



Protecting
privacy.

2020 Annual Report

<https://optf.ngo/>

2020

Protecting
people.



Loki Foundation

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Chairperson's Message

“What we are doing as a foundation and a community is critical to the betterment of technology and our global community.”

It has been an exciting, eventful year for the Loki Foundation – the most important in our short history. Over the last decade, world events made the necessity of our foundation’s establishment self-evident: the Facebook-Cambridge Analytica data scandal, the Panama Papers, the Arab Spring, and the list could continue. It was clear that technology had a pivotal role to play in the future of democracy and civil society, but that we—as individuals, as an industry, and as a community—were struggling to keep up with the changing times. In the last year, we’ve continued to see terabytes of people’s personal information unnecessarily exposed, social unrest fomented by online hate and misinformation, and authoritarian powers wielding technology as a sabre to suppress and censor activists, journalists, and citizens standing up for what their beliefs. The Loki Foundation is playing a pivotal role as advocates, builders, and defenders of our digital rights.

What we are doing as a foundation and a community is critical to the betterment of technology and our global community. In an effort to ensure our foundation has a significant and ongoing impact, this year we have taken key steps to grow our team and plan for a sustainable future. During the latter part of the year we started work on a major project codenamed Operation Hermod. Operation Hermod is the first major activity in a multi-year, multi-step plan which aims to ensure the security, stability, and scalability of our foundation. Named after a figure from the same Norse mythology as our foundation’s namesake—Hermod was the ‘messenger of the gods’—Operation Hermod is centred around a heightened focus on the development, growth,

and dissemination of our private messaging application, Session. As soon as we began wading into the privacy space, it became evident to us that messaging was an essential digital service which suffered from a lack of privacy and anonymity. Part of our development mission was to create the now-released Session messenger, an application for field use by activists, journalists, whistleblowers, and other defenders of democracy and human rights. To supplement the completed and ongoing work of our founding members, this year we transitioned from a small- to mid-sized team. Multiple talented people ranging from designers to programmers have joined our team at the Loki Foundation. Each of these new team members will provide support for the Operation Hermod project as well as being valuable ongoing members of our foundation.

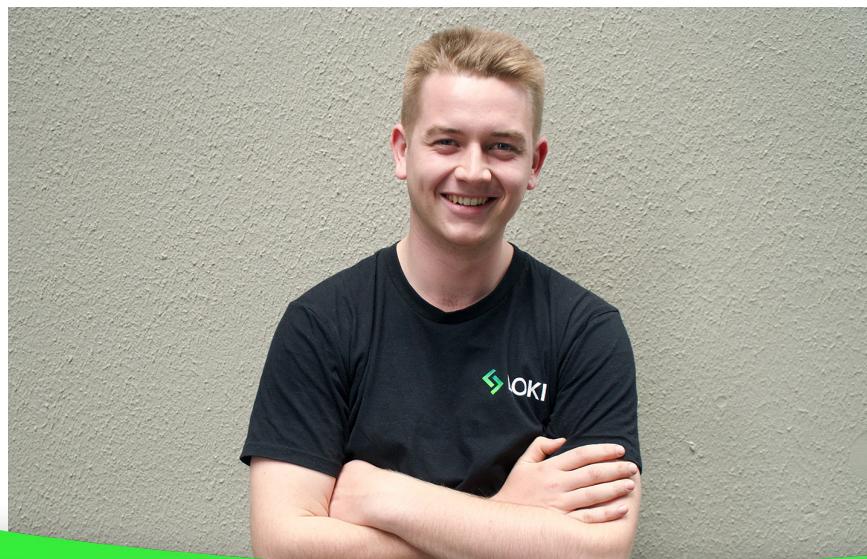
The Operation Hermod activity is intended to help establish Session in the private messaging space and help it gain the legitimacy and trust it needs to gain usage among the people and groups which are most in need of online privacy and anonymity. Following the completion of Operation Hermod, the foundation will focus on amplification (of Session and other major projects), consolidation (of Session’s audience and positioning in the private messaging space), education (concerning privacy, encryption, and other issues relevant to our work), and stabilisation (of the foundation and its resources) over the subsequent years. Session’s release this year was extremely successful, and we are confident that it is capable of having a real, lasting impact on both our foundation and the wider technology landscape. As the following years progress, we will refine our strategy

in line with our fundamental purpose and values as a foundation with the intent of contributing as best we can to the education, protection, and development of digital rights around the world.

I thank all of our employees, partners, and community members for their incredible and unwavering commitment

to our cause this year. Without you, what we have already accomplished would never have been possible, and with your help, we have the ambition to achieve so much more.

Simon Harman
CEO, 2020



BETTERMENT
OF
TECHNOLOGY

Message from the Chief Technical Officer

2020 was a busy year for the technical team, with multiple public betas and product launches for our major projects. The biggest achievement for our team was the launch of Session, our private messenger. Developing new technology—especially decentralised technology—presents many unique challenges, and many of the solutions we are designing and building are completely novel. In many cases, we are the first people in the world to ever create the technology we are building.

Session is a landmark achievement not only for our foundation, but also for the wider community championing web 3.0, decentralisation, privacy, and security in technology. Session is the first consumer-grade messaging app to be truly decentralised and end-to-end encrypted. Session has set a new standard for privacy in mainstream messaging applications, and we anticipate that it will be a great asset to our foundation and the groups we work with.

The launch of Session was the product of a huge amount of difficult and thorough work. Initially known as ‘Loki Messenger’, the application has gone all the way from internal demos, to alpha testing, to internal beta testing, to a public beta program, to a full public launch in the space of a single year. This is an incredible development timeline, and Session is well positioned to offer a unique and valuable service in the messaging space for many years to come. In the upcoming years, we plan to continue developing Session’s featureset to include greater accessibility and protocol-level privacy via onion routing. We are working closely with partner groups to obtain feedback on how

Session can change to best suit their needs in the field, and we are driven to make Session a world-class privacy tool. We have also acquired new development talent this year, which will mostly be dedicated to ensuring that Session continues its steady and speedy development.

We are also continuing development of LLARP (onion-routing protocol) and Lokinet (onion-routing network). As internet shutdowns and censorship become more common around the world, we are researching and investigating how Lokinet can be used to give relief to those living in places with low internet freedom. The internet is an essential tool for communication, freedom, and liberty in our modern world, and internet shutdowns have become one of the most powerful tools of oppression used by authoritarian governments and other malicious actors. Tools like Lokinet may hold the key to providing a more robust, censorship-resistant internet in the future.

We are eager to continue innovating in the decentralised technology space while also providing the technical services required to civil society to ensure that our democracies and human rights remain safe and intact. Until next year.

