

**Confidential Token Information
Memorandum**

Kinesis Cayman

Kinesis Velocity Tokens (KVT)

This Confidential Token Information Memorandum relates to the offering of Kinesis Velocity Tokens (“KVTs” or the “Tokens”) that are issued by Kinesis Cayman, a Cayman Islands Limited Liability corporation with registered address at 36A, Roy’s Drive, Grand Cayman, Cayman Islands KY1-1104 (“Kinesis Cayman”). The Offering commenced on September 10, 2018 (“initial date”) and will expire at 11:59 p.m. GMT time, on September 8, 2019 (the “Expiration Date”), unless extended or earlier terminated, in each case, in our sole discretion.

The Company may engage advisors and consultants from time to time to facilitate the sale of the Securities¹ and/or provide consulting and advisory services.

No public market for the Securities currently exists, and none may ever develop. The offer and sale of the Securities has not been registered under the US Securities Act of 1933 (the “Securities Act”) or any securities laws of any state or other jurisdiction.

The Securities are being offered and sold in reliance on an exemption from the registration requirements of the Securities Act. The Securities may not be offered for sale, pledged, hypothecated, sold, assigned or transferred at any time except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and other such securities laws. Potential investors should be aware that they may be required to bear the financial risks of the Securities for an indefinite period of time and may lose the entire amount applied towards their subscription in the Securities.

None of the United States Securities and Exchange Commission (the “SEC”), any state securities commission, any foreign securities authority or any other federal, state or foreign regulatory authority has approved of, disapproved of, endorsed or recommended the Securities or the Offering or passed upon the merits or fairness of the Offering. No independent person has determined if this Memorandum is accurate, truthful or complete. Any representation to the contrary is illegal and may be a criminal offense.

Investing in the Securities involves a high degree of risk. You should carefully consider the risks summarized under “Risk Factors” beginning on page 36 of this Memorandum for a discussion of important factors you should consider before purchasing any Securities.

We encourage you to carefully read this Memorandum and all of the documents attached to and included with this Memorandum prior to determining whether you will participate in the Offering. In addition, we urge you to consult with your own legal, investment, tax, accounting and other advisors to determine the potential benefits, burdens and other consequences of the Offering particular to you.

This version 7 of the Memorandum is current as at September 9, 2019 to reflect updated personnel.

THIS MEMORANUDUM REMAINS SUBJECT TO UPDATE, FROM TIME TO TIME, UNTIL THE EXPIRATION DATE.

The Company may update the contents of the Memorandum from time to time but has no obligation to do so. Prospective token holders should obtain the most recent version of the Memorandum from the Company prior to making any decision on subscribing for the Tokens.

References herein to “Our”, “We” and “Us” or any related terms are references to the Company.

Information on the website of the Company or any of the other entities referred to herein do not form part of the Memorandum.

IMPORTANT INFORMATION FOR POTENTIAL SUBSCRIBERS

This Memorandum is directed only to (i) “U.S. persons” (as such term is defined in Regulation S under the Securities Act) who are “accredited investors” (as such term is defined in Regulation D under the Securities Act) and (ii) persons other than “U.S. persons” in “offshore transactions” (in each case, as such term is defined in Regulation S under the Securities Act), in each case, to whom it is delivered by, or on behalf of, the Company, and it has been prepared solely for use by potential investors in the Securities and will be maintained in strict confidence. Each recipient hereof acknowledges and agrees that (i) the contents of this Memorandum constitute proprietary and confidential information, (ii) the Company and its affiliates derive independent economic value from such confidential information not being generally known, (iii) such confidential information is the subject of reasonable efforts to maintain its secrecy, and (iv) the disclosure of such confidential information is likely to cause substantial and irreparable competitive harm to the Company. Any reproduction, publication or distribution of this Memorandum, in whole or in part, or the disclosure of its contents, without the prior written consent of the Company, is prohibited. Each person who has received this Memorandum is deemed to agree to use this Memorandum and its contents solely in connection with such person’s evaluation of a potential subscription of the Securities. Any other use is prohibited. Each person who has received this Memorandum is deemed to agree to return this Memorandum to the Company upon request. The existence and nature of all conversations regarding the Company and the Offering must be kept confidential.

The Company reserves the right in its sole discretion to reject any offer to purchase Securities in whole or in part for any reason, including but not limited to a subscriber not meeting minimum prescribed subscription amounts, as defined by the Company from time to time, by the Company not executing an Application (as defined herein) with the potential investor. In the event that the Offering is terminated or withdrawn, all funds received in connection with the Offering will be returned without interest as soon as reasonably practicable.

