

Interlapse Announces Agreement to Acquire LQwD Financial Corp., a Lightning Network Company

VANCOUVER, BC, Nov. 23, 2020 /CNW/ - Interlapse Technologies Corp. (TSXV: INLA) (OTCQB: INLAF) ("**Interlapse**" or the "**Company**") announces that it has entered into a share exchange agreement dated November 23, 2020 (the "**Share Exchange Agreement**") with LQwD Financial Corp. ("**LQWD**"), pursuant to which, Interlapse will acquire 100% of the issued and outstanding shares of LQWD from its security holders in exchange for common shares of Interlapse (an "**Interlapse Share**") having an aggregate deemed value of approximately \$6.6 million (on a fully diluted basis) (the "**Transaction**").

Upon completion of this arm's length transaction, LQWD will become a wholly owned subsidiary of Interlapse.

LQWD, a private company incorporated under the laws of the Province of British Columbia, is a decentralized finance company creating enterprise grade infrastructure and institutional liquidity for the Lightning Network.

The Lightning Network is a solution to scaling the usage of Bitcoin, dramatically improving upon the fees, as well as the instant settlement times, on the main Bitcoin blockchain.

LQWD has been developing a Lightning Network platform that enables the setup of payment channels as a service — combined with a liquidity pool — to allow users to stake Bitcoin on the Lightning Network and earn interest. LQWD anticipates launching beta testing in early 2021, and will soon be seeking beta testers. In addition, post-Transaction, LQWD plans to establish a business presence in San Francisco, a key hub for the Lightning Network.

The Lightning Network

The Lightning Network is a second-layer protocol, sitting above the Bitcoin layer, intended to facilitate quicker transactions and offer a solution to the Bitcoin blockchain layer's rising transaction fees and slow transaction processing times. It potentially solves Bitcoin's scalability problem, increasing the viability of Bitcoin's mass adoption and use as a medium of daily exchange.

The Lightning Network is made up of a network of micropayment channels built on top of the Bitcoin blockchain, and is capable of millions to billions of transactions per second across the network. The Lightning Network makes attaching payment per action/click possible without the use of custodians.

Transaction Summary

Pursuant to the Share Exchange Agreement, subject to satisfaction of certain conditions, including the approval of the shareholders of Interlapse (the "**Interlapse Shareholders**") and the TSX Venture Exchange (the "**TSX-V**"), Interlapse will acquire all of the outstanding shares of LQWD (the "**LQWD Shares**") by way of a share exchange, whereby shareholders of LQWD will receive one (1) Interlapse Share for every one (1) LQWD Share held, which would result in the issuance of an aggregate of 22,400,001 Interlapse Shares at a deemed price of \$0.25 per share (based on the current number of outstanding LQWD Shares). In addition, LQWD's outstanding milestone-based performance warrants exercisable to acquire up to 4,000,000 LQWD Shares at a price of \$0.15 per share until January 2, 2025, upon closing of the Transaction, will be automatically adjusted to be exercisable into Interlapse Shares on a one-to-one basis.

These Interlapse Shares to be issued to the LQWD securityholders under the Transaction will be subject to restrictions on resale, including escrow restrictions imposed by applicable securities laws and the TSX-V.

Upon completion of the Transaction, LQWD will become a wholly owned subsidiary of Interlapse and the securityholders of LQWD will become securityholders of the Company (the Company hereafter to be referred to as the "**Resulting Issuer**").

Interlapse currently has 30,683,189 Interlapse Shares issued and outstanding, as well as 910,000 outstanding stock options which entitle the holders to acquire up to 910,000 Interlapse Shares exercisable at a price of \$0.35 per share until May 28, 2024 and July 24, 2024, respectively, and 4,904,212 warrants outstanding entitling holders to acquire up to 4,904,212 common shares at a price of \$0.20 per share until May 2, 2022 and 620,000 performance based shares which may be issued pursuant to a share purchase and development agreement dated August 28, 2018, and subsequent amendments, between Interlapse, Skyrun Technology Corp., Wayne Chen and Rodney Hsu.

Following the completion of the Transaction (based on the outstanding share capital of each of Interlapse and LQWD as of the date hereof), approximately 54,083,190 common shares of the Resulting Issuer would be issued and outstanding (on a non-diluted basis prior to the completion of any financing completed concurrently with the Transaction).

Interlapse Shareholders will hold common shares representing approximately 53.75% of the outstanding common shares of the Resulting Issuer following the completion of the Transaction, on a non-diluted basis prior to the completion of any financing.

The Transaction is subject to a number of terms and conditions, including Interlapse Shareholder approval, the completion of a concurrent financing generating minimum proceeds of \$3.0 million (the "**Concurrent Financing**"), and the approval of the TSX-V and other applicable regulatory authorities.

