voting and Support Agreements” means the Voting and Support Agreements dated May 2, 2024 entered between Purpose Unlimited and each of the Supporting Shareholders.

“Voting Shares” has the meaning given to it under the heading *“Summary – Terms of the Fund”*.

APPENDIX A
ETHER CAPITAL CORPORATION
BOARD MANDATE

1. Purpose

The Board of Directors (the “**Board**”) has the duty to supervise the management of the business and affairs of Ether Capital Corporation (the “**Corporation**”). The Board, directly and through its committees and the chair of the Board (the “**Chair**”), shall provide direction to senior management, generally through the Chief Executive Officer, to pursue the best interests of the Corporation.

2. Composition

General

The composition and organization of the Board, including the number, qualifications and remuneration of directors, the number of Board meetings, Canadian residency requirements, quorum requirements, meeting procedures and notices of meetings are governed by the *Business Corporations Act* (Ontario), applicable Canadian securities laws, applicable stock exchange rules (including the rules of the NEO Exchange) and the articles and by-laws of the Corporation, in each case as they may be amended and/or replaced from time to time, subject to any exemptions or relief that may be granted from such requirements.

Each director must have an understanding of the Corporation’s principal operational and financial objectives, plans and strategies, and financial position and performance. Directors must have sufficient time to carry out their duties and not assume responsibilities that would materially interfere with, or be incompatible with, Board membership. Directors who experience a significant change in their personal circumstances, including a change in their principal occupation, are expected to advise the chair of the Compensation and Corporate Governance Committee.

Independence

A majority of the Board must be independent. “Independent” shall have the meaning, as the context requires, given to it in National Policy 58-201 *Corporate Governance Guidelines*, as it may be amended and/or replaced from time to time.

Chair of the Board

If the Chair of the Board is not independent, then the independent directors shall select from among their number a director who will act as “Lead Director” and who will assume responsibility for providing leadership to enhance the effectiveness and independence of the Board. The Chair, if independent, or the Lead Director if the Chair is not independent, shall act as the effective leader of the Board and ensure that the Board’s agenda will enable it to successfully carry out its duties.

3. Duties and Responsibilities

The Board shall have the specific duties and responsibilities outlined below.

Strategic Planning

Strategic Plan

The Board shall adopt a strategic plan for the Corporation. At least annually, the Board shall review and, if advisable, approve the Corporation’s strategic planning process and the Corporation’s annual strategic plan. In discharging this responsibility, the Board shall review the plan in light of management’s assessment

of emerging trends, the competitive environment, the opportunities for the business of the Corporation, risk issues, and significant business practices and products.

Business and Capital Plans

At least annually, the Board shall review and, if advisable, approve the Corporation's annual business and capital plans as well as policies and processes generated by management relating to the authorization of major investments and significant allocation of capital. The Board is responsible for the approval of the annual business and capital plans and has established an Audit Committee of the Board to assist in fulfilling this responsibility.

Monitoring

At least annually, the Board shall review management's implementation of the Corporation's strategic, business and capital plans. The Board shall review and, if advisable, approve any material amendments to, or variances from, these plans.

Risk Management

(a) General

At least annually, the Board shall review reports provided by management of principal risks associated with the Corporation's business and operations, review the implementation by management of appropriate systems to manage these risks, and review reports by management relating to the operation of, and any material deficiencies in, these systems.

Verification of Controls

The Board shall verify that internal, financial, non-financial and business control and management information systems have been established by management.

Human Resource Management

(a) General

At least annually, the Board shall review a report of the Compensation and Corporate Governance Committee concerning the Corporation's approach to human resource management and executive compensation.

Succession Review

At least annually, the Board shall review the succession plans of the Corporation for the Chair, the Lead Director, the Chief Executive Officer and other executive officers, including the appointment, training and monitoring of such persons.

Integrity of Senior Management

The Board shall, to the extent feasible, satisfy itself as to the integrity of the Chief Executive Officer and other executive officers of the Corporation and that the Chief Executive Officer and other senior officers strive to create a culture of integrity throughout the Corporation.

Corporate Governance

(a) General

At least annually, the Board shall review a report of the Compensation and Corporate Governance Committee concerning the Corporation's approach to corporate governance.

Director Independence

At least annually, the Board shall review a report of the Compensation and Corporate Governance Committee that evaluates the director independence standards established by the Board and the Board's ability to act independently from management in fulfilling its duties.

Ethics Reporting

The Board has adopted a written Code of Business Conduct and Ethics (the "**Code**") applicable to directors, officers and employees of the Corporation. At least annually, the Board shall review the report of the Compensation and Corporate Governance Committee relating to compliance with, or material deficiencies from, the Code and approve changes it considers appropriate. The Board shall review reports from the Compensation and Corporate Governance Committee concerning investigations and any resolutions of complaints received under the Code.

Board of Directors Mandate Review

At least annually, the Board shall review and assess the adequacy of this Mandate to ensure compliance with any rules of regulations promulgated by any regulatory body and approve any modifications to this Mandate as considered advisable.

Communications

(a) General

The Board has adopted a Disclosure Policy for the Corporation. At least annually, the Board, in conjunction with the Chief Executive Officer, shall review the Corporation's overall Disclosure Policy, including measures for receiving feedback from the Corporation's stakeholders, and management's compliance with such policy. The Board shall, if advisable, approve material changes to the Corporation's Disclosure Policy.

Shareholders

The Corporation endeavors to keep its shareholders informed of its progress through an annual report, annual information form, quarterly interim reports, periodic press releases and other continuous disclosure documentation, as applicable. Directors and management meet with the Corporation's shareholders at the annual meeting and are available to respond to questions at that time. In addition, the Corporation shall maintain a website that is regularly updated and provides investors with relevant information on the Corporation and an opportunity to communicate with the Corporation.

4. Committees of the Board

The Board has established the following committees: the Compensation and Corporate Governance Committee and the Audit Committee. Subject to applicable law and regulations, the Board may establish other Board committees or merge or dispose of any such Board committee.

Committee Mandates

The Board has approved mandates for each Board committee and shall approve mandates for each new Board committee. At least annually, each committee mandate shall be reviewed by the Compensation and Corporate Governance Committee and any suggested amendments brought to the Board for consideration and approval.

Delegation to Committees

The Board has delegated to the applicable committee those duties and responsibilities set out in each Board committee's mandate.

Consideration of Committee Recommendations

As required by applicable law, by applicable committee Mandate or as the Board may consider advisable, the Board shall consider for approval the specific matters delegated for review to Board committees.

Board/Committee Communication

To facilitate communication between the Board and each Board committee, each committee chair shall provide a report to the Board on material matters considered by the committee at the first Board meeting after the committee's meeting.

5. Meetings

The Board will meet at least once in each quarter, with additional meetings held as deemed advisable. The Chair (in conjunction with the Lead Director, as applicable) is primarily responsible for the agenda and for supervising the conduct of the meeting. Any director may propose the inclusion of items on the agenda, request the presence of, or a report by any member of senior management, or at any Board meeting raise subjects that are not on the agenda for that meeting.

Meetings of the Board shall be conducted in accordance with the Corporation's constating documents.

Secretary and Minutes

The Corporation's Secretary, his or her designate or any other person the Board requests shall act as secretary of Board meetings. Minutes of Board meetings shall be recorded and maintained by the Secretary and subsequently presented to the Board for approval.

Meetings Without Management

The independent members of the Board shall hold regularly scheduled meetings, or portions of regularly scheduled meetings, at which non-independent directors and members of management are not present.

Directors' Responsibilities

Each director is expected to attend all meetings of the Board and any committee of which he or she is a member. Directors will be expected to have read and considered the materials sent to them in advance of each meeting and to actively participate in the meetings.

Access to Management and Outside Advisors

In discharging the forgoing duties and responsibilities, the Board shall have unrestricted access to management and employees of the Corporation and to the relevant books, records and systems of the Corporation as considered appropriate. The Board shall have the authority to retain legal counsel,

consultants or other advisors to assist it in fulfilling its responsibilities. The Corporation shall provide appropriate funding, as determined by the Board, for the services of these advisors.

Service on Other Boards and Audit Committees

Directors may serve on the boards of other public and/or private companies so long as these commitments do not materially interfere and are compatible with their ability to fulfill their duties as a member of the Board. Directors must advise the Chair in advance of accepting an invitation to serve on the board of another public corporation.

6. Director development and evaluation

Each new director shall participate in the Corporation's initial orientation program and each director shall participate in the Corporation's continuing director development programs. The Compensation and Corporate Governance Committee shall review with each new member: (i) certain information and materials regarding the Corporation, including the role of the Board and its committees; and (ii) the legal obligations of a director of the Corporation. At least annually, the Board with the assistance of the Compensation and Corporate Governance Committee, shall review the Corporation's initial orientation program and continuing director development programs.

7. No Rights Created

This Mandate is a statement of broad policies and is intended as a component of the flexible governance framework within which the Board, assisted by its committees, directs the affairs of the Corporation. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Corporation's Articles and By-laws, it is not intended to establish any legally binding obligations.

APPENDIX B
VOTING AT THE VIRTUAL MEETING

The Meeting will be hosted virtually via live audio webcast at <https://virtual-meetings.tsxtrust.com/en/1680> (password: ether2024).

Registered Shareholders entitled to vote at the Meeting may attend and vote at the Meeting virtually by following the steps listed below:

1. Type in <https://virtual-meetings.tsxtrust.com/en/1680> on your browser at least 15 minutes before the Meeting starts.
2. Click on **"I have a control number/ meeting access number"**.
3. Enter your 12-digit control number (on your proxy form) as your Username.
4. Enter the password: **ether2024** (case sensitive).
5. When the polls are opened, click on the "Voting" icon. To vote, simply select your voting direction from the options shown on screen and click **Submit**. A confirmation message will appear to show your vote has been received.

