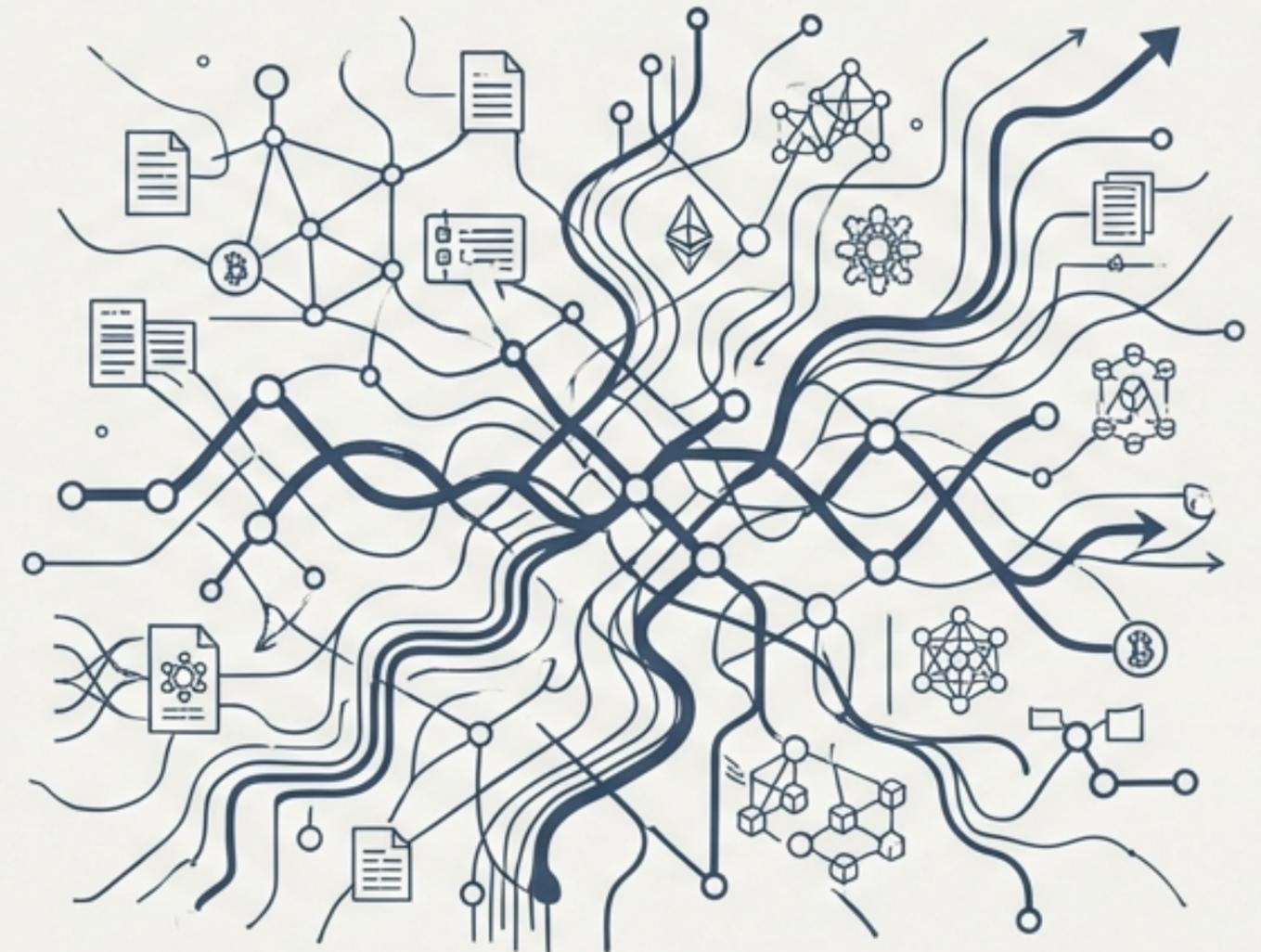