No public market exists for the Securities, and no public market may ever develop after the Offering. None of the Securities have been registered under the Securities Act or any securities laws of any state or other jurisdiction and, unless so registered, the Securities may not be offered or sold, directly or indirectly, in or into the United States or to, or for the account or benefit of, any “U.S. person” (as such term is defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and such other securities laws. Accordingly, the Securities are being initially offered and sold only to (i) “U.S. persons” who are “accredited investors” (as such term is defined in Regulation D under the Securities Act) in compliance with Regulation D, in each case, in compliance with the exemption from the registration requirements of the Securities Act provided by Rule 506(c) of Regulation D, and (ii) persons other than “U.S. persons” in “offshore transactions” (in each case, as such term is defined in Regulation S under the Securities Act in compliance with Regulation S under the Securities Act.

The Securities offered and sold to persons other than “U.S. persons” in the Offering are subject to the conditions listed under Section 903(b)(3), or Category 3, of Regulation S. Under Category 3, “offering restrictions” (as such term is defined under Regulation S) must be in place in connection with the Offering and additional restrictions are imposed on resales of the Securities. Further details of these restrictions are set out in “Notice to Investors”. The Securities are “restricted securities” as defined in Rule 144 promulgated under the Securities Act. Purchasers of the Securities may not offer, sell, pledge or otherwise transfer the Securities, directly or indirectly, in or into the United States or to, or for the account or benefit of, any “U.S. person,” except pursuant to a transaction meeting the requirements of Rules 901 to 905 (including the Preliminary Notes) of Regulation S, pursuant to an effective registration statement under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. All Securities are subject to these restrictions until at least the expiry of one year after the later of (i) the time when the Securities are first offered to persons other than distributors in reliance upon Regulation S and (ii) the date of closing of the respective Offering, or such longer period as may be required under applicable law (the “Distribution Compliance Period”). These restrictions may remain in place or be reintroduced in relation to the Securities following the expiry of the Distribution Compliance Period, at the sole discretion of the Company.

A subscription in the Securities involves a high degree of risk, volatility and illiquidity. A potential subscriber should thoroughly review the information contained herein and the terms of the Securities and carefully consider whether a subscription in the Securities is suitable to the investor’s financial situation and goals. Potential investors should be aware that they will be required to bear the financial risks of this purchase for an indefinite period of time and should be prepared to lose the full amount of their subscription.

No person has been authorized to make any statement concerning the Company or the offering or sale of the Securities discussed herein other than as set forth in this Memorandum, and any such statements, if made, must not be relied upon as having been authorized by the Company. The Company takes no responsibility for and can provide no assurance as to the reliability of any information that has been provided to potential investors outside of this Memorandum.

Potential investors should make their own investigations and evaluations of the Securities, including the merits and risks involved in a subscription of the Tokens therein. Prior to making a subscription, a subscriber will have the option to ask the Company questions, and receive answers and additional information from, the Company concerning the provisions of the Offering, the Securities and other relevant matters, to the extent the Company possesses the same or can acquire it without unreasonable effort or expense. Potential investors should inform themselves as to the legal requirements applicable to them in respect of the acquisition, holding and disposition of the Securities, and as to the income and other tax consequences to them of such acquisition, holding and disposition.

This Memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any Security in any jurisdiction in which it is unlawful to make such an offer or solicitation. Each subscriber must comply with all applicable laws and regulations in force in any jurisdiction in which it receives, purchases, offers or sells the Securities and must obtain any consent, approval or permission required for the purchase, offer or sale by it of the Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales. The Company will not have any responsibility in

connection with obtaining, or failing to obtain, any such consents, approvals or permissions. The Company is not making any representation to any subscriber regarding the legality of a subscription in the Securities by such subscriber. This Memorandum must not be used to offer or sell Securities in any jurisdiction in which such actions are illegal or otherwise prohibited.

Potential investors are not to construe this Memorandum as investment, legal, tax, regulatory, financial, accounting or other advice, and this Memorandum is not intended to provide the sole basis for any evaluation of a subscription in the Securities. Prior to participating in the Offering, a potential subscriber should consult with its own legal, investment, tax, accounting, and other advisors to determine the potential benefits, burdens, and other consequences of a subscription of the Securities.

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CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This Memorandum contains forward-looking statements. These statements involve known and unknown risks, uncertainties and other important factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward- looking statements. Forward-looking statements may include, but are not limited to, statements relating to the Company's current and projected operations, financial results, business and products. In some cases, you can identify forward-looking statements by words such as "anticipate," "may," "believe," "could," "should," "estimate," "expect," "intend," "plan," "predict," "potential," "forecasts," "project," "contends" and other similar expressions, also are forward- looking statements. Forward-looking statements are made based upon management's current expectations and beliefs concerning future developments and their potential effects on the Company. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks and uncertainties. Many important factors could cause actual results, performance or achievements to differ materially from any future results, performance or achievements expressed in or implied by the Company's forward-looking statements, including the risk factors described below. Many of the factors that will determine future events or achievements are beyond the Company's ability to control or predict.