Non-Registered Holders entitled to vote at the Meeting may vote at the Meeting virtually by following the steps listed below:

1. Appoint yourself as proxyholder by writing your name in the space provided on the form of proxy or VIF.
2. Sign and send it to your intermediary by following the voting deadline and submission instructions on the VIF.
3. Obtain a control number by contacting TSX Trust Company by emailing tsxtrustproxyvoting@tmx.com the "Request for Control Number" form, which can be found here <https://tsxtrust.com/resource/en/75>.
4. Type in <https://virtual-meetings.tsxtrust.com/en/1680> on your browser at least 15 minutes before the Meeting starts.
5. Click on **"I have a control number/ meeting access number"**.
6. Enter the control number provided by tsxtrustproxyvoting@tmx.com
7. Enter the password: **ether2024** (case sensitive).
8. When the polls are opened, click on the "Voting" icon. To vote, simply select your voting direction from the options shown on screen and click **Submit**. A confirmation message will appear to show your vote has been received.

If you are a Registered Shareholder and you want to appoint someone else (other than the Management nominees) to vote online at the Meeting, you must FIRST submit your proxy indicating who you are appointing. You or your appointee must THEN register with TSX Trust in advance of the Meeting by emailing tsxtrustproxyvoting@tmx.com the "Request for Control Number" form, which can be found here <https://tsxtrust.com/resource/en/75>.

If you are a Non-Registered Holder and want to vote online at the Meeting, you must appoint yourself as proxyholder and register with TSX Trust in advance of the Meeting by emailing tsxtrustproxyvoting@tmx.com the "Request for Control Number" form, which can be found here <https://tsxtrust.com/resource/en/75>. Guests can also listen to the Meeting by following the steps below:

1. Type in <https://virtual-meetings.tsxtrust.com/en/1680> on your browser at least 15 minutes before the Meeting starts. Please do not do a Google Search.
2. Click on **"I am a Guest"**.

If you have any questions or require further information with regard to voting your Shares, please contact TSX Trust Company toll-free in North America at 1-866-600-5869 or by email at tsxtis@tmx.com.

APPENDIX C
SPECIAL RESOLUTION

BE IT RESOLVED AS SPECIAL RESOLUTIONS THAT:

TRANSACTION APPROVAL

1. The transactions (collectively, the “**Transaction**”) contemplated by the Framework Agreement dated May 2, 2024 (the “**Framework Agreement**”) among Ether Capital Corporation (the “**Corporation**”), Purpose Unlimited Inc. and Purpose Investments Inc., as more particularly described and set forth in the management information circular of the Corporation dated May 7, 2024 (the “**Circular**”), as the Transaction may be modified or amended in accordance with the terms of the Framework Agreement, is hereby authorized and approved.
2. The Framework Agreement, the actions of the directors of the Corporation in approving the Transaction and the Framework Agreement and the actions of the officers of the Corporation in executing and delivering the Framework Agreement and any modifications or amendments thereto are hereby ratified and approved.

AMENDMENT TO ARTICLES

3. In furtherance of the Transaction, the articles of the Corporation be amended as follows:
 - (a) to change the designation of the common shares to exchange traded shares and to change the rights, privileges, restrictions and conditions attaching to such shares, such that the rights privileges, restrictions and conditions attaching to the exchange traded shares will be as set out in the articles of amendment attached as Schedule A;
 - (b) to increase the authorized capital of the Corporation by the creation of an unlimited number of mutual fund shares having the rights, privileges, restrictions and conditions set out in the articles of amendment attached as Schedule A; and
 - (c) to increase the authorized capital of the Corporation by the creation of 100 voting shares having the rights, privileges, restrictions and conditions set out in the articles of amendment attached as Schedule A.
4. To declare that the authorized capital of the Corporation, after giving effect to the foregoing, consists of:
 - (a) an unlimited number of exchange traded shares;
 - (b) an unlimited number of mutual fund shares; and
 - (c) 100 voting shares.

CHANGE OF NAME

5. In furtherance of the Transaction, the articles of the Corporation be amended to change the name of the Corporation from Ether Capital Corporation to “Purpose Ether Staking Corp. ETF”.

AMENDMENTS; REVOCATION

6. Notwithstanding that this resolution has been passed (and the Transaction authorized) by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered, at their discretion, without further notice to or approval of the shareholders of the

Corporation: (a) to amend, modify or supplement the Framework Agreement to the extent permitted by the Framework Agreement; (b) subject to the terms of the Framework Agreement, not to proceed with the Transaction; and (c) revoke these resolutions.

GENERAL

7. Any officer or director of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute, under the corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered, for filing with the Director under the *Business Corporations Act* (Ontario), articles of amendment and such other documents as are necessary or desirable to give effect to the Transaction in accordance with the Framework Agreement, such determination to be conclusively evidenced by the execution and delivery of such articles of amendment and any such other documents.
8. Any officer or director of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute or cause to be executed and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as, in such person's opinion, may be necessary or desirable to give full force and effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such other document or instrument or the doing of any other such act or thing.

SCHEDULE A TO SPECIAL RESOLUTION
ARTICLES OF AMENDMENT

[See attached.]

ETHER CAPITAL CORPORATION

(the “Corporation”)

ARTICLES OF AMENDMENT

The Articles of the Corporation be amended as follows:

1. to change the name of the Corporation from “Ether Capital Corporation” to “Purpose Ether Staking Corp. ETF”;
2. to change the designation of the Common Shares to ETF Shares;
3. to create the following classes of shares:
 - a. 100 Voting Shares; and
 - b. an unlimited number of Mutual Fund Shares, issuable in series, of which an unlimited number are designated as Series I Shares;
4. to remove the rights, privileges, restrictions and conditions attaching to the existing Common Shares and provide that the Voting Shares, Mutual Fund Shares and Exchange Traded Shares created hereby shall have the rights, privileges, restrictions and conditions as set out in Schedule A attached; and
5. upon the issuance of a Certificate and Articles of Amendment effecting the foregoing, the authorized capital of the Corporation shall be:
 - a. 100 Voting Shares;
 - b. an unlimited number of Mutual Fund Shares, issuable in series, of which an unlimited number are designated as Series I Shares; and
 - c. an unlimited number of Exchange Traded Shares, issuable in series, of which an unlimited number are designated as ETF Shares.

SCHEDULE A

The total number of shares of all classes of shares that Purpose Ether Staking Corp. ETF (the “**Corporation**”) shall have authority to issue is (i) an unlimited number of Voting Shares (the “**Voting Shares**”); (ii) an unlimited number of Mutual Fund Shares, issuable in series, of which an unlimited number are designated as Series I Shares (the “**Series I Shares**” and together with any other mutual fund shares in the capital of the Corporation authorized from time to time, the “**Mutual Fund Shares**”); and (iii) an unlimited number of exchange traded shares, issuable in series, of which an unlimited number are designated as ETF Shares (the “**ETF Shares**” and together with any other exchange traded shares in the capital of the Corporation authorized from time to time, the “**Exchange Traded Shares**”).

The following is a statement of the rights privileges, restrictions and conditions of each class and series of shares in the capital of the Corporation.

A. VOTING SHARES

1. Liquidation, Dissolution or Winding Up

In the event of the voluntary or involuntary liquidation, dissolution or winding up of the Corporation or any other distribution of its assets among its shareholders for the purpose of winding up its affairs, holders of Voting Shares shall be entitled to priority over any other shares of any other class of the Corporation ranking junior to the Voting Shares.

2. Voting Rights in the Corporation

The holders of the Voting Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation, other than separate meetings of the holders of another class of shares of the Corporation, and to vote at any such meeting on the basis of one vote for each Voting Share held. As long as shares of any other class of shares of the Corporation are outstanding, the holders of the Voting Shares shall have no right to vote upon any disposition of the property of the Corporation in connection with a redemption of any of the shares of the Corporation or in connection with any other disposition required or permitted by the articles of the Corporation.

3. Amending Voting Shares

The rights, privileges, restrictions and conditions attaching to the Voting Shares may be added to, changed or removed but only with the approval of the holders of the Voting Shares and as otherwise required by the *Business Corporations Act* (Ontario) given as hereinafter specified.

4. Meetings of Holders of Voting Shares

The approval of the holders of the Voting Shares to add, change or remove any right, privilege, restriction or condition attaching to the Voting Shares or any other matter requiring the consent of the holders of the Voting Shares may be given in such manner as may then be required by law, subject to a minimum requirement that such approval shall be given either in writing by a resolution signed by all the holders of the Voting Shares entitled to vote thereon or by a resolution passed at a meeting of holders of Voting Shares at which holders of at least one-third of the

outstanding Voting Shares are present in person or are represented by proxy and carried by not less than two-thirds of the votes cast at such meeting. If at any such meeting the holders of at least one-third of the outstanding Voting Shares are not present in person or represented by proxy within one-half hour after the time appointed for such meeting then, subject to applicable law, the meeting shall be adjourned to such time and place as may be designated by the chair of such meeting. At such adjourned meeting, the holders of Voting Shares present in person or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by not less than two-thirds of the votes cast at such meeting shall constitute approval of the holders of the Voting Shares.

On every poll taken at every such meeting, every holder of Voting Shares shall be entitled to one vote in respect of each Voting Shares held. Subject to the foregoing, the formalities to be observed with respect to the giving or waiving of notice of any such meeting and the conduct thereof shall be those formalities prescribed in the by laws of the Corporation from time to time with respect to meetings of shareholders or, if not so prescribed, as prescribed in the *Business Corporations Act* (Ontario).

5. Payment of Dividends

The holders of Voting Shares shall not be entitled to receive dividends at any time when any other class of shares are outstanding. If at the time there are no such shares outstanding, the holders of Voting Shares shall be entitled to receive, and the Corporation shall pay thereon, dividends as and when declared by the directors of the Corporation, out of the moneys of the Corporation properly applicable to the payment of dividends, in an amount determined by the directors of the Corporation.

6. Redemption - General

Subject to any applicable law and to the prior rights of the holders of any other class of shares of the Corporation, the Voting Shares may be redeemed in whole or in part by the Corporation at any time, but subject to the provisions hereof and to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Corporation ranking prior to the Voting Shares.

7. Redemption Price

The Voting Shares shall be redeemable at the option of the Corporation at a price per Voting Share equal to \$1.00 (the “**Voting Share Redemption Price**”).

