

Leonovus Updates Plans for a Security Token Offering

OTTAWA, Jan. 14, 2018 /CNW/ - Leonovus Inc., ("Leonovus" or the "Company") (TSXV: LTV) (OTC: LVNSF) announced today an update to its initial December 21, 2017 news release regarding plans for the launch of an Initial Coin Offering ("ICO") for securities in the form of a contract called a Simple Agreement for a Future Token ("SAFT"), which supported the GALAXA project with the SAFT eventually converting into the GAAX security token.

Leonovus has decided to skip the SAFT offering and instead proceed directly with a Security Token Offering ("STO"). The planned STO includes a private placement offering to accredited investors in various jurisdictions in compliance with applicable securities laws of those jurisdictions. The ability to trade the GAAX tokens will be subject to applicable securities and other laws and exchange rules at that time.

The Company's initial SAFT offering concept, which included listing the SAFT on the TSXV for trading, addressed the problem of selling a 'token-like' security that could trade immediately on the TSXV following the statutory hold periods. The SAFTs would have eventually converted into the GAAX token that would trade on a Security Token Exchange ("STE").

"Security Token Exchanges did not exist in December 2017, which is why we chose the SAFT process at that time. Over the last few months, several third parties have launched STEs in various jurisdictions, and more are planned for launch in 2019 and 2020. Currently, we are reviewing the new STEs that are in the USA, Singapore, Switzerland and Malta. The development of STEs is welcomed as it simplifies the overall process regarding the listing and trading of the GALAXA security token on a regulated exchange. Because of the change in investment strategy, we are now targeting the end of Q1 2019 to close our first investment tranche," said Michael Gaffney, Chairman and CEO.

About the Leonovus GALAXA project. www.GALAXA.com

The current cloud storage and compute marketplace is an oligopoly and GALAXA intends to challenge this market concentration. Gartner predicts 40%+ compounded growth rates for enterprise data storage and compute. GALAXA's blockchain technology is designed to manage this growth either in the cloud or on-premises and provide an open platform for developers to add new enterprise products/services.

The GALAXA protocol introduces a new blockchain architecture designed to accelerate the global development and implementation of XaaS offerings by independent developers that share a worldwide network of enterprise-grade distributed data storage and distributed compute assets.

Unlike the proposed technology of many ICOs and blockchain projects, much of the core technology for GALAXA is already designed, developed and deployed by Leonovus. Since it began operations in 2011, the Company has invested \$26 million in the development of its geo-distributed software-defined storage and distributed compute software. Large portions of this technology are already in trials with Leonovus customers. This software is the essential foundation technology for GALAXA. Leonovus will provide free, perpetual licenses to GALAXA for this software, which should accelerate the development of XaaS applications by independent entrepreneurial developers.

The GALAXA hybrid blockchain protocol provides the governance, risk management and compliance required by large enterprises as they need to extend standard IT controls into distributed cloud applications.

Enterprise-class customers need a mechanism to discover, verify and use distributed services, be

they cloud-based or on-premises, which meets their requirements for flexibility, efficiency, capability, security and compliance. Similarly, the providers of these enterprise-class XaaS in the GALAXA Marketplace, need a cost-effective mechanism to make their services available, including verified capabilities and quality of service, for a broad vendor-neutral set of customers across multiple verticals and target markets. GALAXA ensures that the exchange of services and payments is simple, efficient and verified with a Proof of Provided Service consensus algorithm and scales to millions of transactions per second.

This press release may contain forward-looking statements and information, which may involve risks and uncertainties. The results or events predicted in these statements may differ materially from actual results or events. Factors that might cause a difference include, but are not limited to, competitive developments, risks associated with Leonovus' growth, the state of the financial markets, regulatory risks and other factors. There can be no assurance or guarantees that any statements of forward-looking information contained in this release will prove to be accurate. Actual results and future events could differ materially from those anticipated in such statements. These and all subsequent written and oral statements containing forward-looking information are based on the estimates and opinions of management on the dates they are made and expressly qualified in their entirety by this notice. Unless otherwise required by applicable securities laws, Leonovus disclaims any intention or obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise. Readers should not place undue reliance on any statements of forward-looking information that speak only as of the date of this release. Further information on Leonovus' public filings, including its most recent audited consolidated financial statements, are available at www.sedar.com.

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