Session is a landmark achievement not only for our foundation, but also for the wider community championing web 3.0

Kee Jefferys

CTO, 2020



Message from the Chief Operations Officer

Adapt, overcome, and grow – this was our mantra this year. There have been unique challenges that our foundation has faced: a growing workforce, a global pandemic, the beginning of remote work, and radical changes to our personal and professional lives.

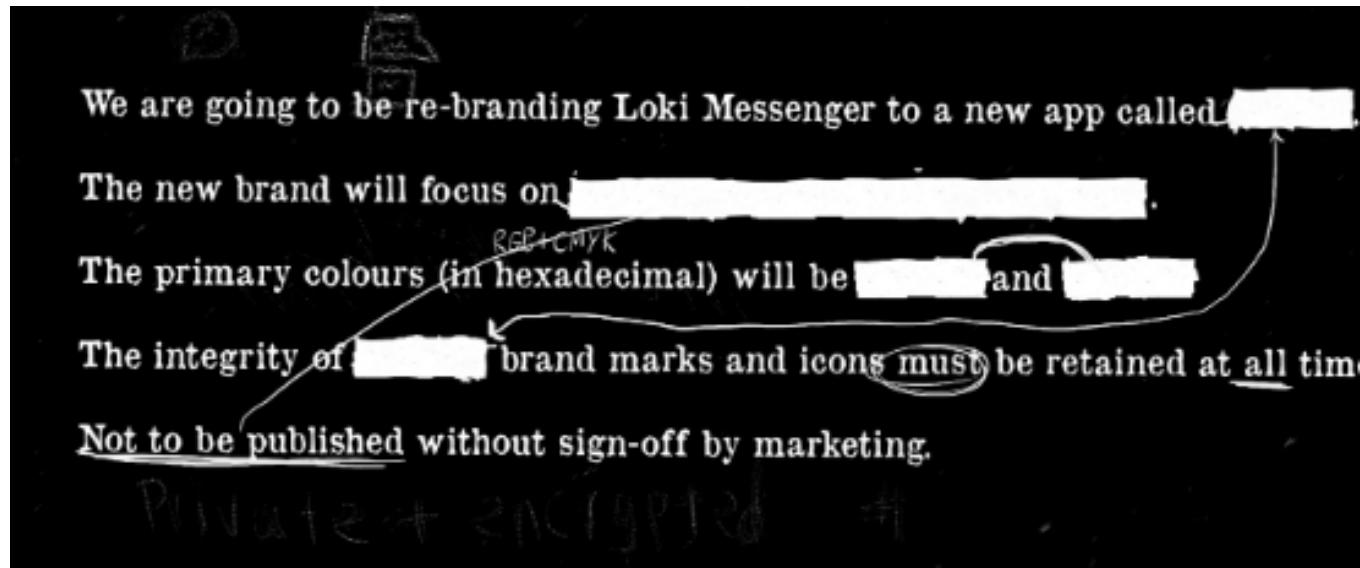
Knowing that we wanted to grow both our marketing and technical teams this year, our initial focus was on recruiting and acquiring the best and brightest to join our foundation and help us succeed in our immediate and long term goals. Working with the other leaders at the foundation, we have added some exceptionally talented people to our team and we are excited to see how they can grow and develop both in their roles and as professionals, as well as how they can contribute to our cause. Some of our new team members are joining the web 3.0 industry for the first time in their careers, so it is exciting to have the opportunity to help them learn and grow about our industry.

As the team has grown in personnel, we quickly realised we needed a new physical working space to accommodate our larger team. Although we've moved offices and changed floors over the years, we've stayed in the same building since our foundation was established. This year marked our biggest ever move as a team – to a larger, brighter office with more collaborative space. We're excited at the potential to design and build our own workspaces that suit our unique work needs.

Unfortunately, the move to our new office space was soon followed by the COVID-19 pandemic. The pandemic has presented our foundation—as well as everyone around the world—with unique challenges that we have not faced before. In the early stages of the pandemic, we took every measure to ensure that all our workers felt comfortable and safe in the work environment, however as the situation escalated in Melbourne, we ultimately made the decision to transition to remote work.

Our team has done a remarkable job adapting to life working at home, with several robust plans being put in place to ensure that communication and collaboration remained strong in spite of the physical distance between us. Being a technology-focused foundation, we are fortunate to have had such excellent technological literacy and resources to enable home-based work. We also implemented plans to ensure the mental and physical health of our employees was still being supported while people faced the multitude of challenges proposed by the pandemic.

Without doubt, the nature of work has changed forever this year. Moving forward, we will look into ways that we can continue to benefit from the best aspects of both home-work as well as office-work, and strive to ensure that the Loki Foundation is an engaging and enjoyable workplace for everyone.



Chris McCabe
COO, 2020



“Our initial focus was on recruiting and acquiring the best and brightest to join our foundation and help us succeed in our immediate and long term goals.”

Message from the Chief Marketing Officer

Welcome to a new era for our marketing team. This year, we transitioned our marketing team from being essential communications and community management to being a more fully-fledged arm of the foundation. Our community, ambition, and scope has grown a lot over the last two years, and we needed extra capacity to make sure our work is reaching the people who can reap its benefits.

As a part of Operation Hermod, our marketing division scaled up from just a couple of people to 10 full-time employees working in multiple connected teams. Our marketing division now consists of 3 teams working collaboratively in parallel: Communications, Partnerships and Outreach, and Social Media. Lots of the talented people who have joined our foundation are working in web 3.0 for the first time, so we've run an in-depth on-boarding process to introduce them to the wider industry and our mission as a foundation.

Our new Partnerships and Outreach team will be critical to helping our foundation engage and participate more heavily in the not-for-profit and civil rights spaces, and we are excited to see the ways in which the team can help our young foundation connect with the older, more established groups in our industry.

As the ‘new kid on the block’ in the digital rights space, it’s important for us to establish good relationships with new partners in the digital rights space—especially those who can amplify our technical contributions to the space—to strengthen and support each other’s work.

This year, one of the major marketing outcomes was the successful rebrand from Loki Messenger to Session. It was important for us to cultivate a brand which would resonate with a wide audience while effectively communicating the purpose of Session through visual and written language. Collaborating with local Melbourne Designer Chad Mann, we developed a new brand for Loki Messenger—now Session—with allusions to redaction and encryption, hidden information, and messaging.

As a part of the re-brand, we conducted a teaser campaign where we shared some of these elements with our existing community on social media. People in our community embraced the rebrand, and it also helped introduce us to new people who had never heard of us before. Going forward, the Session brand is so much more vibrant, bold, and inviting than the Loki Messenger brand ever was, or ever could’ve been.