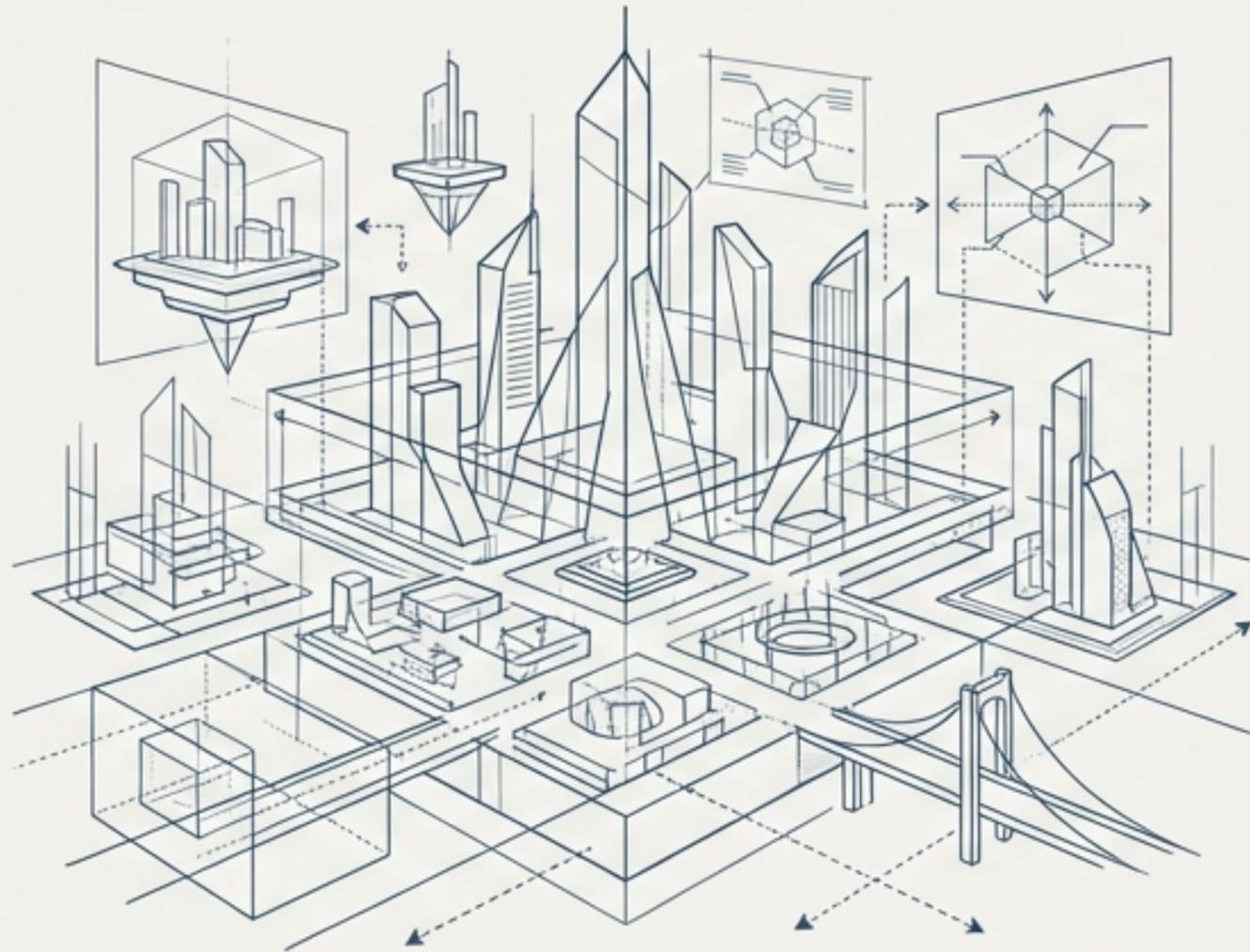