8. Partial Redemption

If less than all of the outstanding Voting Shares are at any time to be redeemed, the Voting Shares to be so redeemed shall be selected by lottery or in such other manner as the directors of the Corporation in their sole discretion shall by resolution determine. If less than all of the Voting Shares represented by any certificate shall be redeemed, a new certificate representing the balance of such Voting Shares shall be issued to the holder thereof at the expense of the Corporation upon presentation and surrender of the first mentioned certificate.

9. Method of Redemption

- (a) In connection with the redemption of Voting Shares in accordance herewith, the Corporation shall, at least 30 days prior to the date specified for redemption, send by prepaid mail or deliver to each person who, at the time of mailing or delivery, is a registered holder of Voting Shares to be redeemed a notice in writing of the intention of the Corporation to redeem such Voting Shares. Such notice shall set out the manner and place or places within Canada at which holders of Voting Shares may present and surrender such Voting Shares for redemption.
- (b) On and after the date so specified for redemption, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Voting Shares to be redeemed the Voting Share Redemption Price in respect of each such Voting Share on presentation and surrender, at the registered office of the Corporation or any other place or places within Canada specified in such notice of redemption, of the certificate or certificates representing the Voting Shares called for redemption. Payment in respect of Voting Shares being redeemed shall be made by cheque(s) of the Corporation drawn on a Canadian chartered bank or a trust company incorporated under or governed by the laws of Canada or of a Province of Canada and payable to the holders thereof in lawful money of Canada at par at any branch in Canada of such bank or trust company. The mailing of such a cheque to a registered holder of Voting Shares at the address of such holder listed in the register of holders maintained by the registrar of the Voting Shares at the principal office in Toronto of the registrar for the Voting Shares shall be deemed to be payment in accordance with this section 9(b) and shall satisfy and discharge all liability in respect of such Voting Share Redemption Price to the extent of the amount represented by such cheque (plus any tax required to be deducted or withheld therefrom), unless such cheque is not paid on due presentation. The Corporation shall have the right at any time after the mailing or delivery of notice of its intention to redeem Voting Shares to deposit the Voting Share Redemption Price of each of the Voting Shares so called for redemption, or of such of the Voting Shares which are represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption, in a special account in any chartered bank or any trust company in Canada named in the notice of redemption (or in a subsequent notice to the holders of the shares in respect of which the deposit is made) to be paid without interest to or to the order of the respective holders of Voting Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing such Voting Shares. Upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Voting Shares in respect of which such deposit shall have been made shall be deemed to be redeemed and the rights of the holders thereof shall be limited to receiving, without interest, the Voting Share Redemption Price for each such Voting Share so redeemed (less any tax required to be and deducted or withheld therefrom) upon presentation and surrender of the certificate or certificates representing the Voting Shares being redeemed. Any interest earned on any such deposit shall belong to the Corporation. From and after the date specified for redemption in any such notice of redemption, the Voting

Shares called for redemption shall cease to be entitled to any participation in the assets of the Corporation and the holders thereof shall not be entitled to exercise any of their other rights as shareholders in respect thereof unless payment of the Voting Share Redemption Price shall not be made upon presentation and surrender of the share certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected. Redemption moneys which are represented by a cheque which has not been presented to the Corporation's bankers for payment or that otherwise remain unclaimed (including moneys held on deposit in a special account as provided for above) for a period of six years from the date specified for redemption shall be forfeited to the Corporation.

10. Retraction of Voting Shares

Each holder of Voting Shares shall be entitled, subject to and upon compliance with the provisions hereof, to surrender at any time all or any part of the Voting Shares registered in the name of such holder for retraction by the Corporation, with payment to be made on the relevant date specified below at a price per Voting Share equal to \$1.00 (the "**Voting Share Retraction Price**").

11. Retraction

Each holder of Voting Shares who elects to surrender to the Corporation for retraction all or any Voting Shares registered in the name of that holder must, prior to the close of business on a Business Day, deposit the certificate or certificates representing the Voting Shares which that holder desires to have retracted with the Corporation at its registered office. Payment for Voting Shares so deposited shall be calculated and made within 15 Business Days after such deposit.

If a holder of Voting Shares wishes to surrender for retraction by the Corporation a part only of the Voting Shares represented by any share certificate or certificates, the holder may deposit the certificate or certificates with the Corporation, with a duly completed and signed transfer notice indicating the number of Voting Shares surrendered for retraction by the Corporation. If less than all of the Voting Shares represented by any certificate or certificates so deposited are to be retracted, the Corporation shall issue and deliver to such holder, at the expense of the Corporation, a new share certificate representing the Voting Shares which are not being surrendered for retraction by the Corporation.

12. Election Irrevocable

The election of any holder to surrender any Voting Shares for retraction by the Corporation shall be irrevocable upon receipt by the Corporation at its registered office of the certificates for the shares to be retracted provided the Corporation may, in its sole discretion, permit withdrawal of any such election at any time prior to payment for the Voting Shares to be retracted.

13. Retraction Procedure

The Corporation shall retract on the applicable date all of the Voting Shares tendered pursuant to the above retraction privilege at a price per share equal to the Voting Shares Retraction Price and the procedures to be followed to effect such retraction shall be those specified in section 9(b) with such modifications as the Corporation's Board of Directors may consider necessary in the

circumstances. Voting Shares which have been surrendered to the Corporation for retraction shall be deemed to be outstanding until, but not after, the close of business on the date on which payment therefor is made.

B. MUTUAL FUND SHARES

1. Definitions

- (a) “Act” means the *Business Corporations Act* (Ontario);
- (b) “Articles” means the articles of the Corporation, as amended from time to time
- (c) “Business Day” means any day, other than Saturday, Sunday, any statutory holiday in the Province of Ontario and any other day on which businesses are generally closed in the Province of Ontario;
- (d) “Net Asset Value of the Corporation” determined on each Valuation Date at the Valuation Time shall be equal to (i) the Total Assets, less (ii) the aggregate value of the liabilities of the Corporation, less (iii) the stated capital of the Voting Shares;
- (e) “Net Asset Value per Mutual Fund Share” determined on each Valuation Date at the Valuation Time shall be equal to the Net Asset Value of the Corporation allocated to the Mutual Fund Shares, less the liabilities of the Corporation allocated to the Mutual Fund Shares divided by the number of Mutual Fund Shares then outstanding;
- (f) “Person” means any individual, partnership, association, body corporate, trustee, executor, administrator or legal representative;
- (g) “Prospectus” means the prospectus or simplified prospectus or other offering document pursuant to which Mutual Fund Shares are offered to potential investors from time to time in accordance with Securities Legislation;
- (h) “Securities Legislation” means the laws and regulations in each province and territory of Canada which are applicable to the Corporation and the requirements, instruments, rules and policies of the Canadian securities authorities which are applicable to the Corporation;
- (i) “Valuation Date” means each day on which there is a trading session of CBOE Canada Inc. or the Toronto Stock Exchange; and
- (j) “Valuation Time” means the particular time on a Valuation Date at which the Net Asset Value per Mutual Fund Share is determined by or on behalf of the Corporation.

2. One or More Series

The Mutual Fund Shares may be issued at any time or from time to time in one or more series. The first series of Mutual Fund Shares shall consist of an unlimited number and shall be designated the “Series I Shares”.

3. Ranking.

The Mutual Fund Shares of each series shall rank *pari passu* with the Mutual Fund Shares of every other series and with every series of Exchange Traded Shares with respect to voting, dividends and return of capital in the event of the liquidation, dissolution or winding-up of the Corporation.

4. Voting

So long as there are any Voting Shares outstanding, unless otherwise required by the Act or Securities Legislation, a holder of Mutual Fund Shares shall not be entitled to receive notice of, or attend, any meeting of shareholders or to vote at any such meeting. If there are no issued and outstanding Voting Shares, subject to the provisions of the Act, a holder of Mutual Fund Shares shall be entitled to receive notice of and attend a meeting of shareholders and to vote at such meeting.

If holders of Mutual Fund Shares are entitled to vote because there are no issued and outstanding Voting Shares or pursuant to the Act or Securities Legislation, such holders of Mutual Fund Shares shall have one vote for each whole Mutual Fund Share held by such shareholder.

5. Dividends

Ordinary or capital gains dividends may be paid on the Mutual Fund Shares, as and when declared by the Corporation. If dividends are so declared, holders of Mutual Fund Shares of any particular series which are outstanding immediately after the Valuation Time on the record date established for the payment of any such dividends declared by the Corporation shall be entitled to receive and the Corporation shall pay thereon in cash or in specie, that series’ proportionate share, rounded to the number of decimal places as determined to be appropriate by the Corporation, determined on such record date, of any such dividends so declared payable in respect of the Mutual Fund Shares by the Corporation. The amount per Mutual Fund Share of any series to be paid to a holder of Mutual Fund Shares shall be that series’ proportionate share of the dividend determined as described in the preceding sentence divided by the number of Mutual Fund Shares of that series outstanding immediately after the Valuation Time on the record date for the payment of such dividend.

6. Liquidation, Dissolution or Winding Up

(a) **Distribution of Remaining Property Amongst Classes**

Subject to the rights, privileges, restrictions and conditions attaching to the Voting Shares, in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs

(any, a “Liquidation Event”), holders of Mutual Fund Shares shall be entitled to participate in the distribution of the remaining property of the Corporation together with the Exchange Traded Shares based on their relative net asset values. Distributions of remaining property may be paid on Mutual Fund Shares in cash or in specie.

(b) Distribution Amongst Series of Mutual Fund Shares

On a Liquidation Event, holders of Mutual Fund Shares of each series of Mutual Fund Shares outstanding on the date of distribution of the remaining property shall be entitled to participate in the distribution of the remaining property attributable to the Mutual Fund Shares based on that series’ proportionate share, rounded to the number of decimal places as determined to be appropriate by the Corporation, on such date.

(c) Distribution Amongst Holders of Mutual Fund Shares

The amount to be paid to a holder of Mutual Fund Shares in respect of each Mutual Fund Share of any series, shall be that series’ proportionate share of the remaining property attributable to the Mutual Fund Shares divided by the number of Mutual Fund Shares of that series outstanding immediately before such distribution, rounded to the number of decimal places as determined to be appropriate by the Corporation.