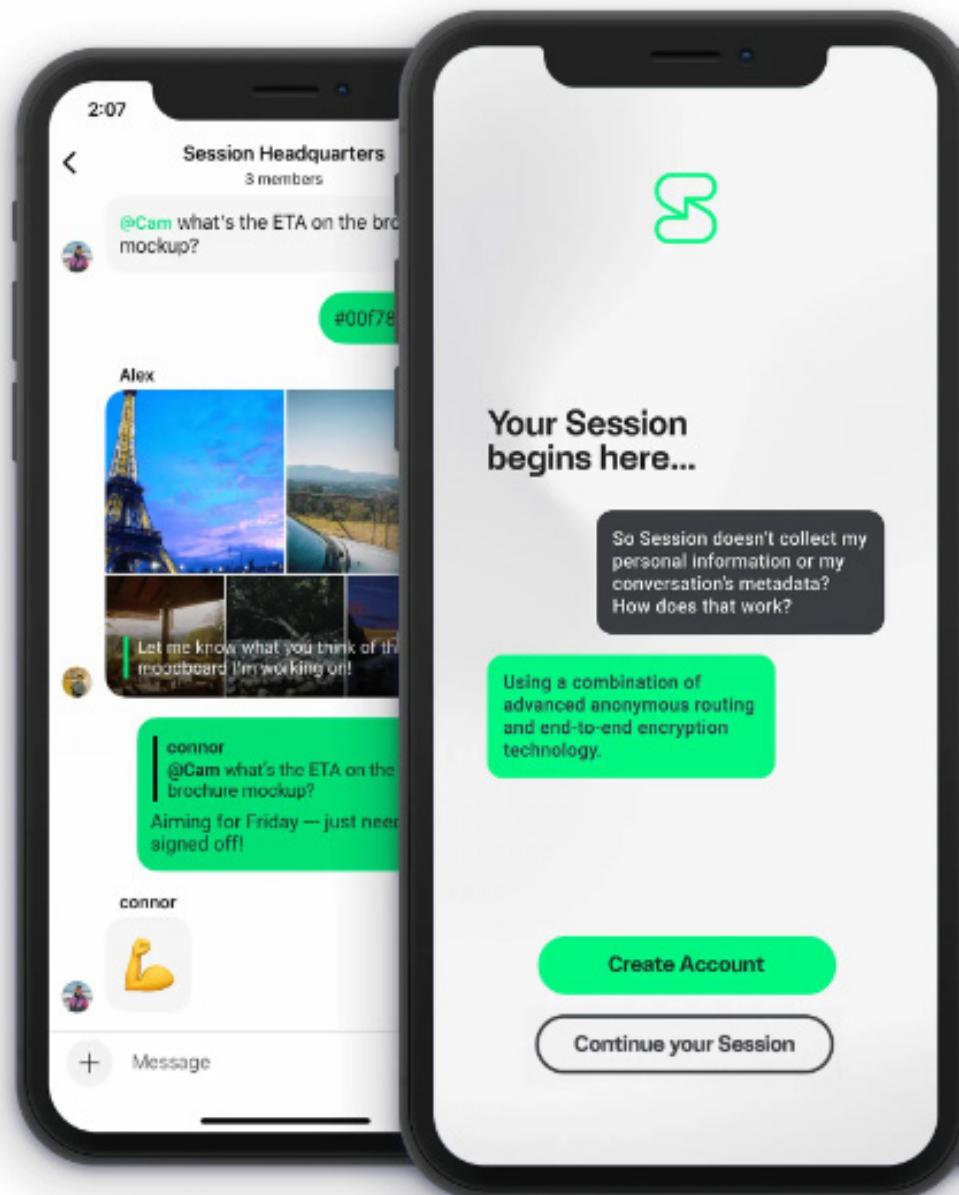
**Send
Mess
Not
Meta**

[Download](#)

We also designed, developed, and launched the Session website alongside the new brand. The website is intended to act as a repository of educational information about Session and issues related to it as well as marketing materials for the product itself.

In line with our privacy-first ethos, we are not utilising any invasive cookies or trackers on our site, but we have already been able to measure its strong performance in terms of SEO (search engine optimisation) rankings and total page visits. We will continue working on developing the Session brand as well as developing its audience of users, contributors, and advocates.

ages,
data.



Josh-Jessop Smith
CMO, 2020



Serving our people:

**Developing technology, educating new
communities.**

**Supporting our community to build a better
future for technology, together.**

Education and innovation



Simon, Kee, and Jimmy from the Loki Foundation discuss encrypted messaging with three community members at Secure Your Digital Life Melbourne.

As Australia's first digital privacy not-for-profit, the Loki Foundation is working to increase people's capacity to protect their online privacy. In the world of technology, privacy-preserving technology lags behind privacy-exploiting both in terms of the breadth of technology being developed as well as the support available to teach people on how to operate and utilise the technology. We are working to close the gap. The Loki Foundation is utilising its in-house development team to create new, easy-to-use privacy-preserving technology which people can use in their everyday lives. Ease of use is essential to reduce both the initial barrier to entry and ongoing learning bandwidth required to make use of privacy-preserving technology. We are working with our local communities in Naarm (Melbourne) and Australia to initiate and support grassroots events, groups, and meetups which bolster people's capacity to utilise privacy-preserving technology. In an effort to share the expertise of the Loki Foundation team with our community, have attended events such as Melbourne's Secure Your Digital Life with Electronic Frontiers Australia, ThoughtWorks, and AccessNow, a workshop where members of the community came to learn about topics such as onion-routing, encryption, and metadata, as well as learning practical digital privacy techniques.

We plan to expand our education initiatives to have a more international focus going forward.

Teaching the teachers

This year the Loki Foundation established a new Outreach and Partnerships arm in its communications team. This exciting new part of our team will play a key role in helping the Loki Foundation establish an international presence, increase our capacity to support and work with other non-governmental organisations (NGOs), and helping us connect with the groups who are most in need of our technical and educational services.

Our Outreach and Partnerships team will manage the ‘teaching the teachers’ initiative for the Loki Foundation, wherein we will endeavour to help support local cybersecurity educators about both our development work as well as overall industry education. This mission will be critical in increasing the bandwidth of local security educators all over the world, and help increase the impact, safety, and expertise of those educators.