All forward-looking statements in this Memorandum speak only as of the date hereof. You should not place undue reliance on forward-looking statements. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in its expectation with regard thereto or any change in events, conditions, or circumstances on which any such statement is based. The Company's actual results, performance or achievements could differ materially from the results expressed in, or implied by, these forward-looking statements, including, but not limited to, the risks the Company faces as described under the section titled "Risk Factors" beginning on page 36 and risks described elsewhere in this Memorandum. We can give you no assurance that any of the events anticipated by the forward-looking statements will occur or, if any of them do, what impact they will have on our future results, performance or achievements.

OUR BUSINESS

This summary should be read carefully in conjunction with the other sections of this Memorandum, including “Cautionary Statements Regarding Forward-Looking Statements” beginning on page 7, “Risk Factors” beginning on page 36, and “Use of Proceeds” beginning on page 67.

This section includes market and industry data and forecasts that have been obtained from, where appropriate, internal surveys, reports and studies, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information. The Company has not independently verified any of the data from third-party sources or ascertained the underlying economic assumptions relied upon therein.. Consequently, the Company does not make any representation as to the accuracy or completeness of such information, and shall not be held responsible in respect of any such information and shall not be obliged to provide any updates on the same.

This section gives an overview of the business of the Company. The Company issues and/or proposes to issue a number of digital currencies represented by digital tokens on its digital platform. The KVT is one such token and this Memorandum relates exclusively to the issue of the KVTs. For further information on the rights attaching to the KVTs, refer to the section titled “Summary of the Offering and the Rights Attaching to the Tokens”.

Summary

Kinesis Cayman was incorporated under the laws of the Cayman Islands on June 12, 2018. We currently have no operating history. The Company’s principal business is to offer financial services for investing in blockchain assets, namely, asset-backed cryptocurrencies, that will have real world application in commerce and private transactions and proposes to raise capital from both retail and institutional investors. The Company’s website is www.kinesis.money and its registered office and mailing address is 1 Cayman Financial Centre, 36A Dr. Roy’s Drive, P.O. Box 2510, George Town, Grand Cayman KY1-1104, Cayman Islands.

Kinesis Cayman operates its own monetary system on a digital platform (the “**Kinesis Monetary System**”). See “Kinesis Monetary System-Components” below for more information.

Kinesis Cayman operates a system embraces and rewards the use of its own currency, stimulating the movement of capital, acting as a network that encourages commerce and economic activity. Core to the mechanics of the system is the perpetual incentive and stimulus for money velocity. Outside capital is attracted into Kinesis via a risk/return ratio based on the potential of returns that is linked to the level of activity within the Kinesis system. This is achieved through issuing Kinesis currency that has 1:1 directly allocated asset backing and then attaching a unique multifaceted yield system that promotes both the initial exchange of assets into Kinesis currency and the subsequent use of Kinesis currency within the Kinesis system and then shares the wealth generated by the Kinesis Monetary System in what we believe is an equitable system based on participation and capital velocity.

The primary elements of the Kinesis system are:

1. Gold & Silver –Physical gold & silver which is widely recognised as being a very stable and definable store of value for use in commercial and private transactions and investment. Kinesis’ primary currencies are the KAU and KAG coins which are backed 1:1 with allocated physical gold and silver which means that full direct title to the bullion used for these coins is allocated to the owner of the respective coin.
2. Yield - A perpetually recurring yield generated from economic activity in relation to the Kinesis currencies within the Kinesis system, not from debt-based interest like fiat currency. Provides definable value via Net Present Value (NPV) calculations for use in commercial, institutional and retail investment.
3. Blockchain & Cryptocurrency Technology - Enhanced by asset-backed currency and multifaceted yield system

The Kinesis system can be overlaid on top of anything that can be standardized, traded, and stored as value. Accordingly, we are developing a kinetically charged suite of Kinesis currencies represented by digital tokens to which the legal title of an asset is attached (be it to bullion, fiat banknotes, cryptocurrencies, and other assets that are secured physically and digitally stored in our allocated Kinesis banking and asset management system). By attaching a yield to currency or asset tokens, risk/return ratios can be forecasted and virtually all currency and investment asset markets can be targeted and infiltrated. As such, over time we plan for more currencies and assets to be added, ultimately infiltrating more markets spread across the world. This form of currency has necessary real-world application in both commerce and private transactions, along with potential to attract capital from institutional and retail investors as well as savers.