Anatomy of a Pivot

How TimefireVR Abandoned a Virtual World for the Crypto Frontier



TimefireVR Inc. (later TeraForge Ventures Inc.)

A History of Reinvention

Before its bet on Virtual Reality, the company had a history of transforming its business model to capitalize on market trends. This timeline illustrates a company constantly in search of a viable identity.



The Bet on Virtual Reality: Building a New World

In September 2016, the company went all-in on VR, acquiring Timefire, LLC. The flagship project was "Hypatia," a massive, immersive virtual city designed to be more than just a social space.



A New Economy

Provide a complex and massive virtual economy that is replete with the arts, culture, education, social interaction, and commerce.



Rich Content

Expected to launch with over 40 hours of unique content.



User Creation

An expanding ecosystem where its users can create, market, and sell products and services.



Monetization Strategy

Monetization opportunities include real estate, commerce, advertising and participation fees.

We are focused on building a software-based virtual reality, or 'VR,' ecosystem designed to alter the course of social interaction, experiential learning, commerce, and culture...

Carving a Niche in a Crowded Digital Space

Management identified a unique position for Hypatia, aiming to differentiate it from a growing list of competitors by focusing on depth and safety.

Key Competitors (2016)

- AltspaceVR
- Sansar and Second Life (Linden Lab)
- vTime
- High Fidelity
- VRChat

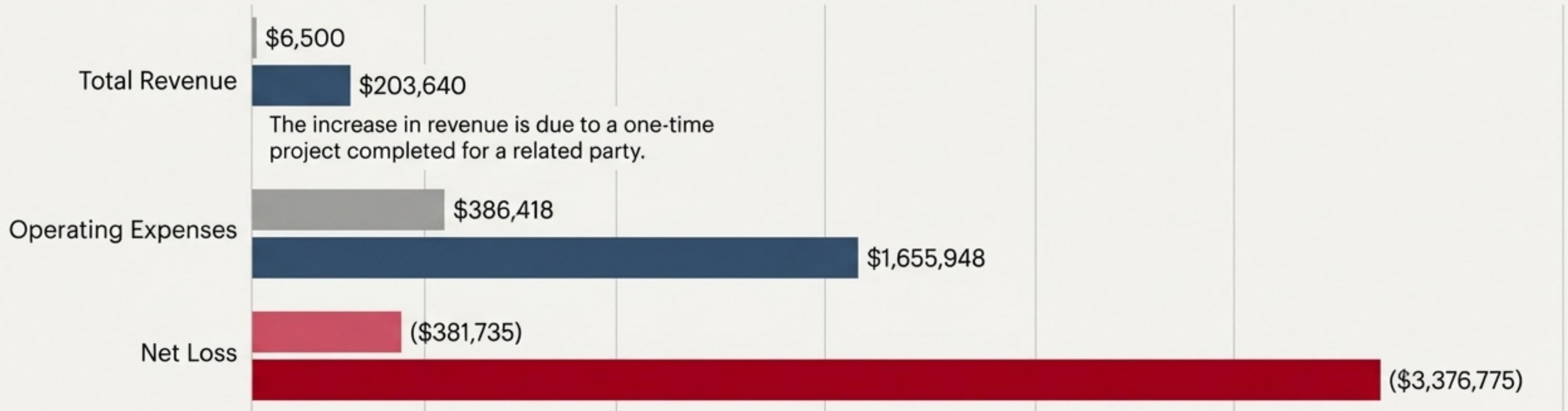
Hypatia's Stated Differentiators

- **Focus Beyond Social:** "Hypatia's ultimate focus is experiential learning involving cultural immersion, social interaction, collaborative participation, and commerce in addition to entertainment."
- **Curated Content:** "Hypatia is developing and integrating a review process for all community-generated content prior to that content going live... creates the risk that [competitors] will be less suitable environments for younger users."
- **"Big City" Feel:** "Distinguished from our competitors' by the "big city" incorporation of density, largely influenced by international capitals..."

The Economics of the Dream

The strategic shift to VR required a significant operational scale-up, which was immediately reflected in the company's financials.

Key Financials: 2015 vs. 2016



The increase in operating expenses is due to a significant operational ramping up post-merger.

Cracks in the Foundation: A Business on the Brink

Despite the ambitious vision, the company's 2016 annual report contained critical warnings about its financial viability and internal controls.

GOING CONCERN WARNING

“These factors, among others, raise substantial doubt about the Company’s ability to continue as a going concern.”

CAPITAL SHORTFALL

“We expect that we can manage our accounts payable and sustain operations until June 2017. To remain operational beyond that time, we must complete a financing.”