Teaching
the
teachers

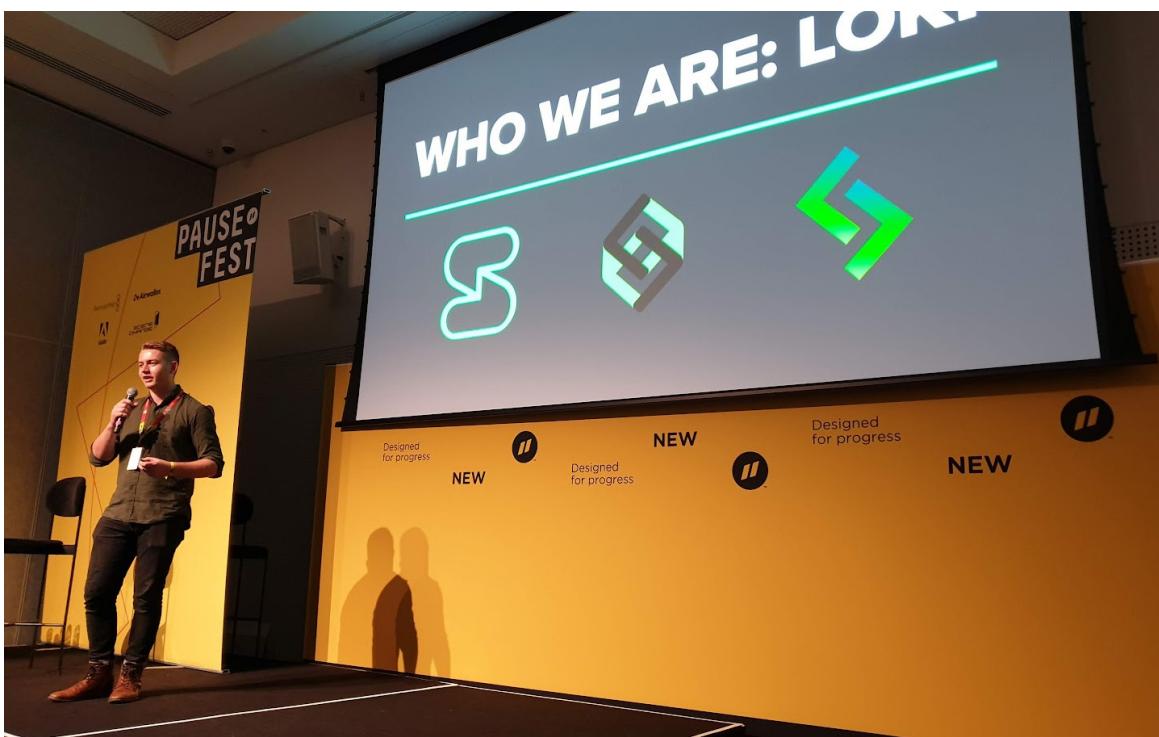
Accessibility and ease of use



Source: Chad Mann Projects

We are working with local community groups to begin localising our software, including Session private messenger. Access is a core issue in the technology industry, and currently technology creators do not practise sufficient consultation and collaboration with local community groups to make apps accessible to a culturally and linguistically diverse range of people. The Loki Foundation is committed to an equal-access approach to our technology, through means such as open-source code, proactive community engagement and consultation, and providing additional language and localisation support. We are already working with translators all over the world to make Session accessible to a linguistically diverse audience. In the future, we plan to utilise our open-source, community-focused approach to technology for our localisation approach as well, by using crowd-sourcing and open-source development to facilitate truly organic, accurate, and timely localisations of our technology.

Leading the way



Simon Harman speaking about encrypted messaging at PauseFest earlier this year

We are leaders in our community in terms of educating and advocating for privacy, and we are particularly responsible for the key groups which are most impacted by digital privacy – journalists, activists, and human rights defenders. Our team members are speaking at events and meetups to raise awareness about digital privacy and help teach people practical steps they can take to preserve their privacy.

Our Chairperson, Simon Harman, gave a keynote speech at PauseFest Melbourne earlier this year, where he explained the state of private messaging, and the issues which we need a ticket for RightsCon San Jose and Launceston Freelancers Festival later this year, where he will speak about digital rights, collaboration in the tech industry, and encrypted messaging.

Creating value:

**Our role as defenders of
privacy**

**Building the technology that will
protect your rights, right now**

Loki



Foundation Code for human rights



As technology becomes more and more prevalent in our day-to-day lives, it's important to recognise and develop the role technology plays in upholding our human rights. The protocols we develop, the apps we build, the software we share, the way they are designed can contribute to either the protection or the destruction of human rights.

The Loki Foundation is creating code that defends our rights every day. It is important to build human rights considerations directly into the technology which is popularised around the world, and one of our rights which is being egregiously overlooked by current-day technology is privacy.

There is lots of activism in the digital rights space, the Loki Foundation is taking the outcomes from the work and research of those activists and writing the code to solve the most pressing issues in civil technology. We are working to create the technology which is critically needed—such as Session—to defend our human rights, as well as developing brand new protocols—such as LLARP—which are more privacy-preserving than legacy alternatives, and can enable a more private future for the internet.

Apps for all of us

At this point, the internet is an irreplaceable part of our modern lives. Everyone already has their own digital habits, practices, and preferences — and they can be very hard to break. Our goal is to provide people with technology which helps them access the internet in the ways they're used to — but with additional privacy. This year, we released our new private messenger,

Session, which offers people a modern messaging experience with much-improved privacy design built into the application. Session has received positive feedback from users for its uncompromising stance on privacy while offering a similar user experience to other messaging apps (such as WhatsApp, Facebook Messenger, and Telegram). Messaging apps are one of the most heavily used pieces of software in existence, with the most popular apps boasting hundreds of millions of active users.

If Session becomes a commonly-used messaging app, it would greatly improve people's collective privacy when they are talking to their friends, family, and colleagues. We're also developing Lokinet, an onion-router which will let people secure their standard internet connection for safer, more private browsing. We are fast-approaching 'exit node' capability for Lokinet, meaning people will be able to access the same websites they're familiar with while routing their traffic through the Lokinet onion routing network.

Session and Lokinet are both free, open-source, and publicly available software which anyone can access from around the world.

Joining hands with our partners

Digital rights groups are doing vital advocacy, research, and education work every single day. The Loki Foundation is the technological link between those groups and the apps that solve the problems they identify. We are working at the intersection of digital rights advocacy and technology development — a space which very few other not-for-profits inhabit.

Our technical capacity as a foundation is a unique resource in the not-for-profit space, and we are currently conducting outreach to see how our technical team can assist other not-for-profits and open-source software. We have contributed funding and code to Monero, and code to Signal, as well as looking at other, more niche, software which could benefit from our specialised technical knowledge.

Much of the existing software maintained by not-for-profits is either deprecated, outdated, or lacks key usability qualities. In order for the technology we build to have a meaningful, ongoing impact for our global community, it is essential for foundations like ours to make technical contributions which are aligned with the activist and research work completed by other groups.

Pioneering a new kind of web

Web 3.0 is the first time an internet for the masses will also be an internet for human rights. We are working to develop rights-preserving technology which will fit into the web 3.0 space, as well as working with other not-for-profits and civil society groups to educate, advocate, and prepare for web 3.0 technologies.

We are moving on from so-called ‘web 2.0’. Web 2.0 is run by large corporations and companies such as Facebook and Amazon.

The last decade has shown that these companies’ business models aren’t properly protecting and upholding the interests of the people that use their services every day. There is a new web being built which protects people’s privacy, rebuilds user trust, and demands transparency from those in power at the protocol level: web 3.0.