Kinesis believes that it will attract capital from markets that are currently experiencing little or comparatively low yields. These include:

1. Cryptocurrency Markets
2. Gold & Silver Markets
3. Fiat Currency Markets
4. Investment Asset Markets

Given the Kinesis Monetary System’s stability and security, participating in the Kinesis system is inherently less risky than these alternative markets and offers potentially greater return. Furthermore, where banks conversely hold legal title of their customer’s deposits and can put these deposits at risk through highly leveraged lending strategies, the Kinesis Monetary System allocates title to the asset underlying a Kinesis currency directly to the ultimate beneficial owner. Thus, at its core, Kinesis is a monetary system focused on minimizing risk, maximizing return, stimulating velocity, and maximizing the rate of adoption.

In addition, Kinesis Cayman intends to create the Kinesis Velocity Token (KVT), to be offered pursuant to a private placement. Holders of KVTs collectively earn a percentage of transaction fees from various business units within the Kinesis Monetary System. See “Summary of the Offering and the Rights Attaching to the Tokens” for more information.

Our business is highly regulated. As we continue to grow internationally, the Company plans on seeking regulatory approvals and registrations in each jurisdiction in which it services its clients.

Market Opportunity

The market for Blockchain Assets has grown dramatically since bitcoin was created in 2009. According to www.coinmarketcap.com, as of March 31, 2018, approximately \$4 billion in the aggregate has been raised through offerings of Blockchain Assets, many of which are sold through initial coin offerings (“**ICOs**”), and over 191 Blockchain Asset trading platforms provide basic buy and sell services for one or more types of Blockchain Assets. As of March 31, 2018, 20 trading platforms averaged daily trading volumes over \$20,000,000 and 11 of those platforms averaged daily trading volumes over \$100,000,000.

There has been growing institutional interest in operating regulated Blockchain Asset trading platforms and utilizing Blockchain Assets in bank financing practices. As of March 2018, there are over 200 global hedge funds focused on Blockchain Assets; this number is up from 37 at the beginning of 2017. The amount of bitcoin “wallets” grew from about 13 million at the beginning of 2017, to 23.9 million as of March 31, 2018. By some estimates, there are currently over 1,500 different Blockchain Assets. Total daily trading volume in bitcoin grew from below \$2 billion at the beginning of 2017 to over \$10 billion at the end of that year. The rapid growth in the market for Blockchain Assets has also created significant interest and coverage from major news outlets and it is currently common to see articles about cryptocurrencies and blockchain in mainstream financial publications. According to a report from November 2017, Coinbase (a leading bitcoin seller) had more users than the number of brokerage accounts at Charles Schwab.¹

Despite the significant growth in the market for Blockchain Assets, the total market capitalization of the 10 biggest Blockchain Assets combined, as of March 31, 2018, is only about \$210 billion. While a sizable figure, the total market capitalization of traditional corporations lends perspective: Facebook has a market capitalization of about \$464 billion (one of the largest); the top 10

¹ <https://www.cnbc.com/2017/11/27/bitcoin-exchange-coinbase-has-more-users-than-stock-brokerage-schwab.html>

Blockchain Assets combined is about the size of Home Depot. Given the relatively low aggregate market capitalization and number of existing wallets, Blockchain Assets may only be at the “early adoption” phase and there could be significant growth ahead.

Kinesis Cayman believes there are two major obstacles delaying traditional financial institutions from entering the market: (i) the lack of regulatory and legal certainty surrounding Blockchain Assets; and (ii) disparities in the regulatory and legal treatment of Blockchain Assets in different jurisdictions globally. Kinesis Cayman believes these obstacles will take considerable time to be resolved. We expect to take advantage of the hesitation of traditional financial institutions to enter the market by establishing and developing our operations and customer base in the intervening time.

Kinesis Cayman believes it can compete favorably with existing Blockchain Asset trading platforms and firms in the blockchain market by providing outstanding services, transparency, a one-stop solution and generally the level of professionalism expected from a premier private client adviser.

According to reports, 17% of millennials, living in the United States, own Blockchain Assets, while only 9% of Generation X’ers, in the United States, and 2% of Baby Boomers, in the United States, do so.²³ This lack of penetration among older investors presents a considerable opportunity: data from the U.S. Federal Reserve’s 2016 Survey of Consumer Finances shows that the average wealth of the 30-34 age group is \$95,000, the average wealth of the 40-44 age group grows to \$315,000, and as people get older than 60-64 their average wealth is \$1,100,000.