The parties intend that the Resulting Issuer will continue to be listed on the TSX-V as a Tier 2 technology issuer following completion of the Transaction. Trading in the Interlapse Shares will remain halted pending the satisfaction of all applicable requirements of the TSX-V. There can be no assurance that trading in the Interlapse Shares will resume prior to the completion of the Transaction.

The Transaction is an "Arm's Length Transaction" within the meaning of the policies of the TSX-V.

Further details concerning the Transaction, LQWD (including additional financial information and information regarding the assets of LQWD) and other matters will be contained in the management information circular of Interlapse (see "**Shareholder Approval**" below).

Information Concerning LQWD

LQWD currently has 16 shareholders. Significant shareholders of LQWD who will become insiders of the Resulting Issuer following the completion of the Transaction include Shone Anstey, Founder and CEO, Dean Sutton, President, Kim Evans, CFO, and Albert Szmigielski, CTO. The Company does not expect any new control persons to be created in the Resulting Issuer as a result of the Transaction.

At June 30, 2020, LQWD had total assets of \$42,106, liabilities of \$23,595, had experienced losses and negative cash flows from operations since inception, and has a deficit of \$106,069 (December 31, 2019 - \$309,597). LQWD's June 30, 2020 financial statements are unaudited. LQWD's assets are located in Canada.

Management and Board of Directors of Resulting Issuer

Upon completion of the Transaction, it is anticipated that the following individuals will be appointed as directors and officers of the Resulting Issuer.

Shone Anstey – Chairman and Chief Executive Officer

Shone brings 20 years of experience in building complex technologies and software primarily within data analytics, big data, cryptocurrency, and compliance. He has been engaged with cryptocurrency since 2012, and has acted as technology lead for an industrial Bitcoin mining and Bitcoin mining pool. Mr. Anstey is a Certified Bitcoin Professional as well as a Certified Cryptocurrency Investigator.

Shone is also a Director and Founder of Blockchain Intelligence Group (CSE: BIGG) and was responsible for that company's core products (namely QLUE™, BitRank Verified®, and its global network), and for bringing the team together in 2015. These tools are used to mitigate the risk associated with cryptocurrency and are currently utilized by US Federal law enforcement in Washington DC, along with cryptocurrency companies globally. During his time leading Blockchain Intelligence Group, Mr. Anstey oversaw its go-public transaction in late 2017, capital raises of an aggregate \$23.2 million, and the ~\$3 million strategic acquisition of Netcoins in August 2019.

Dean Sutton – President and Director

Dean is a technology founder, venture builder and investor with over a decade of experience leading technology-centric companies from inception through financing and commercialization. An active participant in the fintech, blockchain and digital currency ecosystem, he is an advisor to fintechs in Canada and the US, is a director of Blockchain Canada, a member of the Forbes Tech Council, and a co-founder of Atlas One Digital Securities, a Canadian digital investment bank.

Barry MacNeil – Chief Financial Officer

Barry is a member of the Chartered Professional Accountants of British Columbia with more than 30 years of management and accounting experience in public company, private practice, and industry. His previous positions include Director of Public Companies and Non-Profit Societies, Chief Financial Officer, Corporate Controller and Accountant.

Albert Szmigielski – Chief Technical Officer

Albert is a technologist, computer scientist, and a blockchain and digital currency expert. Albert holds a B.Sc. in Computing Science from Simon Fraser University, and a Master of Science in Digital Currencies and Blockchain Technologies from the University of Nicosia, Cyprus. Albert discovered Bitcoin in 2011 and became fascinated with the technology, deciding to turn his career towards this exciting space. Mr. Szmigielski was formerly the Head of Research and Chief Blockchain Engineer at Blockchain Intelligence Group and VP Research at CipherTrace. Currently Albert is working on bringing DeFi solutions to Bitcoin's Lightning Network.

Giuseppe (Pino) Perone – Corporate Secretary and Director

Pino is a founding director of Interlapse. He is a lawyer by background and has extensive corporate experience that stems from practicing as corporate counsel, as well as serving as an executive and director for various public and private companies in the resource and technology sectors. Pino holds a B.A. from the University of Victoria and an LL.B. from the University of Alberta and has been a member in good standing of the Law Society of British Columbia since 2006. Pino will serve as the Company's interim CEO until completion of the Transaction.

Kim Evans – Independent Director

Kim is a Certified Public Accountant with extensive experience in the corporate securities industry and the junior mining and technology sectors. She has over 20 years of experience as a Director and/or Officer of a number of public companies listed on the TSX-V.

Ashley Garnot – Independent Director

Ashley is a founding Director of Interlapse. She is a management consultant for public and private companies in the resource and technology sectors, with experience in both the branding and real estate industries. She has deep expertise managing marketing programs, corporate development, accounting and financial matters. Mrs. Garnot holds a Canadian Securities Course Certificate from the Canadian Securities Institute and a Property Management and Real Estate Trading Services diploma from the Sauder School of Business (Real Estate Division).