A new kind of governance: Reviewing Loki Improvement Proposals

**Encouraging participation and democratic
ideals through our governance**

Community participation

As a member of the open-source community, our foundation is always encouraging participation from the wider technology community. That might mean technical contributions to our code, input on technical design, or simply discussing our team's ideas for future development and technology. We make a conscious effort to engage directly with our community about major changes to our technology in the form of Loki Improvement Proposals (LIPs). LIPs provide a public forum for community members to propose or discuss proposed changes to technology made by the Loki Foundation. We are committed to having open, honest, and transparent discussions with the Loki community and other stakeholders about our technology, and LIPs are a core part of this commitment. Our technology places high value on democratic ideals, and we build this into both our technological design as well as into the way we govern and develop our foundation. This year, three major LIPs were discussed with the community and received consensus approval.

LIP-3: Checkpointing

Checkpointing is a security feature which is used by blockchains to protect against 51% attacks.

LIP-3 proposed implementing checkpointing functionality into the Loki blockchain. This would make Loki and its associated cryptocurrency significantly more secure, providing strong security protections against one of the most devastating attacks which can be conducted against a blockchain. The proposal received widespread and enthusiastic support from the community, and was successfully introduced to the Loki blockchain in October 2019.

LIP-4: Blink

LIP-4 proposed Blink – an instant payment mechanism for the Loki blockchain. The design proposal for Blink was extremely in-depth, and utilises the Loki Service Node infrastructure in order to enable instant transaction confirmations using the LOKI cryptocurrency. Blink would make Loki the only private blockchain in the world capable of instantly confirming transactions. Due to the extremely thorough and robust design proposal for Blink, as well as the unique and novel technological solution it proposed, the community responded with extreme excitement and positivity. Blink was successfully implemented in March 2020.

LIP-5: Pulse

For a long time, the Loki blockchain operated using a hybrid Proof-of-Work (PoW) and Proof-of-Stake (PoS) consensus mechanism. PoW is the traditional consensus mechanism, and uses computing power to secure the blockchain. PoS is a more contemporary consensus mechanism which is devised to address concerns regarding the environmental impact and scalability of PoW-based blockchains. LIP-5 proposed a full PoS consensus mechanism for Loki, called Pulse. Community consultation for this change was especially important, because of both changes to the block reward as well as the portion of community members who solely interacted with the Loki blockchain through mining (PoW). However, the vast majority of the community was in support of transitioning to Pulse. Work on Pulse is ongoing, and we are targeting a 2020 release.



**A sustainable
future:**

**For the Loki
Foundation, for
technology, and for
the environment**

Tracing our path

The 2020 FY was a key year in the Loki Foundation's long-term strategy. We have taken steps to prepare the foundation for the challenges and tasks we need to overcome to deliver on our mission over the coming years. Our team grew significantly as we evolved from a very small and focused group to a more complex, multi-faceted organisation. We have several new team members specialising in marketing and communications as well as development who will be key to ensuring our work has as much impact as possible in our local and global communities. We have also relocated to a larger office space to facilitate further team growth in the future. We have outlined a clear plan for the coming years so that every part of our team clearly understands the impact, meaning, and mission of our foundation and the ways we can and will leave the most positive impact on the world in the coming years.

Caring for the community

The world of technology is at a crossroads, as we transition away from web 2.0 and towards web 3.0. The Loki Foundation is taking a leadership role in guiding our industry towards ethical and sustainable business practices as we turn the page into the next chapter of technology. Web 3.0 should have much stronger human rights protections than were provided for in web 2.0, and our projects are part of a wider movement of tech for human rights. We strongly believe that technology should be a tool for good. It should never be wielded as a tool of oppression, and we are contributing to a future for technology which enriches the diverse global community we live in.

Caring for the planet

Mindfulness and action which protects and preserves the environment is a key issue for the technology industry going forward. In the blockchain space specifically, there are serious concerns over the environmental and energy impact of the Proof-of-Work (PoW) consensus mechanism which many blockchains use for security purposes. We are taking operational and technological steps to minimise our impact on the environment, including transitioning the Loki blockchain to full Proof-of-Stake (PoS). We are also taking an active role in the blockchain industry to pioneer and raise awareness around environmental and climate issues relating to our work.

Lucy Lovegrove and Johnathan Ross speaking at Crypto Fire Alliance meet-up, an aid fundraiser for those affected by the 2020 Australian bushfires





Loki Foundation

2020 Financial Report



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DECLARATION OF INDEPENDENCE BY GEOFF ROONEY TO THE DIRECTORS OF LAG FOUNDATION LTD

As lead auditor of LAG Foundation Ltd for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of section 60-40 of the *Australian Charities and Not-for-profit Commission Act 2012* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of LAG Foundation Ltd during the period.

Geoff Rooney

Director

BDO Audit Pty Ltd

Sydney

9 February 2022

LAG Foundation Ltd

ABN: 32 624 664 204

Financial Statements For the Year Ended 30 June 2020

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LAG FOUNDATION LTD
ABN: 32 624 664 204
STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
Income	2	318,433	4,382,104
Other Income	2	33,142	72,705
Gains on sale of Cryptocurrency		1,135,499	192,697
Management Fees – Rangeproof Pty Ltd	8	(2,132,000)	(1,891,850)
Loss on investment	6	(1,339,272)	-
Listing Fees		(115,386)	(430,952)
Consulting and Accounting expenses		(120,931)	(169,977)
Cryptocurrency written off due to Cryptopia Liquidation		-	(96,364)
Legal expenses		(36,389)	(37,584)
Liquidity Provisions		(13,922)	-
Rental expenses		-	(70,000)
Wages and Salaries		(154,219)	(17,654)
Auditor Remuneration		(12,000)	(12,000)
Other expenses		(20,475)	(51,931)
(Loss)/profit for the year		(2,457,520)	1,869,194
Other comprehensive income for the year		-	-
Total (Loss)/profit and other comprehensive income for the year		(2,457,520)	1,869,194

The accompanying notes form part of these financial statements.

LAG FOUNDATION LTD
ABN: 32 624 664 204
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	2,319,875	5,214,434
Other receivables	4	22,943	53,242
TOTAL CURRENT ASSETS		2,342,818	5,267,676
NON-CURRENT ASSETS			
Intangible assets	5	1,805,024	1,969,081
Investment	6	660,728	-
TOTAL NON-CURRENT ASSETS		2,465,752	1,969,081
TOTAL ASSETS		4,808,570	7,236,757
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	10,389	5,156
Accrued liabilities		47,553	23,453
TOTAL CURRENT LIABILITIES		57,942	28,609
TOTAL LIABILITIES		57,942	28,609
NET ASSETS		4,750,628	7,208,148
EQUITY			
Retained earnings		4,750,628	7,208,148
TOTAL EQUITY		4,750,628	7,208,148

The accompanying notes form part of these financial statements.