Identified Problems

Cryptocurrency Market Problems

Volatility in cryptocurrencies make them non-viable stores of value and unsuitable for use as currencies. Given the price uncertainty of the world’s largest coins, it is clear that they are not viable reserve currencies that can facilitate global commerce. These characteristics prevent mass-adoption, as a currency must be stable and mimic a fixed article of exchange in an economy. For example, a business with budgeted profit margins takes a significant risk in accepting these currencies as a form of payment, or as a reserve currency to sit on their balance sheet. Money was created to serve and bring efficiency to commercial transactions. While the early cryptocurrencies have laid the blueprint for a decentralized future, their current limitations prevent their sustainable use in commercial applications. Nevertheless, they have paved the way forward for new and improved innovations like the Kinesis Monetary System.

² <https://www.finder.com/why-people-arent-buying-cryptocurrency>, quoted in <https://www.forbes.com/sites/rachelwolfson/2018/03/28/millennials-speak-out-about-investing-in-cryptocurrencies-for-retirement-funds/#2cf754b91a38>

³ Methodology –

- The Baby Boomers are the generation that were born mostly following World War II. There are no precise dates when the cohort birth years start and end. Typically, they range from the early-to-mid 1940s and end from 1960 to 1964. Increased birth rates were observed during the post–World War II baby boom making them a relatively large demographic cohort.
- Generation X, is the generation following the baby boomers. Demographers and researchers typically use starting birth years ranging from the early-to-mid 1960s and ending birth years in the early 1980s.
- Millennials, also known as Generation Y, are the cohort of people following Generation X. There are no precise dates for when this cohort starts or ends; demographers and researchers typically use the early 1980s as starting birth years and the mid-1990s to early 2000s as ending birth years.

Fiat Currency Market Problems

Historically, fiat money has never endured a long existence. In fact, every fiat currency since its inception by the Romans has experienced devaluation collapse. This has had significant negative implications on that currencies' respective economy as well.

Similarly, current fiat currencies are also a poor store of value. Central Banks print and devalue money, creating price inflation at their discretion to keep commercial Banks' lending and consumers spending to maintain economic growth in nominal terms (without inflation taken into account). Furthermore, bank deposits globally are almost universally causing depositors to lose money in real terms by paying interest below the rate of inflation. As a result, the counterparty risk incurred by a depositor for depositing funds with a bank (giving title of your money to a bank) does not justify the risk-reward outcome. In addition, these depositors must deal with bail-in provisions, depositors' insurance being removed and interest rates being negligible.

The printing of US dollars to stimulate economic activity is having a decreasing positive economic effect. The US government along with other major governments and monetary systems around the world are funding themselves through deficit funding from central banks. History shows that currency crashes and high inflation or even hyperinflation typically follow these actions.

In addition, the US government along with most other major governments are further accumulating an insurmountable level of debt evidenced by the unsustainable rise of federal debt against GDP. In lieu of this, the US government is struggling to meet the interest payments on their debt, notwithstanding rising interest rates. This has led to unfunded off-balance sheet liabilities surpassing the liabilities currently held on balance sheet pointing to the foundations of an insolvent economy.

Given this information it is clearly evident that having a central authority, whether it be banks or government, at the center of a monetary system is inherently problematic. These are the issues a stable and decentralized alternative like the Kinesis system aims to solve.

Asset-backed Currency Problems

Gresham's Law of Money

Gresham's Law of Money – “bad money drives out good,” is an inherent problem plaguing both traditional cryptocurrencies and asset-backed currencies. This is witnessed with gold and silver, where those who hold it over legal tender or fiat currency, typically do not wish to spend it, choosing the less valued fiat currency for everyday transactions.

Yield

Other asset-backed currency problems stem from the fact that precious metals and many other assets have no yield attached to them. Furthermore, they actually typically cost money to hold securely. In this respect, a yielding asset like interest-bearing bank deposits or stocks paying dividends become a more attractive investment option for investors looking for a yield on their investments.

Security

Asset-backed currencies' final major problem revolves around security. Historically, there have been multiple cases of fraud involving the use of precious metals and other assets as a payment solution. An investor must be cautious in who they invest with to avoid the risk of fraud and theft. This has already been problematic in asset-backed crypto-currencies as well. For example, recently, Tether, a company that issues a widely traded cryptocurrency purported to be backed by US dollars, has been subpoenaed amid secretive circumstances surrounding the USD backing of their cryptocurrency.

Bullion Market Problems

Archaic, Siloed & Inefficient

Wholesale bullion market participants currently trade over-the-counter (OTC) in the physical markets largely outside of the electronic environment either via phone, email, or in person. These systems are completely manual, problematic, inefficient and costly. Phone dealing desks are costly and involve manually booking a trade, placing a physical order with a supplier, and hedging the trade. There is an acceptance in the market that the legacy OTC London market architecture is outdated and there is a need for a transition to new globally efficient digital system. Kinesis has an institutional integration with ABX and its operationally segregated wholesale contracts, which offer serial number and bar hallmark. This enables Kinesis to provide an ideal solution for bi-lateral wholesale trading through the blockchain. This solution will be promoted in partnership with ABX and their extensive network of institutional partners. Additionally, local physical markets currently trade in a very siloed manner, completely independent and disconnected from one another.