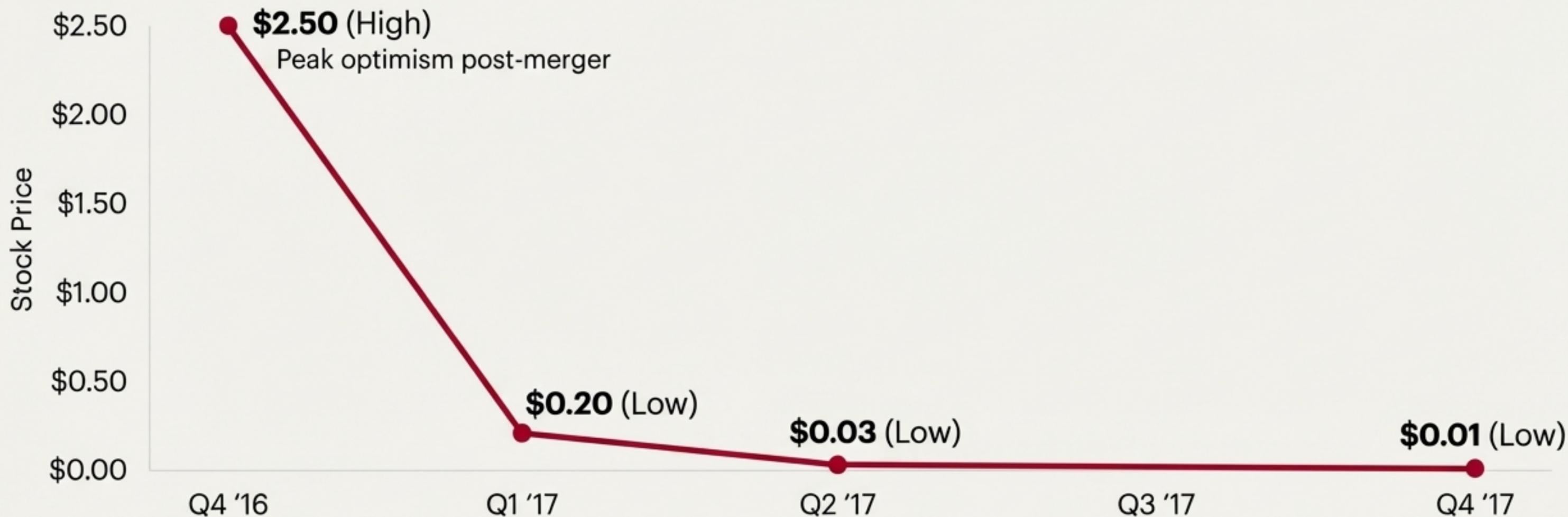
MATERIAL WEAKNESSES

“...deficiencies that existed in the design or operation of our internal controls... that may be considered to be material weaknesses.”

(Includes lack of a functioning audit committee and inadequate segregation of duties).

A Market Verdict: The Collapse of TFVR

OTC: TFVR Stock Price, Q4 2016 – Q4 2017



From a post-merger high, the company's stock lost over 99% of its value as the challenges of the VR business model became apparent.