7. Issuance of Mutual Fund Shares

(a) Issuance of Shares

Mutual Fund Shares may be issued from time to time by the Corporation at a price per Mutual Fund Shares equal to the Net Asset Value per Mutual Fund Share determined at the Valuation Time on the Business Day of receipt by or on behalf of the Corporation of a subscription request for Mutual Fund Shares if the Business Day is a Valuation Date. Any subscription request for Mutual Fund Shares received on any Business Day which is not a Valuation Date or after the time on a Business Day specified in the Prospectus (in this section, the “**Previous Day**”) shall be deemed to have been received on the next Business Day (that is a Valuation Date), following such Previous Day (in this section, the “**Next Day**”) and the Net Asset Value per Mutual Fund Share for the purpose of the issue of the Mutual Fund Shares subscribed for will be the Net Asset Value per Mutual Fund Share determined at the Valuation Time on the Next Day and the Next Day shall be the Business Day of deemed receipt of the subscription request.

(b) Fractions of Shares

The Corporation may issue fractions of Mutual Fund Shares. Fractional Mutual Fund Shares shall have all the rights, privileges, restrictions and conditions applicable to a whole Mutual Fund Share, in the proportion which it bears to one

whole Mutual Fund Share, but a Shareholder of a fractional Mutual Fund Share shall not be entitled to any voting rights in respect thereof.

8. Net Asset Value per Mutual Fund Share

Any Net Asset Value per Mutual Fund Share determined at a Valuation Time shall remain in effect until the next time the Net Asset Value per Mutual Fund Share is determined. The Corporation may prescribe in its absolute discretion such other bases and times for determining the Net Asset Value per Mutual Fund Share for the purposes of subscriptions, redemptions and for the declaration and payment of dividends and distributions as it may deem necessary or desirable.

9. Redemptions

(a) **Redemption Price of the Mutual Fund Shares**

A holder of Mutual Fund Shares shall be entitled to make a redemption request to the Corporation in the form or manner as may be accepted by the Corporation from time to time, requiring the Corporation to redeem all or any part of the Mutual Fund Shares held by such holder of Mutual Fund Shares. The price per Mutual Fund Share at which a redemption request will be processed shall be the Net Asset Value per Mutual Fund Share determined at the Valuation Time on the Business Day of receipt of the redemption request by or on behalf of the Corporation if the Business Day is a Valuation Date. Any redemption request for Mutual Fund Shares received on any Business Day which is not a Valuation Date or after the time on a Business Day specified in the Prospectus (in this section, the “**Previous Day**”) shall be deemed to have been received on the next Business Day (that is a Valuation Date), following such Previous Day (in this section, the “**Next Day**”) and the Net Asset Value per Mutual Fund Share for the purpose of the redemption of such Mutual Fund Shares will be the Net Asset Value per Mutual Fund Share determined at the Valuation Time on the Valuation Date on the Next Day and the Next Day shall be the Business Day of deemed receipt of the redemption request. The Corporation shall pay to the holder of Mutual Fund Shares who has requested redemption of the Mutual Fund Shares, the foregoing redemption price per Mutual Fund Share to be redeemed, less any redemption or other fees payable by the holder of Mutual Fund Shares to the Corporation or any other Person. The Corporation may suspend redemptions on the basis set forth in the Prospectus.

(b) **Payment upon Redemption**

Payment of the redemption proceeds to the holder of Mutual Fund Shares who has requested redemption of the Mutual Fund Shares pursuant to this section 9 shall be made within such time as may be determined by the Corporation in accordance with Securities Legislation, provided such redemption documentation as may be required by the Corporation from time to time has been received by the Corporation.

10. Amendment

(a) **Amendments to the Rights, Privileges, Restrictions and Conditions attaching to the Mutual Fund Shares**

Subject section 10(b), the rights, privileges, restrictions and conditions attached to the Mutual Fund Shares may be added to, changed or removed by articles of amendment, but only with the approval of the holders of Mutual Fund Shares as required by the Act.

(b) **Amendments to the Mutual Fund Shares without a Separate Vote of the Series of Mutual Fund Shares**

The Articles may be amended pursuant to section 168 of the Act to effect an exchange, reclassification or cancellation of all or part of the Mutual Fund Shares and no separate vote of the series of the Mutual Fund Shares shall be required under section 170 of the Act in respect of the amendment and the holders of Mutual Fund Shares shall have no dissent rights in respect thereof under section 185 of the Act.

11. Approval of the Holders of Mutual Fund Shares

The approval of the holders of Mutual Fund Shares to change the rights, privileges, restrictions and conditions attached to the Mutual Fund Shares in respect of any matter requiring the consent of the holders of Mutual Fund Shares may be given in such manner as may then be required by the Act.

The formalities to be observed with respect to the giving of notice of any such meeting or any adjourned meeting, the quorum required therefor and the conduct thereof shall be those from time to time prescribed by the by-laws of the Corporation with respect to meetings of shareholders of the Corporation, or if not so prescribed, as required by the Act as in force at the time of the meeting or as otherwise required by law.

C. Exchange Traded Shares

1. Definitions

- (a) “Act” means the *Business Corporations Act* (Ontario);
- (b) “Articles” means the articles of the Corporation, as amended from time to time;
- (c) “Business Day” means any day, other than Saturday, Sunday, any statutory holiday in the Province of Ontario and any other day on which businesses are generally closed in the Province of Ontario;
- (d) “Exchange Request” means a request, signed by a CDS participant or its agent, substantially in the form prescribed by the manager from time to time;

- (e) “Net Asset Value of the Corporation” determined on each Valuation Date at the Valuation Time shall be equal to (i) the Total Assets, less (ii) the aggregate value of the liabilities of the Corporation, less (iii) the stated capital of the Voting Shares;
- (f) “Net Asset Value per Exchange Traded Share” determined on each Valuation Date at the Valuation Time shall be equal to the Net Asset Value of the Corporation allocated to the Exchange Traded Shares, less the liabilities of the Corporation allocated to the Exchange Traded Shares divided by the number of Exchange Traded Shares then outstanding;
- (g) “Person” means any individual, partnership, association, body corporate, trustee, executor, administrator or legal representative;
- (h) “Prescribed Number of Exchange Traded Shares” means the number of Exchange Traded Shares determined by the manager from time to time for the purpose of subscription orders, exchanges, redemptions or for other purposes;
- (i) “Prospectus” means the prospectus or simplified prospectus or other offering document pursuant to which Exchange Traded Shares are offered to potential investors from time to time in accordance with Securities Legislation;
- (j) “Securities Legislation” means the laws and regulations in each province and territory of Canada which are applicable to the Corporation and the requirements, instruments, rules and policies of the Canadian securities authorities which are applicable to the Corporation;
- (k) “Trading Day” means a day on which a regular session of CBOE Canada Inc. or the Toronto Stock Exchange is held;
- (l) “Valuation Date” means each Trading Day; and
- (m) “Valuation Time” means the particular time on a Valuation Date at which the Net Asset Value per Exchange Traded Share is determined by or on behalf of the Corporation.

2. One or More Series

The Exchange Traded Shares may be issued at any time or from time to time in one or more series. The first series of Exchange Traded Shares shall consist of an unlimited number and shall be designated the “ETF Shares”.

3. Ranking

The Exchange Traded Shares of each series shall rank *pari passu* with the Exchange Traded Shares of every other series and with every series of Mutual Fund Shares with respect to voting, dividends and return of capital in the event of the liquidation, dissolution or winding-up of the Corporation.

4. Voting

So long as there are any Voting Shares outstanding, unless otherwise required by the Act or Securities Legislation, a holder of Exchange Traded Shares shall not be entitled to receive notice of, or attend, any meeting of shareholders or to vote at any such meeting. If there are no issued and outstanding Voting Shares, subject to the provisions of the Act, a holder of Exchange Traded Shares shall be entitled to receive notice of and attend a meeting of shareholders and to vote at such meeting.

If holders of Exchange Traded Shares are entitled to vote because there are no issued and outstanding Voting Shares or pursuant to the Act or Securities Legislation, such holders of Exchange Traded Shares shall have one vote for each whole Exchange Traded Share held by such shareholder.

5. Dividends

Ordinary or capital gains dividends may be paid on the Exchange Traded Shares, as and when declared by the Corporation. If dividends are so declared, holders of Exchange Traded Shares of any particular series which are outstanding immediately after the Valuation Time on the record date established for the payment of any such dividends declared by the Corporation shall be entitled to receive and the Corporation shall pay thereon in cash or in specie, that series' proportionate share, rounded to the number of decimal places as determined to be appropriate by the Corporation, determined on such record date, of any such dividends so declared payable in respect of the Exchange Traded Shares by the Corporation. The amount per Exchange Traded Share of any series to be paid to a holder of Exchange Traded Shares shall be that series' proportionate share of the dividend determined as described in the preceding sentence divided by the number of Exchange Traded Shares of that series outstanding immediately after the Valuation Time on the record date for the payment of such dividend.

6. Liquidation, Dissolution or Winding Up

(a) **Distribution of Remaining Property Amongst Classes**

Subject to the rights, privileges, restrictions and conditions attaching to the Voting Shares, in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs (any, a "Liquidation Event"), holders of Exchange Traded Shares shall be entitled to participate in the distribution of the remaining property of the Corporation together with the Mutual Fund Shares based on their relative net asset values. Distributions of remaining property may be paid on Exchange Traded Shares in cash or in specie.

(b) **Distribution Amongst Series of Exchange Traded Shares**

On a Liquidation Event, holders of Exchange Traded Shares of each series of Exchange Traded Shares outstanding on the date of distribution of the remaining property shall be entitled to participate in the distribution of the remaining property

attributable to the Exchange Traded Shares based on that series' proportionate share, rounded to the number of decimal places as determined to be appropriate by the Corporation, on such date.