Limited Resources & Barriers to Entry

Many organizations currently do not have the resources to conduct the necessary due diligence, understand the regulatory framework and establish global operations. There are also significant barriers of entry into the local physical market. Outside of the big bullion banks or international trading houses, local market participants typically only trade in their home region thereby limiting them to primarily local clients. In the absence of a pre-existing global aggregator platform, substantial price differentials exist in the different liquidity centers around the world.

Market Access

Unlike in the energy or base commodity space, precious metal producers (suppliers) have no preexisting way to enter the wholesale market directly. There are challenging barriers to entry for end consumers (Jewelers, Manufactures & Investors) to directly access the wholesale market. The physical trade flow of bullion typically passes through a series of intermediaries.

Our Solution

These solutions are subject to full regulatory compliance, and any services we are able to offer will depend on receiving prior regulatory approval.

Addressing Gresham's Law of Money

The Kinesis Monetary System defeats Gresham's Law phenomena by highly incentivizing people

to utilize a valuable currency through a multifaceted reward system based upon participation and money velocity that is expanded upon later in this paper.

Addressing Yield

The Kinesis Monetary System gives yield to these precious metals by attaching multiple yields for varying degrees of passive or active participation. As detailed later in this Memorandum, the proposed model outlining the multifaceted yield system offers a more attractive alternative than the yields on offer for passive investors, as well as highly incentivizing participation for those who wish to be active.

Addressing Security

Alternatively, Kinesis' primary currencies are backed 1:1 with allocated physical gold & silver, the greatest stable and definable stores of value for use in commercial and private transactions and investment. Kinesis utilizes the multi-layered third-party audit and verification system of ABX's Quality Assurance Framework. ABX is a global wholesale spot bullion exchange which has been operating since 2013 and has large physical broker/dealers and traders around the world relying upon its systems. Furthermore, [large partnerships are in place by ABX] with the likes of Deutsche Borse Group, one of the largest exchange groups in the world, government owned postal systems, like PT Pos Indonesia, as well as large established mobile banking and vaulting partners. The physical handling, clearing, storage, and delivery mechanics of ABX are currently being integrated into Deutsche Borse Group's regulated commodity clearinghouse, European Commodity Clearing, which is required to maintain approval and acceptance from the German financial regulator. By utilizing ABX's Quality Assurance Framework, we are able to access a verification system that is based on a verified audit trail with multilayered third-party audit and verification] and a holdings system that is regularly audited and transparent.

Addressing Archaic & Inefficient Bullion Markets

Kinesis via its institutional integration with ABX and its operationally segregated wholesale contracts, which offer serial number and bar hallmark, provides an ideal solution for bi-lateral wholesale trading through the blockchain. This solution will be promoted in partnership with ABX and their extensive network of institutional partners. Kinesis will therefore be able to offer an efficient solution for these markets.

Addressing Limited Resources & Barriers to Entry

Kinesis' system and technology allows local market participants to expand their horizons internationally. These additional markets enable them to benefit from international liquidity and attract international clients. Kinesis also breaks down the barriers to entry to each physical market and directly interface these trading centers allowing traders to arbitrage the differential.

Addressing Market Access

ABX provides a facility to enable suppliers to act as liquidity providers and access our exchange directly and sell metal at the "Offer" price. Currently, producers must sell to an intermediary and hit their "Bid", which decreases their revenues materially. As the vast majority of producers sell at

spot this is a compelling proposition for them. Additionally, ABX integrates the physical trade cycle, allowing for end consumers to access the exchange directly. By changing the physical price maker and taker dynamics we contend that we will change the price discovery dynamics of the precious metals market. We also contend that by bringing the producers directly onto our platform we will bring the rest of the industry into our market.

Kinesis Monetary System Components

Kinesis is a full-circle monetary system made up of all elements and functions that we believe are required for a successful and effective monetary system. These differing functions make up different business units within the group.

Kinesis Mint

The Kinesis Mint functions as the wholesale market where the Kinesis currency that is to be attached to an asset is created and minted. This occurs in an institutional centrally cleared exchange with deep liquidity and connectivity into global wholesale trading organizations via Allocated Bullion Exchange (ABX).