The Illusion of Profitability in 2017

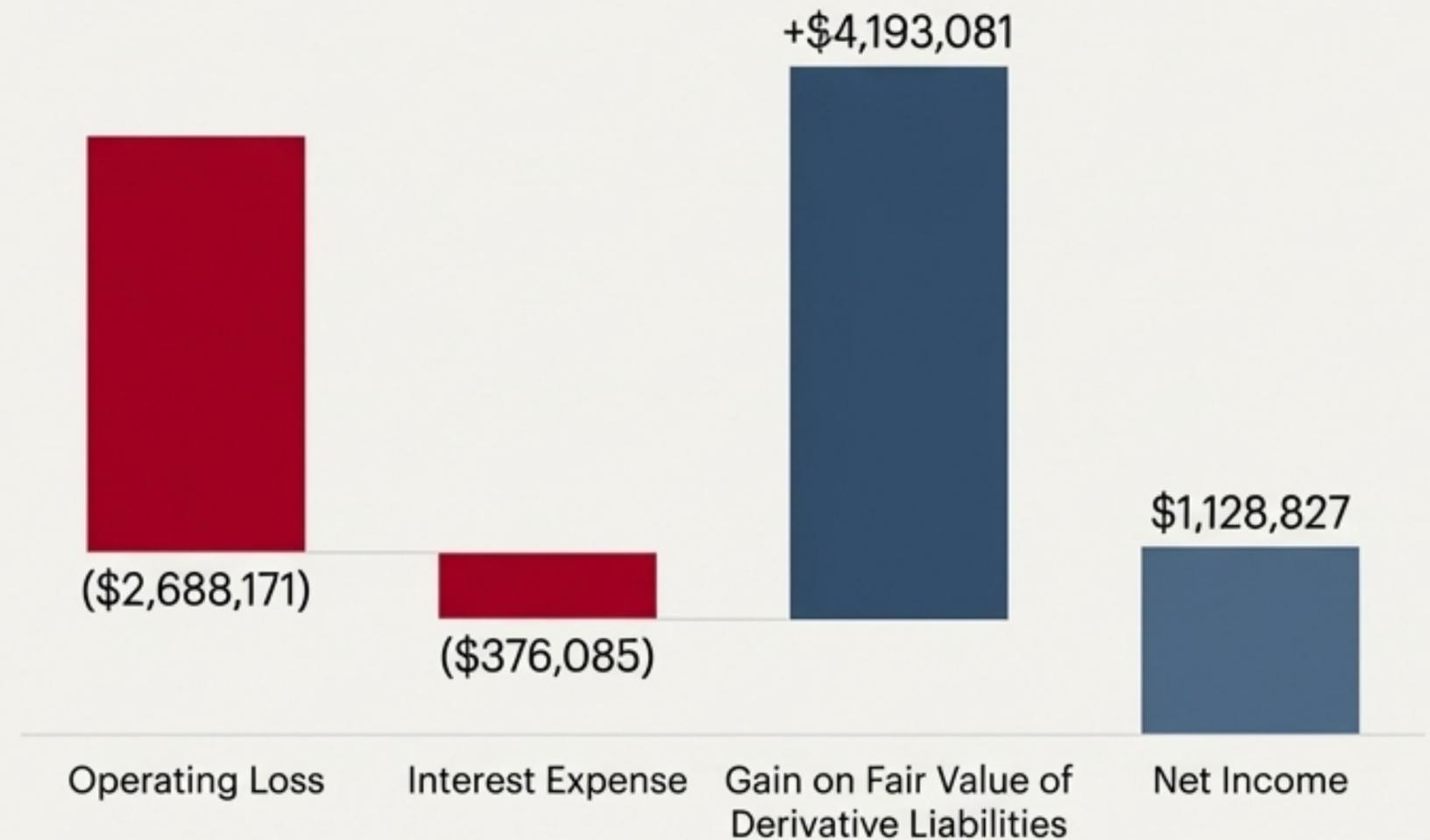
The 2017 financials reported a net income of \$1.1 million, but this figure was driven by a massive non-cash gain directly related to the company's collapsing valuation, not by successful operations.

What is the 'Gain on Derivative Liabilities'?

This is a non-cash accounting gain. The company's liabilities included warrants whose value is tied to the stock price. As the stock price plummeted, the liability associated with these warrants decreased, creating a "gain" on the income statement.

This "profit" is a direct result of the company's stock becoming nearly worthless.

Deconstructing 2017 Net Income



The Breaking Point

By the end of 2017, the VR strategy was untenable. The company faced a crisis driven by a failing business model, loss of investor confidence, and internal revolt.

“The Company’s business model in the virtual reality business was **not successful...”**

“...the Company was unable to continue to finance its business due to a **loss of confidence in the virtual reality business by the Company’s investors...”**

“...and **threats of resignation from the Company’s officers, directors and lead technologist and TLLC employees.”**

“Rather than cease operations and have no working capital, **we adhered to the TLLC purchasers’ demands and closed the sale.”**

A Full Reset: From Virtual Worlds to Digital Currency

On January 3, 2018, the company officially abandoned its VR ambitions, selling its sole subsidiary and pivoting to the cryptocurrency market.

THE PAST

Business: Virtual Reality Content Developer

Asset: Timefire, LLC (Hypatia)

Outcome: Sold on Jan 3, 2018

Sale Price:

- \$100,000 Cash
- \$120,000 Secured Promissory Note
- Assumption of ~\$558,054 in liabilities

THE FUTURE

Business: Cryptocurrency

Strategy: Mining, Investing, Software

First Move: Purchased \$100,000 of Ether on Jan 3, 2018.