Name Change

Upon completion of the Transaction, the Resulting Issuer will change its name to "LQwD FinTech Corp." or another name selected by LQWD.

Concurrent Financing

Pursuant to the Share Exchange Agreement, it is a condition of closing of the Transaction that the Company complete the Concurrent Financing. The Company will offer a minimum of 12,000,000 subscription receipts (the "**Subscription Receipts**") at a minimum price of \$0.25 per Subscription Receipt on a non-brokered basis for gross proceeds of a minimum of \$3,000,000. Each Subscription Receipt will automatically convert on the completion of the Transaction into Interlapse Shares (of the Resulting Issuer) without any further consideration on the part of the purchaser. The proceeds from the Concurrent Financing will be held in escrow pending completion of the Transaction whereupon the Interlapse Shares shall be issued to the purchasers and the net proceeds of the Concurrent Financing will be paid to the Resulting Issuer. The Company may pay finders' fees in connection with the Concurrent Financing. Further details concerning the Concurrent Financing will be announced by way of press release once determined.

Sponsorship

The Transaction is subject to the sponsorship requirements of the TSX-V, unless an exemption or waiver from those requirements is granted by the TSX-V. The Company intends to apply for a waiver from the sponsorship requirements; however, there can be no assurance that a waiver will be obtained. If a waiver from the sponsorship requirements is not obtained, a sponsor will be identified at a later date. An agreement to act as sponsor in respect of the Transaction should not be construed as any assurance with respect to the merits of the Transaction or the likelihood of its completion.

Shareholder Approval

The Transaction, if completed, will constitute a Reverse Takeover (as such term is defined under the policies of the TSX-V) and is subject to, among other things, Interlapse Shareholder approval. The terms and conditions of the Transaction will be summarized in the Company's management information circular, which is expected to be filed and mailed to Interlapse Shareholders in December of 2020 and will be available under the Company's profile on SEDAR at www.sedar.com. Copies of the Share Exchange Agreement and certain related documents will be filed with Canadian securities regulators and will also be available on SEDAR.

About Interlapse Technologies Corp.

Interlapse Technologies Corp. is a financial technology applications company accelerating the global mega-trend of virtual currency adoption. Our signature product, Coincurve.com, enables a simple,

safe way to buy, sell and spend virtual currency.

To learn more, visit www.interlapse.com.

Completion of the Transaction is subject to a number of conditions, including but not limited to, TSX-V acceptance and if applicable pursuant to TSX-V Requirements, majority of the minority shareholder approval. Where applicable, the Transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the Transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular to be prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of Interlapse should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed Transaction and has neither approved nor disapproved the contents of this news release.

Neither TSX-V nor its Regulation Services Provider (as that term is defined in the policies of TSX-V) accepts responsibility for the adequacy or accuracy of this release.

Forward-Looking Information

This news release contains "forward-looking information" within the meaning of applicable securities laws relating to the Transaction, the Concurrent Financing and associated transactions, including statements regarding the terms and conditions of such transactions, the requisite Interlapse Shareholder approval, the continued listing of the Resulting Issuer on the TSX-V, the directors and officers of the Resulting Issuer, the anticipated benefit of the Lightning Network and the intention to apply for a waiver from the sponsorship requirements of the TSX-V. Forward-looking statements relate to future events or future performance and reflect the expectations or beliefs regarding future events of management of Interlapse and LQWD (the "Companies"). This information and these statements, referred to herein as "forward-looking statements", are not historical facts, are made as of the date of this press release and include without limitation, statements regarding discussions of future plans, estimates and forecasts and statements as to management's expectations and intentions with respect to, among other things, the completion of the Transaction and the Concurrent Financing. These forward-looking statements involve numerous risks and uncertainties and actual results might differ materially from results suggested in any forward-looking statements. Important factors that may cause actual results to vary include without limitation, risks relating to the finalization of the terms of the Concurrent Financing; risks associated with any delays or difficulties encountered in respect of the Transaction and Concurrent Financing; the timing and receipt of certain approvals, including approval from the TSX-V or the Interlapse Shareholders; risks and uncertainties related to the Transaction not being completed in the event that the conditions precedent thereto are not satisfied; delays in the receipt of requisite approvals and changes in general economic conditions or conditions in the financial markets. In making the forward-looking statements in this press release, the Companies have applied several material assumptions, including without limitation: (1) the successful completion of the Concurrent Financing; and (2) the receipt of necessary consents and approvals and satisfaction of all conditions precedent for the completion of the Transaction and Concurrent Financing in a timely manner. Neither Interlapse nor LQWD assumes any obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward looking-statements, unless and until required by applicable securities laws. Additional information identifying risks and uncertainties is contained in Interlapse's filings with the Canadian securities regulators, which filings are available at www.sedar.com.

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