Kinesis Blockchain Network (KBN)

KBN is the blockchain technology upon which the suite of Kinesis currencies is built. Kinesis currencies can be sent, spent, saved, or traded through the blockchain. Coins purchased in the wholesale market are emitted into the KBN with incentives based on the money velocity meaning the volume of certain transactions in respect of that particular Kinesis currency.

Kinesis Exchange

The Kinesis Exchange operates as a blockchain digital currency exchange where Kinesis and other digital currencies can be traded. This is being developed internally to ensure deep liquidity for the Kinesis currencies.

Kinesis Financial Network (KFN)

The KFN serves as a mobile banking system where Kinesis currencies can be used for savings or payments, remittances, and money movement. This facility also has a Mastercard and Visa debit card and accompanying companion card facility providing the ability to use Kinesis as a payment currency across the world.

KFN will include an e-commerce technology suite where Kinesis can be moved to in real-time. This secure mobile payment and debit card platform can be viewed in any fiat currency of choice. The suite provides extensive functionality and value provided to individual and corporate members, including private labelling abilities. Also accounted for is a mobile payment account system and balance that is equivalent to a virtual savings account including the ability for customers to earn interest on all funds loaded into the user's mobile payment account. Paired with the technology offerings is an integrated debit card equivalent to a checking account, which can be used anywhere Visa / MasterCard is accepted allowing customers to withdraw funds at virtually any ATM around the world.

Additionally, companion cards can be created for kids and family members abroad, enabling movement of funds from the mobile payment account to companion cards in real-time and for FREE.

Lastly, KFN offers the ability for merchants to integrate simple APIs to accept customer payments without paying 1.5% to 4% credit card merchant processing costs virtually eliminating any and all credit card debt. Other mobile account fiat fees are detailed in the [Appendix]².

Kinesis Commercial Centre (KCC)

The KCC performs as an online aggregator platform of goods and service providers, enabling the suite of Kinesis currencies to be utilized as payment for participating merchants.

Description of the Kinesis Tokens

The following is a summary of the presumptive terms and features of the Kinesis Tokens.

Kinesis Velocity Token (KVT)

For a description of the KVTs, refer to the section titled “Summary of the Offering and the Rights Attaching to the Tokens”.

Kinesis Currency Specifications

The Kinesis Money team has developed a proprietary blockchain network forked off the Stellar blockchain network for the Kinesis currency suite. This fork enables Kinesis to leverage the high transaction speeds and superior security that Stellar offers, and in addition to this, Kinesis has been able to add unique functionality which allows for further value add features to be incorporated into the Kinesis Monetary System.

Gold Currency (KAU)

Description: 1 gram gold contract and token, consisting of gold cast bars of minimum fineness of 9999, and bearing a serial number and identifying stamp of a refiner.

Silver Currency (KAG)

Description: 1 ounce silver contract and token, consisting of silver cast bars of a minimum fineness of 999, and bearing an identifying stamp of a refiner.

Kinesis Wholesale Segregated Currency Specifications

² No such Appendix in the document.

Gold Wholesale Currency (KWG)

Description: 1 fine kilogram gold contract and token, consisting of gold cast bars of minimum fineness of 9999, and bearing a serial number and identifying stamp of a refiner.

Silver Wholesale Contract (KWS)

Description: 1,000 troy ounces of silver contract and token, consisting of silver cast bars of minimum fineness of 999, and identifying stamp of a refiner.

Kinesis plans to engage a third-party service provider to perform an audit of the functionality and security of the tokens.

KYC/AML Requirements

All potential subscribers seeking to purchase KVT Tokens in an initial sale or prior to opening an account with Kinesis must complete all KYC/AML procedures and other credential requirements. The onboarding process for creating a Kinesis account will follow industry standards and be conducted in a similar manner and be subject to the KYC/AML requirements comparable to those applicable when opening online brokerage accounts in the United States.

Any purchaser of KVT Tokens that does not comply with the Company's KYC/AML requirements will be denied access to a Kinesis account and the Kinesis Platform and shall not be entitled to the Participation Right (as defined below).

Participation Right in Velocity-Based Yield System

Overview

Kinesis has developed a multifaceted yield system that is specifically designed to attract institutional and retail capital while incentivizing the use and velocity of the currency suite. Users are financially rewarded based on their participation and the overall velocity of the Kinesis currencies (rate that Kinesis currency changes hands). We believe that our yield system is revolutionary in that it is derived purely from economic output rather than debt like fiat currency with fractional banking.

Our system provides for very interesting economic implications. Under a fiat monetary system with fractional banking, there is the need to continually devalue the currency and inflate prices to stimulate economic activity, which is proven to only work for a finite period of time and is now currently ceasing to work. In the Kinesis system, this is not required due to the large incentive to utilize the currencies and the sharing of economic benefits of the utilization of the platform with tokenholders .