(c) **Distribution Amongst Holders of Exchange Traded Shares**

The amount to be paid to a holder of Exchange Traded Shares in respect of each Exchange Traded Share of any series, shall be that series' proportionate share of the remaining property attributable to the Exchange Traded Shares divided by the number of Exchange Traded Shares of that series outstanding immediately before such distribution, rounded to the number of decimal places as determined to be appropriate by the Corporation.

7. Issuance of Exchange Traded Shares

(a) **Issuance of Shares**

Exchange Traded Shares may be issued from time to time by the Corporation at a price per Exchange Traded Share equal to the Net Asset Value per Exchange Traded Share determined at the Valuation Time on the Business Day of receipt by or on behalf of the Corporation of a subscription request for at least a Prescribed Number of Exchange Traded Shares if the Business Day is a Valuation Date. Any subscription request for Exchange Traded Shares received on any Business Day which is not a Valuation Date or after the time on a Business Day specified by the manager (in this section, the "**Previous Day**") shall be deemed to have been received on the next Business Day (that is a Valuation Date), following such Previous Day (in this section, the "**Next Day**") and the Net Asset Value per Exchange Traded Share for the purpose of the issue of the Exchange Traded Shares subscribed for will be the Net Asset Value per Exchange Traded Share determined at the Valuation Time on the Next Day and the Next Day shall be the Business Day of deemed receipt of the subscription request.

(b) **Fractions of Shares**

The Corporation shall not issue fractions of Exchange Traded Shares.

8. Net Asset Value per Exchange Traded Share

Any Net Asset Value per Exchange Traded Share determined at a Valuation Time shall remain in effect until the next time the Net Asset Value per Exchange Traded Share is determined. The Corporation may prescribe in its absolute discretion such other bases and times for determining the Net Asset Value per Exchange Traded Share for the purposes of subscriptions, exchanges or redemptions and for the declaration and payment of dividends and distributions as it may deem necessary or desirable.

9. Redemptions

(a) **Redemption Price of the Exchange Traded Shares**

A holder of Exchange Traded Shares shall be entitled to make a redemption request to the Corporation in the form or manner as may be accepted by the Corporation from time to time, requiring the Corporation to redeem all or any part of the Exchange Traded Shares held by such holder of Exchange Traded Shares. The price per Exchange Traded Share at which a redemption request will be processed shall be the lesser of (i) 95% of the closing price of the Exchange Traded Shares on the stock exchange on which such Exchange Traded Shares are traded or (ii) the Net Asset Value per Exchanged Traded Share, in each case determined at the Valuation Time on the Business Day of receipt of the redemption request by or on behalf of the Corporation if the Business Day is a Valuation Date. Any redemption request for Exchange Traded Shares received on any Business Day which is not a Valuation Date or after the time on a Business Day specified in the Prospectus (in this section, the “**Previous Day**”) shall be deemed to have been received on the next Business Day (that is a Valuation Date), following such Previous Day (in this section, the “**Next Day**”) and the Net Asset Value per Exchange Traded Share for the purpose of the redemption of such Exchange Traded Shares will be the Net Asset Value per Exchange Traded Share determined at the Valuation Time on the Next Day and the Next Day shall be the Business Day of deemed receipt of the redemption request. The Corporation shall pay to the holder of Exchange Traded Shares who has requested redemption of the Exchange Traded Shares, the foregoing redemption price per Exchange Traded Share to be redeemed, less any redemption or other fees payable by the holder of Exchange Traded Shares to the Corporation or any other Person.

(b) **Payment upon Redemption**

Payment of the redemption proceeds to the holder of Exchange Traded Shares who has requested redemption of the Exchange Traded Shares pursuant to this section 9 shall be made within such time as may be determined by the Corporation in accordance with Securities Legislation, provided such redemption documentation as may be required by the Corporation from time to time has been received by the Corporation.

10. Exchange

A holder of Exchange Traded Shares shall be entitled on any Trading Day to exchange a number of Exchange Traded Shares of any series of Exchange Traded Shares equal to at least the Prescribed Number of Exchange Traded Shares of the series or an integral multiple thereof or such other number of Exchange Traded Shares of a series as the manager in its sole discretion may permit by depositing with the manager an Exchange Request for the Exchange Traded Shares to be exchanged.

To be effective on a particular Trading Day, an Exchange Request must be received by the manager at its principal office in Toronto before 9:00 a.m. on the Trading Day (or such later time on such Trading Day as the manager may permit). If an Exchange Request is received later than 9:00 a.m. on that day or such later time as the manager may permit, the Exchange Request shall be deemed to be received as of the next Trading Day. The Trading Day on which an Exchange Request is deemed to be received is the “effective date” of the Exchange Request.

The exchange price per Exchange Traded Share shall be equal to the Net Asset Value of the Exchange Traded Shares of the series at the Valuation Time on the effective date of the Exchange Request, payable in cash or in specie in the manager’s discretion.

11. Amendment

(a) **Amendments to the Rights, Privileges, Restrictions and Conditions attaching to the Exchange Traded Shares**

Subject to section 11(b), the rights, privileges, restrictions and conditions attached to the Exchange Traded Shares may be added to, changed or removed by articles of amendment, but only with the approval of the holders of Exchange Traded Shares as required by the Act.

(b) **Amendments to the Exchange Traded Shares without a Separate Vote of the Series of Exchange Traded Shares**

The Articles may be amended pursuant to section 168 of the Act to effect an exchange, reclassification or cancellation of all or part of the Exchange Traded Shares and no separate vote of the series of the Exchange Traded Shares shall be required under section 170 of the Act in respect of the amendment and the holders of Exchange Traded Shares shall have no dissent rights in respect thereof under section 185 of the Act.

12. Approval of the Holders of Exchange Traded Shares

The approval of the holders of Exchange Traded Shares to change the rights, privileges, restrictions and conditions attached to the Exchange Traded Shares in respect of any matter requiring the consent of the holders of Exchange Traded Shares may be given in such manner as may then be required by the Act.

The formalities to be observed with respect to the giving of notice of any such meeting or any adjourned meeting, the quorum required therefor and the conduct thereof shall be those from time to time prescribed by the by-laws of the Corporation with respect to meetings of shareholders of the Corporation, or if not so prescribed, as required by the Act as in force at the time of the meeting or as otherwise required by law.

APPENDIX D
SUMMARY OF FUND TERMS

The following is a summary of the principal features of the Fund and the ETF Shares and should be read together with the more detailed information and statements contained in the Preliminary Prospectus, which has been filed or will be filed on SEDAR+ prior to the mailing of this Circular and can be reviewed at <https://www.sedarplus.ca>.

Issuer: Purpose Ether Staking Corp. ETF (the “**Fund**”) would be a mutual fund corporation governed under the laws of the Province of Ontario. The authorized capital of the Fund would include one series of exchange traded shares (“**ETF Shares**”), one series of mutual fund shares, and 100 common shares. An unlimited number of mutual fund shares and ETF Shares are authorized for issuance by the Fund.

Purpose Investments Inc. (“**Purpose Investments**” or the “**Manager**”) would be the manager and portfolio manager of the Fund and would be responsible for the administration of the Fund.

The Fund would be an alternative mutual fund within the meaning of National Instrument 81-102 – *Investment Funds* (“**NI 81-102**”). The Fund would have the ability to invest in asset classes and use investment strategies that are not permitted for conventional mutual funds. While these strategies would be used in accordance with the Fund’s investment objectives and strategies, during certain market conditions, they may accelerate the pace at which your investment decreases in value. Also, market conditions may make it difficult or impossible for the Fund to liquidate a position.

Offering: Purpose Investments, on behalf of the Fund, would apply to have the ETF Shares listed on Cboe Canada. Listing would be subject to the approval of Cboe Canada in accordance with its original listing requirements. Cboe Canada has not conditionally approved the Fund’s listing application and there is no assurance that Cboe Canada would approve the listing application. Further, there can be no assurance that an active public market for the ETF Shares would develop or be sustained.

ETF Shares are Canadian dollar denominated.

Continuous Distribution: Subject to the approval of Cboe Canada, the ETF Shares would be listed on Cboe Canada and offered on a continuous basis, and there would be no maximum number of ETF Shares that may be issued. If listed, an investor would be able to buy or sell ETF Shares on Cboe Canada through registered brokers and dealers in the province or territory where the investor resides. Investors would incur customary brokerage commissions in buying or selling the ETF Shares.

Investment Objectives: The Fund would invest all or substantially all of its assets in long-term holdings of Ether and seek to provide shareholders with the opportunity for long-term capital appreciation.

The Fund would not change its fundamental investment objectives unless the consent of a majority of the Fund’s shareholders has been obtained.

Investment Strategies:

To achieve its investment objective, the Fund would invest in and hold substantially all of its assets in long-term holdings of Ether in order to provide shareholders with a secure, convenient, lower-cost alternative to a direct investment in Ether.

The Fund would intend to establish a program to stake a portion of the Fund's Ether through one or more staking service providers. As a result of any staking activity in which the Fund would engage, the Fund would expect to receive staking rewards of Ether.

The Manager would engage in the staking of Ether held in the Fund's portfolio at the discretion of the Manager (the "**Staking Activities**") in order to earn rewards for the Fund, which rewards would, following the deduction of applicable fees, be reinvested in the Fund for the benefit of the Fund's shareholders.

The Fund would not speculate with regard to short-term changes in Ether prices. The Fund would not use derivatives instruments, the underlying interest of which is Ether.

The Fund would also be permitted to hold cash and cash equivalents or other money market instruments in order to meet its current obligations.

Generally, it is expected that the Fund would not borrow money or employ other forms of leverage to acquire Ether for its portfolio. The Fund may however borrow money on a temporary short-term basis to acquire Ether in connection with a subscription for shares by a dealer. Any borrowing by the Fund would be made in accordance with the borrowing restrictions applicable to an alternative mutual fund under NI 81-102.

Special Considerations for Purchasers:

The provisions of the "early warning" requirements set out in Canadian securities legislation would not apply in connection with the acquisition of ETF Shares. The Fund would be included in exemptive relief obtained by Purpose Investments from the securities regulatory authorities to permit holders of ETF Shares to acquire more than 20% of the ETF Shares of the Fund through purchases on Cboe (or such other designated exchange on which the ETF Shares of the Fund may be listed from time to time) without regard to the take-over bid requirements of Canadian securities legislation, provided that any such holder, and any person acting jointly or in concert with the holder, undertakes to the Manager not to vote more than 20% of the ETF Shares of the Fund at any meeting of shareholders.

