

CRYPTIQUE LTD

(Registration number 2018/205592/06)

3 Grandiceps Crescent
Paradyskloof
Stellenbosch, 7600

PO Box 382
STELLENBOSCH, 7599

Tel: 021 880 1406

Grandicepssingel 3
Paradyskloof
Stellenbosch, 7600

Posbus 382
STELLENBOSCH, 7599

E-mail/E-pos: cryptique6@gmail.com

27 July 2023

CIRCULAR

Dear shareholder

1. INTRODUCTION

This circular has been delayed by two separate but related matters:

1.1 My sponsored visit to the USA in May/June.

While there I specifically tried to fathom the interest of investors in projects in Africa.

From bases in North Carolina (Durham) and California (Orange County).

It appears that, especially in Afro-American communities, they all want to become involved in Africa, especially as a counter to Chinese influence.

In addition Africa is expected to have 1 500 000 000 inhabitants by 2050, more than either China or India. This presents a massive market.

But they identified some problem areas:

1.1.1 The lack of infrastructure in Africa.

1.1.2 The shortage of investment entry points.

1.1.3 Although they appreciate that the RSA should be logical base for any action, their lack of trust in the present government.

In contrast the high value of the dollar (and low value of the rand) is a major incentive.

1.2 The non-performance by the purchaser of the Sanction Diamonds shares.

This is covered in the attached circular to shareholders of associate Equator Investment Holdings.

I spent most of this year trying to resolve the impasse, simply because receipt of Equator's share in the purchase sum (R493 million) would provide a financial base for any project or listing.

2. ALTERNATIVE LISTING

The listing history of Cryptique is known since it has been extensively covered in previous circulars, especially that of 24 February 2023.

It was a disappointment.

After an initial hitch when the original funder of the listing costs (an associate) reneged on his obligations, Cryptique made enough progress via negotiations and documentation to obtain (after application and presentations) listing approval from ZAR X.

This was obviously subject to the standard rules and regulations of such exchange.

As a follow-up Cryptique drafted a substantial prospectus offering shares to the public at listing. This was lodged with CIPC for registration. The latter required several amendments, which were all technical matters.

While still in the process of attending to these, Cryptique, received news of the suspension by the FSCA (Financial Services Conduct Authority) of the licence under which ZAR X operated.

The licence was subsequently terminated.

So was Cryptique's listing application.

Cryptique is presently preparing for an alternative process to obtain access to the JSE securities exchange.

This is a multi-lateral procedure. No company can list itself or make the decision on its own. It takes time, money and expertise over a period of time to obtain permission from the listing's committee of the relevant securities exchange.

Once approved the process is short term, technical and standard.

With crypto-related entities presently out of favour, and with quantifiable assets or a profit generating business required as a basis for any listing, Cryptique has to extend its base.

Any merger with Equator Investment Holdings will help.

3. BUSINESS EXPANSION

Integration of advanced digital technology and basic resources requires a clear strategy and a solid framework.

Any merger would present legal and financial difficulties.

The relative values provide less of a problem since the boards of directors are the same and the same shareholders hold 85% or more of both companies.

After discussions with interested parties it appeared that the creation of a new separate holding company will be the best route.

The two present entities viz Cryptique and Equator will remain the same. No shareholders or creditors will be affected except with their full co-operation/permission.

4. SAXON HOLDINGS LTD

Apart from accommodating a possible merger of the above entities this company was incorporated as a base for the possible acquisition of an additional interest in Saxon Diamonds/Saxon Heavy Minerals.

Discussions in this regard are continuing, but are very much dependent on the outcome of the shareholders meeting of Saxon Diamonds.

In the meantime an alternative strategy has been approved as indicated in note A (attached).

This will include the transfer of Equator (and thereby the 50 000 000 shares in Saxon Diamonds) to Saxon Holdings in return for shares in the latter. Such conversion is voluntary and Equator shareholders can retain their shares.

The asset base will be extended by the possible acquisition of Cryptique's interests in Bio One International, Kleer Water, and EnviroLiq and (possibly) access to Capmed's PIC concessions.

Rare earths and carbon credits will be priorities (see note B).

These assets will be sufficient to support a prospectus and public issue of shares. Not a listing. Although this may follow in due course.

Although as a holding entity, consolidation of all assets in the group at any future listing will be seriously considered.

The short term focus will be on internal growth and the stimulation of cash flows.

5. FUNDING

To date all funding for both Cryptique and Equator was done by the directors, with limited loan contributions by associates.

Only R400 000 was raised by equity issues.

These were all done on the basis of individual agreements.

There was no public issue of shares.

Updated prospectuses for Cryptique and Equator (and the supporting audits) were postponed in the light of the expected receipt of the purchase price from the Saxon Diamonds transaction with TMB Minerals (dr Anthony Knox).

With the delay in the latter the drafting will be resumed, although the prospectus for Saxon Holdings will receive priority.

The latter has agreed to use the first receipt from its public issue (or other capital) to buy the Cryptique shares from the cash investors referred to above.

6. REPORTING

Both Cryptique and Equator provide information via regular circulars.

This is not a company law requirement.

Neither is a website.

The only obligation is a director's report attached to the annual financial statements.

Since these have been delayed by the ZAR X collapse, these circulars are voluntarily issued to update shareholders.

Once a company is listed it has to make SENS announcements on material developments.

7. FUTURE

Any expectations for the group rely on several factors:

1. Cryptique is and has always been a development company involved in creating advanced digital FT's and substitute currencies for the market. As such it is a classic venture capital business with all the risks and profit possibilities thereof.

This was made clear in all literature and presentations.

The development by Megaton Devco and the extensive in-house supporting literature are at an advanced stage.

Only the listing has been stymied.

Supporting assets in the company's portfolio serve as brakes.

2. The resources assets are already acquiring market values.

The Saxon Diamonds shares were valued at R493 000 000 in the aborted TMB Minerals transaction.

This is an acceptable guideline.

The sale of any asset will provide adequate funds for a direct listing on any overseas securities exchange.

3. The blend of assets (digital technology, wellness and resources) is in line with overseas investment trends and the balanced portfolio should minimize risk and enhance profitability.

The August/September circular should provide more tangible evidence of the group's progress.

Regards

Wilhelm Smith

