Leonovus Signs Financing and Advisory Agreements with RockTree for the Galaxa Security Token Offering

OTTAWA, Jan. 16, 2019 /CNW/ - Leonovus Inc. ("Leonovus" or the "Company") (TSXV: LTV) (OTC: LVNSF) announced today that it has signed a Financing Engagement Agreement ("FEA") with RockTree Capital Management Limited ("RockTree") to provide certain placement services to the Company in connection with its planned Security Token Offering ("STO"). RockTree will assist in identifying and introducing qualified investors to the Company for its private placement financing transactions in certain Asian jurisdictions, which may be standalone or in conjunction with transactions in Canada, through the issuance of security tokens, to be called GAAX, for use in the GALAXA marketplace.

Leonovus also signed an Advisory Engagement Agreement ("AEA") with RockTree LEX Limited to assist the Company's legal and accounting advisors with the structure of the STO transactions as well as the generation, distribution and listing of the GAAX security token.

RockTree Capital (rocktreecapital.com) is an international merchant bank with offices in Beijing, New York, Toronto and Dubai. RockTree has extensive expertise in cross-border transactions, mergers and acquisitions, blockchain, advanced technology, energy and real estate and has raised billions of dollars in equity and debt on a global basis.

"We anticipate the Galaxa project will play a major role in the transformation of the digital marketplace over the coming years," **said Omer Ozden, RockTree Chairman and CEO.** "As a pioneer in international capital markets, RockTree is thrilled to continue to bridge North America and Asia by working with Leonovus as they leverage blockchain technology to transform the cloud computing marketplace as well as digital securities. Both big data and capital markets are undergoing a rapid digital evolution, and we are excited to partner with the Galaxa project cross-Pacific, as the global blockchain phenomenon continues to grow geometrically."

"I believe that Leonovus is at the forefront of the tokenization of securities. Indeed, our vision of the Galaxa project could not be achieved without tokenization. The evolution from the wild west of the ICOs (Initial Coin Offerings) of the last several years to STOs (Security Token Offerings) was very much needed. Having spent the last twenty years running public companies I am very excited that Leonovus is expected to be one of the first public companies in the world to complete an STO," **said Michael Gaffney, Leonovus Chairman and CEO.**

"The addition of RockTree to the team adds expertise in raising funds for token projects and provides the Galaxa project global reach. RockTree has already been involved in over sixty (60) token projects. Being able to identify investors that have the same STO vision as Leonovus is very beneficial," **said Gaffney.**

For the FEA, RockTree will be paid a retainer of $7,500 per month subject to a maximum of $30,000 and a fee equal to 6.5% of the gross proceeds. For the AEA, Rocktree will be paid $20,000 to start the project and then a monthly retainer of $10,000 per month for 3 months, following which the parties will review whether the retainer should be extended for additional months, along with a commission, paid in tokens, equal to 0.5% of the total number of tokens issued.

The Company will also grant RockTree an option to purchase, for a period of 5 years following the closing of the STO, tokens in an amount of up to 2% of the total number of tokens issuable by the Company as a function of RockTree's total funds raised in the private placements at the price paid by the participants in the round.

The launch date of Galaxa is planned to occur within 18 to 24 months after the close of financings. The ability to trade the GAAX Tokens will be subject to our ability to build GALAXA and to applicable securities and other laws and exchange rules at that time.

About RockTree Capital www.rocktreecapital.com

RockTree Capital ("RockTree") is a boutique cross-border merchant bank focusing on pioneering international transactions between China, the United States, Canada and the Middle East. RockTree has expertise in early stage and private equity investments, mergers and acquisitions and IPOs in sectors such as blockchain, information technology, industrial, energy, consumer products (FMCG) and real estate projects. RockTree works with its partners to enter new markets together, locate the right operational and capital partners, and co-invests in selected high growth projects. RockTree helps navigate business, financial, and legal landscapes of the world's most dominant markets by applying an international approach to deal creation and execution.

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About RockTree LEX

RockTree LEX Limited ("LEX") is a global blockchain professional services platform. LEX provides cutting-edge legal compliance, overseas finance, and listing execution on a global scale. The LEX team in Beijing, New York and Toronto includes a full team of multijurisdictional lawyers and finance experts speaking English and Chinese who provide a truly international solution in a rapidly evolving blockchain industry and a regulatory framework that is cross-border at its core. The LEX team has executed over 120 public security offerings and initial coin offerings (ICOs) and hundreds of private securities offerings in 18 countries across a broad range of sectors. LEX's investment partners are Huobi (one of the largest global cryptocurrency exchanges), ZhenFund (the leading early stage fund in China), and DGroup/DFund (one of the most active blockchain and cryptocurrency funds in Asia).

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 23%+ 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 $29 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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