Distributions:

The Fund would not expect to pay regular cash distributions on the Fund's shares.

On an annual basis, the Fund would ensure that its income (including income received from special distributions on assets held by the Fund) and net realized capital gains, if any, have been distributed to shareholders to such an extent that the Fund would be liable for ordinary income tax thereon. To the extent that the fund has not distributed the full amount of its net income or capital gains in any year, the difference between such amount and the amount actually distributed by the Fund would be paid as a "reinvested distribution". Reinvested distributions on shares of the Fund, net of any required withholding taxes, would be reinvested automatically in additional shares of the Fund at a price equal to the net asset value per share of the Fund and the shares would be immediately consolidated such that the number of outstanding shares following the distribution would equal the number of shares outstanding prior to the distribution. The tax treatment to shareholders of reinvested distributions is discussed under the heading "Income tax considerations".

In addition to the distributions described above, the Fund would expect to pay additional distributions on its shares from time to time, including without restriction in connection with a special distribution or in connection with returns of capital.

Exchanges and Redemptions:

On any trading day, a holder of ETF Shares would be able to exchange the prescribed number of ETF Shares (or an integral multiple thereof) for cash.

To effect an exchange of a prescribed number of ETF Shares, a holder of ETF Shares would be required to submit an exchange request in the form prescribed by the Fund from time to time to the Manager at its registered office by 9:00 a.m. (Toronto time) on a trading day (or such later time on such trading day as the Manager may permit). The exchange redemption request forms may be obtained from any registered broker or dealer. The exchange price would be equal to the NAV of the ETF Shares, of the Fund on the effective day of the exchange request, payable by delivery of cash. The ETF Shares would be redeemed in the exchange.

If an exchange request is not received by the submission deadline noted immediately above on a trading day, the exchange order would be effective on the next trading day. Settlement of exchanges for cash would be made by no later than the second trading day after the effective day of the exchange request.

Holders of ETF Shares should be aware that the NAV per ETF Share of the Fund would decline by the amount of the dividend/distribution on the ex-dividend date, which is one trading day or such other day as announced by the Manager prior to the dividend or distribution record date. A shareholder that is no longer a holder of record on the applicable dividend or distribution record date would not be entitled to receive that dividend/distribution.

Costs associated with exchange and redemption

The Manager would be permitted to charge to a holder of ETF Shares, in its discretion, an ETF Share, administrative fee of up to 2% of the exchange or redemption proceeds of the Fund to offset certain transaction costs associated with the exchange or redemption of ETF Shares of the Fund.

Termination of the Manager:

The Management Agreement would continue indefinitely until the redemption of all the ETF Shares and Mutual Fund Shares unless otherwise terminated in accordance with its terms. Subject to the terms of the Management Agreement, the Manager would have the right to resign as Manager of the Fund upon 120 days' notice to the Fund. The Fund may terminate the Management Agreement at any time if Purpose Investments (i) becomes bankrupt or insolvent or makes a general assignment for the benefit of its creditors; (ii) ceases to be registered under securities laws in the categories required to perform its duties; or (iii) is finally determined by a court of competent jurisdiction to have acted with wilful misconduct, bad faith, negligence, reckless disregard of the Manager's duties or persistent failure to meet the standard of care in the performance of its obligations under the Management Agreement.

Risk Factors:

The direct and indirect risks of investing in the Fund include:

- (a) asset class risk;
- (b) attacks on the Ethereum Network risk;
- (c) changes in legislation risk;
- (d) competitors to Ether risk;
- (e) concentration risk;
- (f) conflicts of interest risk;
- (g) control of the Ethereum Network risk;

(h) counterparty risk;
 (i) cryptocurrency risk;
 (j) currency exposure risk;
 (k) currency risk;
 (l) cyber security risk;
 (m) decrease in block reward risk;
 (n) decrease in demand for and usage of Ether risk;
 (o) dependence on Ether developers risk;
 (p) dependence on the internet risk;
 (q) distributions in specie risk;
 (r) earning yield through staking risk;
 (s) exchange rate risk;
 (t) financial institutions may refuse to support transactions involving cryptocurrency;
 (u) fluctuations in NAV and NAV per share risk;
 (v) hacking of digital asset trading platforms risk;
 (w) illiquid securities risk;
 (x) improper transfers risk;
 (y) increase in transaction fees risk;
 (z) increased regulation of Ether risk;
 (aa) large redemption/investors/transaction risk;
 (bb) limited history of Ether and digital asset trading platforms risk;
 (cc) lack of insurance risk;
 (dd) loss of “private keys” risk;
 (ee) no ownership interest in the portfolio;
 (ff) regulation of blockchain and digital assets risk;
 (gg) regulation of digital asset trading platforms risk;
 (hh) reliance on key personnel risk;
 (ii) risk of loss;
 (jj) risk relating to due diligence on the Ethereum Network may be insufficient;
 (kk) risk relating to due diligence on third-party staking service providers may be insufficient;
 (ll) risk related to future results;
 (mm) risk relating to regulatory changes to staking;
 (nn) risk relating to reliance on third-party vendors;
 (oo) risk relating to residency of the Sub-Custodians;
 (pp) risk relating to slashing and missed rewards;
 (qq) risk relating to SOC 2 Type 2 Report of the Sub-Custodians;
 (rr) risk relating to standard of care of the Manager, Custodian and Sub-Custodians;
 (ss) risk relating to the cryptography underlying the Ethereum Network;
 (tt) risk relating to the short history for proof-of-stake blockchain networks;
 (uu) risk relating to the staking timeline and unbonding periods;
 (vv) risk relating to uncertain tax consequences regarding Staking Activities;
 (ww) risk relating to valuation of the Fund’s assets;
 (xx) risk that the Ethereum blockchain may experience a temporary or permanent fork and/or split;
 (yy) risk that demand for Ether may exceed supply;
 (zz) risk that the rewards to be received are not guaranteed;
 (aaa) tax risk;
 (bbb) volatility in the price of Ether risk; and
 Additional risks associated with an investment in the ETF Shares include:
 (a) absence of an active market for the ETF Shares; and
 (b) trading price of ETF Shares risk.

Organization and Management Details

- Manager:** Purpose Investments, a corporation amalgamated under the laws of the Province of Ontario on March 31, 2018, is the Manager and portfolio Manager of the Fund and is a wholly owned subsidiary of Purpose Unlimited. The address, phone number, email address and website of the Manager is 130 Adelaide Street West, Suite 3100, P.O. Box 109, Toronto, Ontario M5H 3P5, 1-877-789-1517, info@purposeinvest.com and www.purposeinvest.com.
- Auditor:** The auditor of the Fund is expected to be Ernst & Young LLP of Toronto, Ontario.
- Custodian:** It is expected that Cidel Trust Company would act as the custodian of the assets of the Fund pursuant to a custodial services agreement (the “**Cidel Custodian Agreement**”) between the Manager on behalf of the Fund and Cidel Trust Company. Subject to the terms of the final Cidel Custodian Agreement, it is expected that the Manager or Cidel Trust Company may terminate the custodian agreement upon at least 90 days’ written notice or immediately in the event of a bankruptcy event in respect of a party that is not cured within 30 days, and that the Manager on behalf of the Fund may terminate the Cidel Custodian Agreement immediately if the custodian ceases to be qualified to act as a custodian of the Fund under applicable law. The custodian would be entitled to receive fees from the Manager and reimbursed for all expenses and liabilities that are properly incurred by the custodian in connection with the activities of the Fund.
- Sub-Custodians:** Gemini Trust Company, LLC (“**Gemini**”) would act as a sub-custodian of the Fund in respect of the Fund’s holdings of Ether pursuant to a sub-custodian agreement between the Custodian, the Manager on behalf of the Fund and Gemini. Gemini is a trust company licensed and regulated by the New York State Department of Financial Services.
- Coinbase Custody Trust Company, LLC (“**Coinbase Custody**”) would act as a sub-custodian of the Fund pursuant to a sub-custodian agreement between the Custodian, the Manager on behalf of the Fund and Coinbase Custody.
- Coinbase Custody is duly organized and existing under the laws of New York and is a New York State-chartered limited purpose trust company that is authorized under Article III § 96 of the New York Banking Law to provide custodial services with respect to digital assets.
- Each of Gemini and Coinbase Custody are qualified to act as a sub-custodian of the Fund for assets held outside of Canada in accordance with NI 81-102, and operates in the U.S., Canada and certain other international jurisdictions.
- Staking Service Providers:** The Fund would intend to establish a program to stake a portion of the Fund’s Ether through one or more staking service providers, which may include affiliates of the Manager. The staking service providers would provide hardware, software and services necessary to establish validator nodes and stake the Fund’s Ether on the Ethereum Network. The staking service providers would exercise no discretion as to the amount of the Fund’s Ether to be staked or timing of the Staking Activities (other than as is incidental in establishing or deactivating validator nodes). The Sub-Custodians would maintain exclusive possession and control of the private keys associated with any staked Ether at all times.

Registrar and Transfer Agent: TSX Trust Company would be the registrar and transfer agent and plan agent for the ETF Shares of the Fund. The register and transfer ledger of the Fund is kept in Toronto.

Independent Trust: The Voting Shares of the Fund would be held by an Independent Trust, a majority of the trustees of which would be independent of Purpose and the beneficiaries of which will be the holders from time to time of ETF Shares and Mutual Fund Shares.

Summary of Fees and Expenses

Management Fee: Purpose Investments, as Manager of the Fund, would be entitled to a management fee payable by the Fund in an amount equal to 1% of the net asset value attributable to the ETF Shares, calculated and accrued daily and paid monthly in arrears and paid as soon as practicable after the end of each month.

Purpose Investments would waive the Management Fee payable in respect of the ETF Shares for the three-month period commencing on the effective date of trading of the ETF Shares.