The New Playbook: A Three-Pronged Crypto Strategy

The new strategy focused on three core areas within the burgeoning cryptocurrency ecosystem.



Direct Investment

Action: Actively acquire and hold cryptocurrencies.

Initial Holdings (as of April 6, 2018):
~\$41,000 worth of Ether.



Cryptocurrency Mining

Action: Entered co-location arrangement to mine Bitcoin.

Status: Ordered high-speed servers to initiate mining operations in Brooklyn, NY by early April 2018.

Goal: "Solidify, test and validate our hardware and software operating systems prior to expanding."



Software & Analytics

Action: Negotiating a license agreement with Cryptogram, LLC.

Product: A platform for "cryptocurrency data analytics, portfolio management, a cryptocurrency trading platform, and an information sharing software program."

Swapping One Set of Existential Risks for Another

The pivot from VR to cryptocurrency did not eliminate risk; it fundamentally altered the company's risk profile, trading market adoption uncertainty for regulatory and volatility threats.

Key Risks of the VR Business (from 2016 10-K)	Key Risks of the Cryptocurrency Business (from 2017 10-K)
<ul style="list-style-type: none">➤ Market Risk: "A decline in the popularity of virtual reality in general."➤ Competition: Intense competition from giants with vast resources (Alphabet, Microsoft, Apple).➤ Execution Risk: Dependency on a single product, Hypatia, which had not yet generated revenue.➤ Platform Risk: Potential for major shifts in equipment platforms (e.g., mobile vs. headset).	<ul style="list-style-type: none">➤ Regulatory Risk: Increased scrutiny from the SEC and state regulators; risk of being deemed an unregistered security or investment company.➤ Volatility Risk: Extreme price fluctuations of Bitcoin and other cryptocurrencies.➤ Operational Risk: Shortage of mining equipment, high cost of electricity, and the threat of a ">50% attack" on the network.➤ Security Risk: High risk of security breaches, hacking, and theft of digital assets.

The Price of Survival: Financing the Pivot

The transition to cryptocurrency was funded by a series of high-cost financing rounds from key investors, contingent on the sale of the VR business.

December 21, 2017

Instrument: Senior Secured Convertible Notes

Amount Raised: \$668,750

Key Term: Convertible at **\$0.03 per share**.

March 6, 2018

Instrument: New Senior Secured Convertible Notes

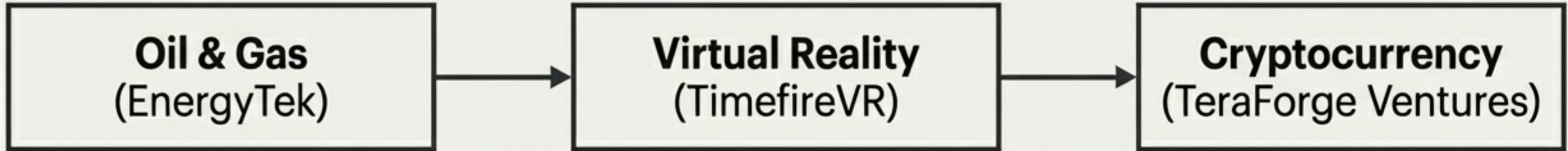
Amount Raised: \$1,000,000

Key Terms: Convertible at **\$0.03 per share**; maturity extended to April 2019.

Penalty Clause: The notes require repayment of **120% of principal** and accrued interest upon maturity, reflecting the high-risk nature of the loan.

This capital infusion was critical for survival but came at the cost of massive potential shareholder dilution, with conversion prices set far below the stock's prior highs.

A Pattern of Pivots



The company's history is one of serial transformation, shedding legacy assets to fund high-risk ventures in emerging, speculative industries. The rapid pivot from a capital-intensive, multi-year VR development project to an opportunistic play in the volatile cryptocurrency market represents a dramatic case study in corporate reinvention under duress.

The narrative leaves one central question for investors and strategists:
Is this a pattern of chasing speculative bubbles, or a sign of exceptionally resilient and adaptive management?