LAG FOUNDATION LTD
ABN: 32 624 664 204
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Retained Earnings	Total
		\$	\$
Balance at 30 June 2019		7,208,148	7,208,148
Comprehensive Income			
(Loss)/profit for the period		(2,457,520)	(2,457,520)
Total comprehensive income attributable to members of the entity		(2,457,520)	(2,457,520)
Balance at 30 June 2020		4,750,628	4,750,628

The accompanying notes form part of these financial statement

LAG FOUNDATION LTD
ABN: 32 624 664 204
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Income Received		10,000	-
Expenses paid		(2,522,637)	(2,173,814)
Interest received		23,142	72,705
Net cash flows from operating activities		(2,489,495)	(2,101,109)
CASH FLOWS FROM INVESTING ACTIVITIES			
Movement in Investments – Purchases		(405,064)	-
Net cash flows from investing activities		(405,064)	-
Net increase in cash and cash equivalents		(2,894,559)	(2,101,109)
Cash and cash equivalents at beginning of the financial period		5,214,434	7,315,543
Cash and cash equivalents at end of the financial period	3	2,319,875	5,214,434

The accompanying notes form part of these financial statements.

LAG FOUNDATION LTD
ABN: 32 624 664 204
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

The financial statements cover LAG Foundation Ltd (the "Company" or the "Foundation"), incorporated 26 February 2018 and domiciled in Australia. LAG Foundation Ltd is a Company limited by guarantee.

The financial statements were authorised for issue on 9 February 2022 by the directors of the Company.

Corporate information

The Foundation has been established to be a charity for purposes beneficial to the community generally and for the advancement of education. It will achieve these purposes through the following activities:

- a) facilitating the development of an open source, highly secure, decentralised data transmission network that allows individuals, business and government to freely transact and communicate without the threat of malicious third-party interference;
- b) ensuring the continuing development of the secure network by funding independent development projects;
- c) providing education and support to developers seeking to build apps utilising the secure network;
- d) ensuring the open source network is developed as a genuinely decentralised system absent any external control or influence to ensure the independence, security and longevity of the network;
- e) raising moneys to fund the activities and charitable objectives of the Foundation, including through the offering of the Loki cryptocurrency; and
- f) all other such activities as are ancillary or incidental to the above purposes

The Foundation has developed Loki which provides users with tools to interact online in an anonymous, decentralised, secure, and private way. By combining a private transaction network, the \$LOKI cryptocurrency, and economically incentivised Service Nodes, Loki has created a trustless, quorum-based onion router called Lokinet. Built into Lokinet is Session — a decentralised, anonymous, and private messaging service. Front end applications, known as Service Node Apps (SNApps), operate on Lokinet, and will allow browser integration and contribution from our open-source community.

Effective 27 April 2021, management has rebranded the network, blockchain and accompanying token to Oxen and has begun the process to rename the LAG Foundation to OPT Foundation.

The Foundation's ability to continue as a going concern

The Foundation is of the opinion that it is appropriate for the financials to be prepared using the going concern assumption as its basis, despite the existence of conditions which cast uncertainty on the assumption. The conditions being:

- The Foundation conducted its token sale during the 2018 financial year which has been the primary source of funds for the project. During the 2019 financial year the provision for the Initial Coin Offering (ICO) was fully released to revenue and the project continues without a significant source of revenue.
- The cash outflow paid to Rangeproof Pty Ltd ("Rangeproof") for the development of the project is significant relative to the cash funds available.
- The current market and depth of volume is unlikely to support the consistent sale of the Foundation's tokens received from the block reward.

The Foundation has implemented the following plans to mitigate the uncertainties caused by the above conditions:

- The decision to enter the decentralised finance (DeFi) space with the Chainflip project. As at the issue date the Foundation has started receiving a management fee from the Chainflip project.
- The sale of a portion of the Foundation's Bitcoin holdings into AUD to support the ongoing operational costs.

The Foundation has also made the following significant judgment in their going concern assessment:

- The current AUD value of the Foundation's Bitcoin holdings will support the Foundations operations until a time at which the market can support the ongoing sale of tokens received from the block reward.

LAG FOUNDATION LTD
ABN: 32 624 664 204
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 1 Significant Accounting Policies

Accounting Policies

The directors have prepared the financial statements on the basis that the Foundation is a reporting entity. These financial statements are general purpose financial statements prepared under the reduced disclosure requirements of the Australian Accounting Standards (AAS).

The Foundation is in the business of digital currencies and is required to make judgments as to the application of AAS and the selection of its accounting policies. The Foundation has disclosed its presentation, recognition and derecognition, and measurement of digital currencies, and the recognition of income as well as significant assumptions and judgments, however, if specific guidance is enacted by the AASB in the future, the impact may result in changes to the Foundation's earnings and financial position as presented.

The financial statements have been prepared in accordance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* including complying with the Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-Profits Commission Regulation 2013. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

(a) Income

In applying the accounting treatment of the ICO the Foundation has exercised significant judgment in determining the appropriate accounting treatment for the recognition of income relating to the ICO funds. In the event any future authoritative guidance is enacted by the AASB, the Foundation may be required to change its policies which could result in a change in the Company's financial position and earnings.

Income from the ICO funds has been recognised on a straight-line basis over a period of time associated with the delivery of key milestones that have been determined as constructive obligations, as described further below.

(i) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that the outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of reporting period.

The directors have determined that the below milestones represent a constructive obligation that the company has to the token holders:

Milestones / Constructive Obligations		
Number	Constructive Obligation	Date of Delivery
Milestone 1	Launch of Mainnet	3-May-18
Milestone 2	Early Marketing Drive	31-Jul-18
Milestone 3	Service Nodes go live on Mainnet	1-Sep-18
Milestone 4	Loki Messenger goes live on Mainnet	1-Jul-19

As the Foundation delivers on these milestones the funds raised from the ICO will be recognised as income. Income associated with the three milestones delivered in this reporting period are recognised in the statement of profit and loss.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

(ii) Ongoing Token Sales

Following the ICO, the Foundation has since sold a portion of the tokens held to interested parties. These amounts have also been included as income and are reported at market value in AUD at the date of sale.

(iii) Income from Governance and Staking Rewards

The Foundation recognises income from the governance reward built into the loki blockchain as consideration for the foundations services towards the maintenance of the blockchain. In addition the Foundation receives staking rewards for managing service nodes on the loki network. The Foundation receives digital currency from the blockchain for both of these services which is recorded as income based on the fair value of the coins received. The fair value is determined using the spot price of the coin on the date of receipt.

There is no specific definitive guidance in the accounting standards for the accounting of staking, governance fees and strategic selling of digital currencies and the Foundation has exercised significant judgement in determining appropriate accounting treatment for the recognition of income from digital currency governance fees and staking rewards.