Staking Services Fee: In addition to the management fee, the manager would be entitled to receive a portion of the staking rewards generated for the Fund by the Staking Activities (net of the validator fees) such that no less than 80% of the rewards accrue to the Fund and up to 20% of the awards accrue to the Manager (the “**Staking Service Fee**”). The Staking Service Fee would be calculated daily and paid monthly, in arrears, plus applicable taxes, and would be intended to compensate the manager for the additional work required to administer the Staking Activities for the Fund. The Staking Service Fee charged by the manager would only be deducted from any rewards generated by the Staking Activities which would generate income to the Fund. Any Staking Service Fee payable to an affiliate of Purpose as validator will be deducted from the Staking Service Fee payable to the Manager.

Operating Expenses: The Fund would pay its own operating and administrative expenses, other than advertising costs and costs of dealer compensation programs, which are paid by the Manager. Operating expenses would include, but are not limited to, portfolio transaction costs (including brokerage commissions), and fees, taxes, audit, accounting and legal fees and expenses, safekeeping, trustee and custodial and sub-custodial fees, any validator fees, interest expenses, registrar and transfer agent fees, regulatory participation fees, administrative costs, the costs of complying with any new governmental or regulatory requirement introduced after the date the Fund is established, investor servicing costs and costs of financial and other reports to investors, as well as renewal prospectuses.

Operating expenses and other costs of the Fund would be subject to applicable taxes.

Effect of HST on MERs The Fund would be required to pay HST on management fees and administration fees charged to the Fund. In general, the HST rate depends on the residence of the Fund’s shareholders at a certain point in time. Changes in existing HST rates, changes to which provinces impose HST and changes in the breakdown on the residence of the Fund’s shareholders would have an impact on the management expense ratio of the Fund year over year.

Canadian Federal Income Tax Considerations

Taxation of the Fund

All of a Fund's revenues, deductible expenses, capital gains and capital losses in connection with its investment portfolio, and other items relevant to its tax position (including the tax attributes of all of its assets), would be taken into account in determining the income or loss of the Fund and applicable taxes payable by the Fund as a whole.

The Fund has established a policy to determine how it would allocate income and capital gains in a tax-efficient manner among the classes and series of shares of the Fund in a way that it believes is fair, consistent and reasonable for shareholders. The amount of dividends and capital gains dividends paid to shareholders is based on this tax allocation policy, which has been approved by the Fund's board of directors.

As a mutual fund corporation, the Fund is entitled in certain circumstances to a refund of tax paid by it in respect of its net realized capital gains. The amount of the available refund to the Fund in any taxation year is determined by a formula, which is based in part on (i) the amount of Capital Gains Dividends (described below) that would be paid by the Fund to its shareholders, and (ii) the Fund's "capital gains redemptions", which amount would be determined in part by reference to the amount paid by the Fund to shareholders on the redemption of shares of the Fund. As a mutual fund corporation, the Fund maintains a capital gains dividend account in respect of capital gains realized by the Fund and from which it may elect to pay dividends ("**Capital Gains Dividends**"). In certain circumstances where the Fund has recognized a capital gain in a taxation year on which tax would be payable by the Fund, it may choose not to pay Capital Gains Dividends in that taxation year in respect thereof and instead pay capital gains tax, which may in the future be fully or partially refundable upon the payment of sufficient Capital Gains Dividends and/or capital gains redemptions.

In determining the income of the Fund, gains or losses realized upon dispositions of securities in which the Fund has invested would constitute capital gains or capital losses of the Fund in the year realized unless the Fund is considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Fund has acquired the securities in a transaction or transactions considered to be an adventure in the nature of trade. The Fund has advised counsel that if the Fund holds "Canadian securities" (as defined in the Tax Act) it would elect in accordance with the Tax Act to have each such security treated as capital property. Such election would ensure that gains or losses realized by the Fund on the disposition of Canadian securities are taxed as capital gains or capital losses.

As discussed below, to the extent that the Fund earns net income (other than taxable capital gains and taxable dividends from taxable Canadian corporations) such as income distributions on securities held by the Fund or ordinary income recognized by the Fund under the rules in the Tax Act (the "**DFA Rules**") governing purchases or sales of property under "derivative forward agreements" ("**DFAs**") as defined in the Tax Act, the Fund would generally be subject to income tax on such income and no refund would be available in respect thereof.

The DFA Rules target financial arrangements (referred to as "derivative forward agreements") that seek to reduce tax by converting, through the use of derivative contracts, the return on an investment that would otherwise have the character of ordinary income to a capital gain. The DFA Rules are broad in scope and could apply to other agreements or transactions (including certain options and certain forward currency contracts). If the DFA Rules were to apply in respect of derivatives

utilized by a Fund, gains realized in respect of the property underlying such derivatives could be treated as ordinary income rather than capital gains.

Generally, the Fund would include gains and deduct losses on income account in connection with investments made through derivative securities, and would recognize such gains or losses for tax purposes at the time they are realized by the Fund. If the Fund uses derivative instruments for hedging purposes, gains or losses realized on such derivatives hedging securities held on capital account would be treated and reported for tax purposes on capital account (subject to the application of the DFA Rules), provided there is sufficient linkage.

If any transactions of the Fund are reported by it on capital account but are subsequently determined by the CRA to be on income account, there may be an increase in the net income of the Fund for tax purposes, which may result in tax payable by the Fund. The Fund could also be liable for tax under Part III of the Tax Act to the extent that it has previously designated distributions of such income as Capital Gains Dividends.

Capital gains may be realized by the Fund in a variety of circumstances.

The taxable portion of capital gains (net of the allowable portion of capital losses) realized by the Fund would be subject to tax at normal corporate rates applicable to mutual fund corporations, but taxes paid thereon by the Fund are generally refundable on a formula basis when shares of the Fund are redeemed or when a Fund pays capital gains dividends. Accordingly, if sufficient amounts are paid by the Fund on the redemption of its shares or as capital gains dividends, generally the Fund would not pay tax on its capital gains.

In general, the Fund would not pay tax on taxable dividends received from taxable Canadian corporations. The Fund would be subject to the refundable tax under Part IV of the Tax Act on taxable dividends received by it from taxable Canadian corporations in an amount equal to 38 $\frac{1}{3}$ % of such dividends, which tax would be refundable on the basis of \$1.00 for each \$2.61 of taxable dividends paid by the Fund.

With respect to other income received by the Fund, such as ordinary income, interest and foreign dividends, the Fund would generally be subject to tax at normal corporate rates subject to permitted deductions for expenses of the Fund and applicable credits for any foreign taxes paid.

Returns of capital received by the Fund would generally not be taxable, but would reduce the adjusted cost base of the Fund's shares. In the event that reductions to the adjusted cost base of the Fund's shares would result in such adjusted cost base becoming a negative amount, such negative amount would be treated as a capital gain realized by the Fund and the adjusted cost base of the Fund's shares would be adjusted to zero.

The Fund may be subject to the suspended loss rules contained in the Tax Act. A loss realized on a disposition of property may be considered to be a suspended loss when the Fund acquires a property (a "substituted property") that is the same or identical to the property disposed of, within 30 days before and 30 days after the disposition and the Fund owns the substituted property 30 days after the original disposition. If a loss is suspended, the Fund cannot deduct the loss from the Fund's gains until the substituted property is sold and is not reacquired within 30 days before and after the sale.

The Fund would generally be subject to a refundable tax under Part IV of the Tax Act on taxable dividends received (or deemed to be received) during a taxation year to the extent such dividends are deductible in computing the taxable income of the Fund for the taxation year.

The Fund is required to compute its income and gains for tax purposes in Canadian dollars. Therefore, the amount of income, cost, proceeds of disposition and other amounts in respect of investments that are not Canadian dollar denominated will be affected by fluctuations in the exchange rate of the Canadian dollar against the relevant foreign currency.

The Fund may pay foreign withholding or other taxes in connection with investments in foreign securities.

Taxation of Shareholders:

A shareholder of the Fund would be required to include in his or her income the Canadian dollar amount of any dividends paid on such shares, other than capital gains dividends, whether received in cash or reinvested in additional shares. The dividend gross-up and tax credit treatment normally applicable to taxable dividends (including eligible dividends) paid by a taxable Canadian corporation would apply to such dividends.

If the Fund pays a return of capital, such amount would generally not be taxable but would reduce the adjusted cost base of the holder's shares of the Fund in respect of which the return of capital was paid. However, where such returns of capital are reinvested in new shares, the holder's overall adjusted cost base of such shares would not be reduced. In the circumstance that reductions to the adjusted cost base of a holder's shares would result in such adjusted cost base becoming a negative amount, that amount would be treated as a capital gain realized by the holder of the shares and the adjusted cost base would then be zero.

Capital gains dividends would be paid to shareholders at the discretion of the Fund's board of directors with respect to the timing, the amount and the corporate classes on which the dividends would be paid, out of the capital gains realized by the Fund, including capital gains realized on the disposition of portfolio assets occurring as a result of shareholders switching their shares into shares of another corporate class. The amount of a capital gains dividend paid to holders of shares would be treated as a capital gain in the hands of the holder and would be subject to the general rules relating to the taxation of capital gains which are described below.

A holder of shares who receives a management fee rebate would include the amount of such rebate in income or in the alternative may reduce the adjusted cost base of the holder's shares by the amount of the rebate.

Upon the actual or deemed disposition of a share, including the redemption of a share for cash proceeds on a switch or otherwise, a capital gain (or a capital loss) would generally be realized to the extent that the proceeds of disposition of the shares exceed (or are exceeded by) the aggregate of the adjusted cost base to the holder of such shares and the costs of disposition. One-half of a capital gain realized on the disposition would be included in income as a taxable capital gain. One-half of any capital loss realized may be deducted against any taxable capital gains, subject to and in accordance with the detailed rules of the Tax Act. Holders of shares should consult their own advisors with respect to provisions of the Tax Act which reduce any such losses by the amount of certain dividends received on shares.

You would be informed each year of the amount of taxable dividends (including eligible dividends) and capital gains dividends that have been paid out to you.

