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7 December 2021

The Directors of AltCoinTrader Proprietary Limited  
P.O Box 377  
Roodepoort  
South Africa  
1725

Dear Sirs

## **SOUTH AFRICAN TETHER (“xZAR”) - PROOF OF RESERVE (“POR”) REPORT**

Our report is solely for the purposes of offering the current and prospective holders of the xZAR cryptocurrency token additional transparency and reassurance that their tokens are collateralized. For the purpose of this agreed-upon procedures (“AUP”) engagement the term “collateralized” will be defined as where the nominal number of xZAR tokens issued by the *Issuing Address* does not exceed the South African Rand (“ZAR”) held in the dedicated Standard Bank account. The xZAR is a stable coin pegged 1:1 to the South African Rand (<https://www.xzar.co.za/>).

AltCoinTrader Proprietary Limited (“ACT”) has requested that we perform an AUP engagement on the issued xZAR and ZAR held as at 23:59:59 Central African Time (“CAT”) on 31 October 2021. The directors of ACT acknowledge that the AUP are appropriate for the purpose of the engagement and are responsible for the subject matter on which the AUP are performed.

We have conducted the AUP engagement in accordance with the International Standard on Related Services (ISRS) 4400 (Revised), *Agreed-Upon Procedures Engagements*. An AUP engagement involves us performing the procedures that have been agreed with ACT, and report the findings, which are the factual results of the AUP performed. We make no representation regarding the appropriateness of the AUP.

This AUP engagement is not an assurance engagement. Accordingly, we do not express an opinion or an assurance conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

We have complied with the relevant ethical requirements. For the purpose of this engagement, there are no independence requirements with which we are required to comply.

Our firm applies International Standard on Quality Control (ISQC) 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The following public key addresses will be referred to in the AUP;

<i>Control Address</i>	<i>0xe74f0f6880b5697e25d44fdc6cc45d9c0b666eb9</i>
<i>Smart Contract Address</i>	<i>0x48f07301e9e29c3c38a80ae8d9ae771f224f1054</i>
<i>Issuing Address</i>	<i>0xc58bb74606b73c5043b75d7aa25ebe1d5d4e7c72</i>

Registered Auditor – A firm of Chartered Accountants (SA) • IRBA Registration Number 900222  
Partners: MC Olckers (National Co-CEO), MV Ninan (National Co-CEO), JM Barnard, AK Batt, AS De Jager, DS Dollman, M Edelberg, Y Ferreira, T Gangen, R Groenewald, AK Hoosain, MY Ismail, N Jansen, J Marais, B Mbunge, FN Miller, G Molyneux, A Moruck, S Naidoo, MG Odendaal, W Olivier, D Resnick, BG Sacks, MA Salee, N Silbowitz, SM Solomon, HH Swanepoel, AL Swartz, MJA Teuchert, N Thelander, JC Van Tubbergh, N Volschenk, J Watkins-Baker  
A full list of national partners is available on request or at [www.mazars.co.za](http://www.mazars.co.za)

## PROCEDURES AND FINDINGS

We have performed the procedures described below, which were agreed upon with ACT on the POR report.

	Procedure	Findings
1	Obtain from management the public key address (“ <i>Control Address</i> ”) that controls the smart contract responsible for minting/authorizing the xZAR tokens, the <i>Smart Contract Address</i> responsible for minting/authorizing the xZAR tokens and the public key address responsible for issuing the xZAR tokens once minted (“ <i>Issuing Address</i> ”).	We obtained from management the public key address (“ <i>Control Address</i> ”) that controls the smart contract responsible for minting/authorizing the xZAR token, the <i>Smart Contract Address</i> responsible for minting/authorizing the xZAR tokens and the public key address responsible for issuing the xZAR tokens once minted (“ <i>Issuing Address</i> ”).
2	For both the <i>Control and Issuing Address</i> perform cryptographic message signing which demonstrates that ACT has ownership over the private key(s) associated with the public key addresses and therefore controls these addresses.	For both the <i>Control and Issuing Address</i> we performed cryptographic message signing which demonstrates that ACT has ownership over the private key(s) associated with the public key addresses and therefore controls these addresses.
3	Inspect the source code of the <i>Smart Contract Address</i> as listed on Etherscan <sup>1</sup> and identify the total number of authorized xZAR tokens that the smart contract is able to issue.	We inspected the source code of the <i>Smart Contract Address</i> on Etherscan and found that the xZAR token has a maximum supply of 10,000,000,000.
4	Inspect the source code of the <i>Smart Contract Address</i> on Etherscan and identify the deployment address.	We inspected the source code of the <i>Smart Contract Address</i> on Etherscan and identified the deployment address as being the <i>Issuing Address</i> .
5	Inspect the <i>Issuing Address</i> on Etherscan to determine how many of the maximum supply (10,000,000,000 xZAR tokens) have been issued as at 31 October 2021.	We inspected the <i>Issuing Address</i> on Etherscan and found that a total of 50,000,001 xZAR tokens (out of a supply of 10,000,000,000) have been issued as at 31 October 2021.
6	Obtain the bank account number and the bank name that is solely used for holding the ZAR relating to the xZAR.	We obtained the bank account number and the bank account name that is solely used for holding the ZAR relating to the xZAR.
7	Obtain a bank confirmation directly from Standard Bank, which confirms the ZAR balance held as at 31 October 2021 and that the funds are not encumbered or provided as security.	We obtained a bank confirmation directly from Standard Bank, which confirms the ZAR balance held as at 31 October 2021 and that the funds were not encumbered or provided as security.
8	Compare the ZAR balance as per the confirmation obtained in procedure 7 to the issued xZAR referred to in procedure 5 to confirm that the ZAR exceeds the number of nominal xZAR tokens in issue and therefore meets the definition of being collateralized.	We compared the ZAR balance as per the confirmation obtained in procedure 7 to the issued xZAR referred to in procedure 5 and can confirm that the ZAR amount exceeds to the number of nominal xZAR tokens in issue and therefore meets the definition of being collateralized.



MAZARS

Partner: Wiehann Olivier

7 December 2021

<sup>1</sup> <https://etherscan.io/>