(b) Fair value measurement

The Foundation measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Foundation would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques.

These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also considers a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at-call with banks.

(d) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Foundation's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

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FOR THE YEAR ENDED 30 JUNE 2020

(e) Income tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

(f) Intangible assets

Digital assets consist of Bitcoin, Ethereum and Loki. Digital assets meet the definition of intangible assets in AAAS 138 - *Intangible Assets* as they are identifiable non-monetary assets without physical substance. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in an exchange of digital currencies is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The Foundation considers digital assets to be intangible assets with indefinite useful lives. Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually.

An impairment describes a permanent reduction in the value of an asset. When testing an asset for impairment the total profit, cash flow, or other benefit expected to be generated by that specific asset is periodically compared with its recorded value. If it is determined that the recorded value of the asset exceeds the future cash flow or benefit of the asset, the difference between the two is written off.

The Foundation considers that for Bitcoin and Ethereum holdings an active market exists that allows for a reasonable quoted price as the basis of fair value calculations. For Loki holdings, the Foundation considers that markets are not active to the extent that a reasonable fair value calculation may be made.

(f) Intangible assets (continued)

The Foundation's determination to classify its holding of digital assets as non-current assets is based on management's assessment that it is not the intention to sell the holding in the short term.

Where the Foundation is settling a liability for the purchase of goods and services where the price was established in the functional currency, the difference between the liability settled and the fair value of the digital assets transferred is recognised as a gain or loss on sale. Otherwise, the transaction is measured based on the fair value of the digital assets exchanged. Any difference between the fair value of the digital assets exchanged and the carrying amount of the digital assets is recognised in profit and loss.

(g) Investments

The Foundation's investment holdings that are not traded in active markets by the Foundation are considered investments. Investments are accounted for as financial assets which are initially recognized at fair value and subsequently measured through fair value through profit or loss. Where an active market does not exist for an investment the Foundation will determine the fair value by exercising judgement on available information.

(h) Leases

At the end of the reporting period the Foundation had no significant lease agreements.

(i) Trade and other payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Foundation during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(j) Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses, and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

(k) Critical accounting estimates and judgements

The preparation of the Foundation's financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts; however, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Foundation has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Foundation. The following are the estimates and assumptions that have been made in applying the Foundation's accounting policies that have the most significant effect on the amounts in the financial statements:

Provisions and related Income from ICO Funds

The Foundation has exercised significant estimates and judgements surrounding the provision for funding. The milestones have been determined after careful consideration of the constructive obligations and estimates surrounding their delivery dates are based on information available at the time this report was prepared.

ICO Costs

The Foundation has exercised significant judgements surrounding the treatment of the ICO costs in expensing them in the period that they were paid. There was consideration of the how costs related to the funding and whether there were alternative methods of recognition, however, it was determined recording these costs as an expense was reflective of the underlying nature of the costs.

Valuation of Investments

The Foundation evaluates each investment every reporting period to determine whether there are any indications of impairment. If any such indication exists, which is often judgmental, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an investment is measured at the higher of fair value less costs to sell and value in use. The estimates and assumptions are subject to risk and uncertainty; hence, there is the possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances some or all of the carrying value of the investments may be further impaired or the impairment charge reduced with the impact recorded in profit and loss.

(l) New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the entity. The directors have decided not to early adopt any of the new and amended pronouncements. Their assessment of the pronouncements that are relevant to the entity but applicable in future reporting periods is set out below:

The significant accounting requirements of *AASB 1058 – Income of Not-for-Profit Entities* are as follows:

- Income arising from an excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards.
- Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. The liabilities must be amortised to profit or loss as income when the entity satisfies its obligations under the transfer.

A private sector not-for-profit entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Recognised volunteer services should be measured at fair value and any excess over the related amounts (such as contributions by owners or revenue)

LAG FOUNDATION LTD
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FOR THE YEAR ENDED 30 JUNE 2020

immediately recognised as income in profit or loss.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented in accordance with AASB 108 (subject to certain practical expedients); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. For this purpose, a completed contract is a contract or transaction for which the entity has recognised all of the income in accordance with

AASB 1004: *Contributions*

Although the directors anticipate that the adoption of AASB 1058 may have an impact on the entity's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

	2020	2019
Note 2 Income	\$	\$
Income		
Income recognised from release of Provision for Funding	-	4,271,734
Income from Sale of Tokens	4,137	110,370
Loki Governance Reward	206,378	-
Loki Staking Rewards	107,918	-
Total Income	318,433	4,382,104
Other Income		
Other Revenue	10,000	-
Interest received	23,142	72,705
Total Other Income	33,142	72,705
Total Income	351,575	4,454,809
Note 3 Cash and cash equivalents		
Cash and cash equivalents		
Cash at Bank	2,319,875	5,214,434
Total Cash and cash equivalents	2,319,875	5,214,434
Note 4 Other receivables		
Other Receivables		
GST	22,943	53,242
Total Other Receivables	22,943	53,242
Note 5 Intangible Assets		
Intangible Assets		
Bitcoin Holdings	458,172	1,476,348
Ethereum Holdings	13,879	-
Loki Holdings	1,332,973	424,126
BNB Holdings	-	68,607
Total Intangible Assets	1,805,024	1,969,081

LAG FOUNDATION LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 6 Investments

Boutique Capital Investment

During the year the Foundation invested \$2,000,000 with Boutique Capital. After 30 June 2020 Boutique Capital issued notice of significant loss and their intention to close the fund. The loss of \$1,339,272 has been recorded in the statement of profit and loss and other comprehensive income and the balance of \$660,728 recorded in the statement of financial position reflects the final received amount from the investment.

Fair value hierarchy

The following tables detail the Foundations assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

2020	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Holdings in a public unit trust	-	660,728	-	660,728
Total Assets	-	660,728	-	660,728

Note 7 Trade and Other Payables	2020	2019
	\$	\$
Accounts Payable		
Trade Creditors	-	-
PAYG Withholdings Payable	4,284	4,170
Superannuation Payable	6,058	855
Wages Payable	47	131
Total Accounts Payable	10,389	5,156

LAG FOUNDATION LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 8 Related Party Transactions

a. Key Management Personnel

The key management personnel of the Foundation are individuals and associated entities that have control or significant influence over the Foundation.

Short term employee benefits	154,219	17,654
Payments to Founders and Advisers (AUD value of tokens)	-	18,288
	154,219	35,942

b. Rangeproof Pty Ltd Management Fee

Rangeproof has a general service agreement with the Foundation to provide services on an ongoing basis, payments are separately requested and approved by the Foundation on a bi-monthly basis.