**Taxation of
Registered
Plans:**

In general, the amount of a distribution paid by the Fund to a Registered Plan on a disposition of mutual fund shares would not be taxable under the Tax Act. However, amounts withdrawn from certain Registered Plans may be subject to tax (other than a return of contributions from a RESP, certain withdrawals from a FHSA or RDSP or withdrawals from a TFSA).

APPENDIX E
SECTION 185 OF THE BUSINESS CORPORATIONS ACT (ONTARIO)

Rights of dissenting shareholders

185 (1) Subject to subsection (3) and to sections 186 and 248, if a corporation resolves to,

- (a) amend its articles under section 168 to add, remove or change restrictions on the issue, transfer or ownership of shares of a class or series of the shares of the corporation;
- (b) amend its articles under section 168 to add, remove or change any restriction upon the business or businesses that the corporation may carry on or upon the powers that the corporation may exercise;
- (c) amalgamate with another corporation under sections 175 and 176;
- (d) be continued under the laws of another jurisdiction under section 181;
- (d.1) be continued under the *Co-operative Corporations Act* under section 181.1;
- (d.2) be continued under the *Not-for-Profit Corporations Act, 2010* under section 181.2; or
- (e) sell, lease or exchange all or substantially all its property under subsection 184 (3),

a holder of shares of any class or series entitled to vote on the resolution may dissent.

Idem

(2) If a corporation resolves to amend its articles in a manner referred to in subsection 170 (1), a holder of shares of any class or series entitled to vote on the amendment under section 168 or 170 may dissent, except in respect of an amendment referred to in,

- (a) clause 170 (1) (a), (b) or (e) where the articles provide that the holders of shares of such class or series are not entitled to dissent; or
- (b) subsection 170 (5) or (6).

One class of shares

(2.1) The right to dissent described in subsection (2) applies even if there is only one class of shares.

Exception

(3) A shareholder of a corporation incorporated before the 29th day of July, 1983 is not entitled to dissent under this section in respect of an amendment of the articles of the corporation to the extent that the amendment,

- (a) amends the express terms of any provision of the articles of the corporation to conform to the terms of the provision as deemed to be amended by section 277; or
- (b) deletes from the articles of the corporation all of the objects of the corporation set out in its articles, provided that the deletion is made by the 29th day of July, 1986.

Shareholder's right to be paid fair value

(4) In addition to any other right the shareholder may have, but subject to subsection (30), a shareholder who complies with this section is entitled, when the action approved by the resolution from which the shareholder dissents becomes effective, to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the day before the resolution was adopted.

No partial dissent

(5) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the dissenting shareholder on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

Objection

(6) A dissenting shareholder shall send to the corporation, at or before any meeting of shareholders at which a resolution referred to in subsection (1) or (2) is to be voted on, a written objection to the resolution, unless the corporation did not give notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent.

Idem

(7) The execution or exercise of a proxy does not constitute a written objection for purposes of subsection (6).

Notice of adoption of resolution

(8) The corporation shall, within ten days after the shareholders adopt the resolution, send to each shareholder who has filed the objection referred to in subsection (6) notice that the resolution has been adopted, but such notice is not required to be sent to any shareholder who voted for the resolution or who has withdrawn the objection.

Idem

(9) A notice sent under subsection (8) shall set out the rights of the dissenting shareholder and the procedures to be followed to exercise those rights.

Demand for payment of fair value

(10) A dissenting shareholder entitled to receive notice under subsection (8) shall, within twenty days after receiving such notice, or, if the shareholder does not receive such notice, within twenty days after learning that the resolution has been adopted, send to the corporation a written notice containing,

- (a) the shareholder's name and address;
- (b) the number and class of shares in respect of which the shareholder dissents; and
- (c) a demand for payment of the fair value of such shares.

Certificates to be sent in

(11) Not later than the thirtieth day after the sending of a notice under subsection (10), a dissenting shareholder shall send the certificates, if any, representing the shares in respect of which the shareholder dissents to the corporation or its transfer agent.

Idem

(12) A dissenting shareholder who fails to comply with subsections (6), (10) and (11) has no right to make a claim under this section.

Endorsement on certificate

(13) A corporation or its transfer agent shall endorse on any share certificate received under subsection (11) a notice that the holder is a dissenting shareholder under this section and shall return forthwith the share certificates to the dissenting shareholder.

Rights of dissenting shareholder

(14) On sending a notice under subsection (10), a dissenting shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shares as determined under this section except where,

(a) the dissenting shareholder withdraws notice before the corporation makes an offer under subsection (15);

(b) the corporation fails to make an offer in accordance with subsection (15) and the dissenting shareholder withdraws notice; or

(c) the directors revoke a resolution to amend the articles under subsection 168 (3), terminate an amalgamation agreement under subsection 176 (5) or an application for continuance under subsection 181 (5), or abandon a sale, lease or exchange under subsection 184 (8),

in which case the dissenting shareholder's rights are reinstated as of the date the dissenting shareholder sent the notice referred to in subsection (10).

Same

(14.1) A dissenting shareholder whose rights are reinstated under subsection (14) is entitled, upon presentation and surrender to the corporation or its transfer agent of any share certificate that has been endorsed in accordance with subsection (13),

(a) to be issued, without payment of any fee, a new certificate representing the same number, class and series of shares as the certificate so surrendered; or

(b) if a resolution is passed by the directors under subsection 54 (2) with respect to that class and series of shares,

(i) to be issued the same number, class and series of uncertificated shares as represented by the certificate so surrendered, and

(ii) to be sent the notice referred to in subsection 54 (3).

Same

(14.2) A dissenting shareholder whose rights are reinstated under subsection (14) and who held uncertificated shares at the time of sending a notice to the corporation under subsection (10) is entitled,

(a) to be issued the same number, class and series of uncertificated shares as those held by the dissenting shareholder at the time of sending the notice under subsection (10); and

(b) to be sent the notice referred to in subsection 54 (3).

Offer to pay

(15) A corporation shall, not later than seven days after the later of the day on which the action approved by the resolution is effective or the day the corporation received the notice referred to in subsection (10), send to each dissenting shareholder who has sent such notice,

(a) a written offer to pay for the dissenting shareholder's shares in an amount considered by the directors of the corporation to be the fair value thereof, accompanied by a statement showing how the fair value was determined; or

(b) if subsection (30) applies, a notification that it is unable lawfully to pay dissenting shareholders for their shares.

Idem

(16) Every offer made under subsection (15) for shares of the same class or series shall be on the same terms.

Idem

(17) Subject to subsection (30), a corporation shall pay for the shares of a dissenting shareholder within ten days after an offer made under subsection (15) has been accepted, but any such offer lapses if the corporation does not receive an acceptance thereof within thirty days after the offer has been made.

Application to court to fix fair value

(18) Where a corporation fails to make an offer under subsection (15) or if a dissenting shareholder fails to accept an offer, the corporation may, within fifty days after the action approved by the resolution is effective or within such further period as the court may allow, apply to the court to fix a fair value for the shares of any dissenting shareholder.

Idem

(19) If a corporation fails to apply to the court under subsection (18), a dissenting shareholder may apply to the court for the same purpose within a further period of twenty days or within such further period as the court may allow.

Idem

(20) A dissenting shareholder is not required to give security for costs in an application made under subsection (18) or (19).

Costs

(21) If a corporation fails to comply with subsection (15), then the costs of a shareholder application under subsection (19) are to be borne by the corporation unless the court otherwise orders.

Notice to shareholders

(22) Before making application to the court under subsection (18) or not later than seven days after receiving notice of an application to the court under subsection (19), as the case may be, a corporation shall give notice to each dissenting shareholder who, at the date upon which the notice is given,

(a) has sent to the corporation the notice referred to in subsection (10); and

(b) has not accepted an offer made by the corporation under subsection (15), if such an offer was made,

of the date, place and consequences of the application and of the dissenting shareholder's right to appear and be heard in person or by counsel, and a similar notice shall be given to each dissenting shareholder who, after the date of such first mentioned notice and before termination of the proceedings commenced by the application, satisfies the conditions set out in clauses (a) and (b) within three days after the dissenting shareholder satisfies such conditions.

Parties joined

(23) All dissenting shareholders who satisfy the conditions set out in clauses (22) (a) and (b) shall be deemed to be joined as parties to an application under subsection (18) or (19) on the later of the date upon which the application is brought and the date upon which they satisfy the conditions, and shall be bound by the decision rendered by the court in the proceedings commenced by the application.

Idem

(24) Upon an application to the court under subsection (18) or (19), the court may determine whether any other person is a dissenting shareholder who should be joined as a party, and the court shall fix a fair value for the shares of all dissenting shareholders.

Appraisers

(25) The court may in its discretion appoint one or more appraisers to assist the court to fix a fair value for the shares of the dissenting shareholders.

Final order

(26) The final order of the court in the proceedings commenced by an application under subsection (18) or (19) shall be rendered against the corporation and in favour of each dissenting shareholder who, whether before or after the date of the order, complies with the conditions set out in clauses (22) (a) and (b).

Interest

(27) The court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective until the date of payment.

Where corporation unable to pay

(28) Where subsection (30) applies, the corporation shall, within ten days after the pronouncement of an order under subsection (26), notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

Idem

(29) Where subsection (30) applies, a dissenting shareholder, by written notice sent to the corporation within thirty days after receiving a notice under subsection (28), may,

(a) withdraw a notice of dissent, in which case the corporation is deemed to consent to the withdrawal and the shareholder's full rights are reinstated; or

(b) retain a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

Idem

(30) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that,

(a) the corporation is or, after the payment, would be unable to pay its liabilities as they become due; or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

Court order

(31) Upon application by a corporation that proposes to take any of the actions referred to in subsection (1) or (2), the court may, if satisfied that the proposed action is not in all the circumstances one that should give rise to the rights arising under subsection (4), by order declare that those rights will not arise upon the taking of the proposed action, and the order may be subject to compliance upon such terms and conditions as the court thinks fit and, if the corporation is an offering corporation, notice of any such application and a copy of any order made by the court upon such application shall be served upon the Commission.

Commission may appear

(32) The Commission may appoint counsel to assist the court upon the hearing of an application under subsection (31), if the corporation is an offering corporation.