

Message from QuadrigaCX

February 5, 2019

Dear Customers,

Today an order for creditor protection in accordance with the Companies' Creditors Arrangement Act (CCAA) was issued to allow us the opportunity to resolve outstanding financial issues that have affected our ability to serve our customers.

We did not enter into this decision lightly. For the past weeks, we have worked extensively to address our liquidity issues, which include locating our very significant cryptocurrency reserves held in cold wallets required to satisfy customer cryptocurrency balances on deposit and sourcing a financial institution to accept the bank drafts being transferred to us. Unfortunately, these efforts have not been successful. Since we were unable to resolve these issues in a timely fashion, we did not want trading to continue on our platform. We filed for creditor protection to help resolve these matters and preserve the interests of our customers.

With this filing, the Court has appointed a monitor, Ernst & Young Inc., an independent third party to oversee these proceedings as we make every effort to address our customer obligations. Filing for creditor protection allows us to work diligently through the process, and to try ensure the viability of our company.

We are sure you have many questions. We are in the early stages of a long process and we do not have all the answers right now. What we can tell you is that the CCAA process will allow QuadrigaCX to keep all options open to attempt to maximize the funds available for the company's stakeholders. We will provide further updates to the extent possible.

Included below is a Q&A, which we hope will address some of the questions you may have at this time.

QuadrigaCX values and appreciates all of its customers and its employees. We thank you for your support and understanding during this challenging time.

A copy of the Order issued by the Supreme Court of Nova Scotia on February 5, 2019 may be found here
(https://www.quadrigacx.com/assets/Quadriga_Order.pdf)

A motion for the appointment of representative counsel for the affected users of QuadrigaCX will be heard in the Supreme Court of Nova Scotia at 9:30 on Thursday, February 14th. A copy of the Notice of Motion may be found here (<https://www.quadrigacx.com/assets/20190206090122682.pdf>)

Q&A

Q: What does it mean to file for creditor protection?

A: Filing for creditor protection occurs when a business needs time to figure out how it will meet its debt obligations.

Q: Why are you filing for creditor protection?

A: Once it was apparent that we could not access the significant cryptocurrency reserves held in the cold wallets required to satisfy customer cryptocurrency balances on deposit, nor obtain the funds to settle customer currency withdrawal requests, we made the tough but necessary decision to file for creditor protection.

Q: Is there a chance that a solution can be reached to settle customer withdrawals?

A: Over the past weeks we have worked extensively to address our liquidity issues. As such, we are operating under the assumption that a solution will not be reached in the near term, which is why we have filed for creditor protection.

Q: How long will the protection remain in place?

A: Creditor protection is in place for 30-days, with the option to extend.

Q: Why can't you access the coins in the cold wallets?

A: Cold wallets, by their nature, are highly encrypted and were kept off the QuadrigaCX server for security reasons. Gerry took sole responsibility for the handling of funds for QuadrigaCX and as such no one other than him can access the coins in the cold wallets

Q: What steps have you taken to access the coins in the cold wallets?

A: We have hired outside consultants to access these cold wallets. To date, we have accessed a few coins, but not many. Work on that front is ongoing.

Q: Will you opt to extend creditor protection?

A: Our focus right now is the initial 30-days and determining a plan for how to deal with our customer obligations.

Q: Why go through this process when you can just file for bankruptcy?

A: Creditor protection was necessary to protect the interests of our customers. We are exploring a number of options to settle our customer obligations.

Q: Will the website ever be back online?

A: We have taken the website offline while QuadrigaCX is in the CCAA process. It is expected that all account balances on the platform existing as of the date of filing will be dealt with through the CCAA process. Together with the Monitor, the company will determine if it is feasible to restart the website and will seek the court's authorization to do so if appropriate at a later date.

Q: Can I still access my trading history and account information even though the website is inactive?

A: Each customer's trade history will be preserved.

Q: Who can I contact with regards to the status of QuadrigaCX's CCAA process or make a comment?

A: Ernst & Young is appointed by the Court as an independent third party to monitor the proceedings and can be contacted at **quadriga.monitor@ca.ey.com**

Q: Will you provide a further update?

A: We will provide updates to the extent possible. Public materials filed in relation to our CCAA administration will be available via the Monitor's website at www.ey.com/ca/quadriga (<https://www.ey.com/ca/quadriga>)