The service agreement was awarded to Rangeproof following an invitation by the Foundation to public individuals and companies to submit proposals to carry out the software development and project management in accordance with the Loki Project's goals.

The total management fee paid to Rangeproof during the period for ongoing Software Development, Marketing, Research and Development, Data Analytics, Administration, Bookkeeping, Documentation services, Public Relations and Network Performance Testing was:

	2020	2019
	\$	\$
Rangeproof Pty Ltd – Management Fees – AUD	<u>2,132,000</u>	<u>1,891,850</u>
Total Management Fee Paid	<u>2,132,000</u>	<u>1,891,850</u>

The Foundation acquired 100% of shareholding of Rangeproof Pty Ltd at 30 June 2020, for further detail, refer to Note 14(5).

Note 9 Commitments

The Foundation had a service agreement with Rangeproof to provide services to the Foundation over the period represented which expired on 1 July 2020. As of the date of issue the Foundation has fully acquired the shareholding of Rangeproof Pty Ltd and this service contract has not been renewed as the services will be represented as part of the consolidated group.

Note 10 Contingent Liabilities

The Company has no contingent liabilities at the conclusion of the reporting date.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 11 Cash Flow Information

	2020
Reconciliation of Cash Flows from Operating Activities with Net Current Year Surplus	\$
Net current year profit	(2,457,520)
Adjustment for:	
<i>Change in operating assets and liabilities:</i>	
Increase/(decrease) in Accrued Liabilities	24,100
Increase/(decrease) in Trade and Other Payables	35,531
(Increase)/decrease in Intangible assets	164,057
(Increase)/decrease in Investments	(255,664)
Net Cash used during operating activities	(2,489,496)

Note 12 Entity Details

The Foundation was incorporated as LAG Foundation Ltd on 26 February 2018 and changed name to OPTF Ltd before the date of issue of the financial statements.

The registered office of the entity is:

Level 1 / 452 Flinders Street
 Melbourne VIC 3000
 Australia

The principal place of business is:

Level 4 / 460 Collins Street
 Melbourne VIC 3000
 Australia

Note 13 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$10 towards meeting any outstanding obligations of the entity. At 30 June 2020 the number of members was 12.

LAG FOUNDATION LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

Note 14 Events after the reporting period

The Foundation notes that the following events have occurred after the reporting period:

- 1) The cryptocurrency market has experienced significant volatility following the end of the reporting period and continues to be volatile. This has affected the value of the cryptocurrency holdings held by the Foundation. At the end of reporting period the market value for 1 Bitcoin was \$13,300 AUD which has increased to a market value of \$56,734 AUD as at 30 September 2021.
- 2) On 11 March 2020, the World Health Organization (WHO) declared the outbreak of COVID-19 coronavirus to be a global pandemic. The identification of the COVID-19 coronavirus and its spread is considered to be a non-adjusting subsequent event. The impact of the COVID-19 pandemic is ongoing and while it has been financially positive for the Foundation up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.
- 3) The team has rebranded the network, blockchain and accompanying token to Oxen and has begun the process to rename the LAG Foundation to OPT Foundation.
- 4) The Foundation has announced its entrance into the DeFi space with the Chainflip project. Chainflip is a decentralised, trustless protocol that enables cross chain swaps between different blockchains. Chainflip can support any L1 or any future L2 transaction types which allows users to swap between major blockchains without any wrapped tokens, special wallets, or specialised software. For regulatory reasons, the Chainflip project separated from the Foundation and will be developed in its own entity with its own team. Because the Foundation has already contributed to the Chainflip project through developer resources and expertise, it has negotiated with the Chainflip team to be reimbursed for its contributed resources.
- 5) The Foundation has acquired the full shareholding of Rangeproof Pty Ltd. After 30 June 2020 the activities of Rangeproof will be included in the Foundation's reports as part of the consolidated group. The acquisition conditions for the agreement have been fully satisfied post 30 June 2020.
- 6) The Foundations investment in Boutique Capital was returned to the foundation after 30 June 2020 due to the winding up of the fund. As of the date of issue the Foundation has been paid for its holdings and no longer holds any investments with Boutique Capital.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Foundation's operations, the results of those operations, or the Foundation's state of affairs in future financial years.

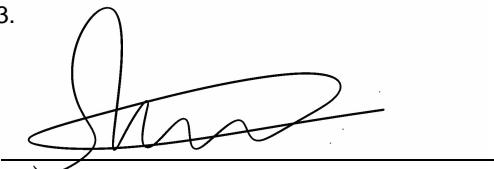
LAG FOUNDATION LTD
ABN: 32 624 664 204
DIRECTORS DECLARATION
FOR THE YEAR ENDED 30 JUNE 2020

In the opinion of the directors of LAG Foundation Ltd (the "Foundation"):

- 1 The financial statements and notes of the Foundation are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
 - (a) give a true and fair view of the financial position of the Foundation as at 30 June 2020 and of its performance for the period ended on that date; and
 - (b) comply with Australian Accounting Standards – Reduced Disclosure Requirements, and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- 2 There are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subs 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2013.

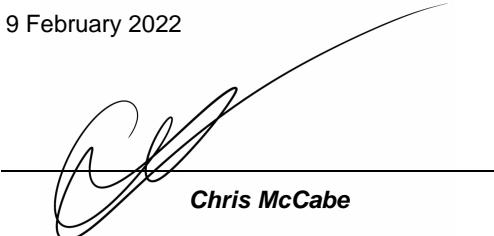
Director



Simon Harman

Dated 9 February 2022

Director



Chris McCabe

Dated 9 February 2022

INDEPENDENT AUDITOR'S REPORT

To the members of LAG Foundation Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of LAG Foundation Ltd (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of LAG Foundation Ltd, is in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the ACNC Act, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.



In preparing the financial report, directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

A handwritten signature in black ink, appearing to read "Geoff Rooney". Below the signature is a small, faint "DRAFT" mark.

Geoff Rooney
Director

Sydney, 9 February 2022

 **Loki Foundation**

Additional Information

Major project summaries

Session

Session is a private, end-to-end encrypted, and anonymous private messaging application. It can be used for either one-on-one (DM) or group chats. Session focuses on the minimisation of metadata, so that people using Session messenger can safely, privately, and securely communicate online.

Lokinet

Lokinet is an onion-routing network built on the Low Latency Anonymous Routing Protocol (LLARP). Using Lokinet gives people more privacy, anonymity, and censorship-resistance when they browse online.

Loki network

The Loki network is a network of specialised nodes (service nodes) which provide essential services and infrastructure for the operation of private applications such as Session and Lokinet.

Loki cryptocurrency

The Loki cryptocurrency is a privacy cryptocurrency which allows people to transact online with full anonymity and privacy. The cryptocurrency is also used to provide incentives for the operators of the Loki network and security for the Loki blockchain through Proof of Stake.

Contact information

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