In the cryptocurrency sphere, the Kinesis currency suite will provide a stabilizing force while its use will be highly incentivized, stimulating "money velocity". Other volatile cryptocurrency holders can find price stability by converting their volatile cryptocurrencies into Kinesis. As a result, our currency suite will be particularly useful for businesses and merchants.

As a benchmark, we have taken the cryptocurrency backed by USD, Tether, and looked at their velocity rates and then dramatically decreased them in our assumptions to remain conservative. We believe that Tether’s velocity stays high for one main reason, they provide a stable price that can be used by cryptocurrency users to liquidate volatile cryptocurrencies and hold a relatively stable one. Their model has been a success and their velocity is higher than any other cryptocurrencies. Between 1 December 2017 to 17 January 2018 their velocity rate averaged at 199% per day.

KINESIS MINTER YIELD									
	Incentive			Yield based on Velocity					
	Fee	Fee Share %	Transaction %	20%	30%	40%	50%	80%	100%
IMO	0.45%	15%	0.068%	4.93%	7.39%	9.86%	12.32%	19.71%	24.64%
Post IMO	0.45%	5%	0.023%	1.64%	2.46%	3.29%	4.11%	6.57%	8.21%
KINESIS DEPOSITOR YIELD									
	Incentive			Yield based on Velocity					
	Fee	Fee Share %	Transaction %	20%	30%	40%	50%	80%	100%
IMO	-	-	-	-	-	-	-	-	-
Post IMO	0.45%	5%	0.023%	1.64%	2.46%	3.29%	4.11%	6.57%	8.21%
KINESIS HOLDER YIELD									
	Incentive			Yield based on Velocity					
	Fee	Fee Share %	Transaction %	20%	30%	40%	50%	80%	100%
Post IMO	0.45%	15%	0.0675%	4.93%	7.39%	9.86%	12.32%	19.71%	24.64%
KCC Commission Share ¹	5%	40%	0.02%	2.92%	4.38%	5.84%	7.30%	11.68%	14.60%
				7.85%	11.77%	15.70%	19.62%	31.39%	39.24%
1 Assuming 2% of all transactions are occurring in the KCC									
KINESIS AFFILIATE YIELD									
	Incentive			Yield based on Velocity					
	Fee	Fee Share %	Transaction %	20%	30%	40%	50%	80%	100%
IMO	-	-	-	-	-	-	-	-	-
Post IMO	0.45%	7.5%	0.0338%	2.46%	3.70%	4.93%	6.16%	9.86%	12.32%

Note: The data set out in this table has not been independently verified and is subject to certain assumptions which may prove to be incorrect.

Backed up by our internal calculations, it is our strong belief that the Kinesis currency suite offers a far superior substitute to Tether. While Tether offers price stability for cryptocurrency users, they present no certainty with redemptions and have a product that is beholden to the fractional banking system that has proven for them to be laden with multiple layers of counterparty risk. In contrast, Kinesis offers similar or better price stability and enhanced liquidity for bullion-linked Kinesis currencies that is achieved by the many bullion industry participants that are expected to be customers of Kinesis. These features mitigate counterparty risk (bullion and cash vaulted) and provide much greater incentive to trade, use, and attract capital.

Velocity Based Incentivizing Yields for Kinesis currencies

Minter Yield - The Kinesis currency Minter yield is designed to attract capital and then put it into motion while maximizing the incentive to use (send, spend or sell) the currency. This system rewards participants who create (“Mint”) the currency in the primary market and then use it in the secondary blockchain market. Minters receive a proportional share of the transaction fees as a yield forever on the Kinesis coins they create. The more Kinesis coins created, are transacted, or the higher the velocity, the higher the yield.

Holder Yield - Holder Yield provides a yield on passive participation in Kinesis currency while holding the currencies. This return is purely passive and designed to compete with bank deposits, stock dividend yields and rental property yields. Kinesis Holders simply enjoy the benefits of the economic activity of the system while having their money held in the circulation.

Referrer Yield - Referrer Yield rewards entities such as people or corporations who refer new users to any currencies forming part of the currency suite of currencies. This yield is designed to incentivize more participants into the ecosystem.

Depositor Yield - Depositors Yield is applicable on user’s initial deposit directly into their Kinesis Wallet. This system maximizes the incentive for a large initial deposit and then further use of the currency. Depositors receive a share of the transaction fees as a yield forever on the Kinesis coins they bought and then used. Again, the higher the velocity of the initially purchased Kinesis coins, the higher the yield.

Fee Sharing

Higher ongoing fees are offered to early adopters of the Kinesis currency suite, per the Initial Minting Offer (“IMO”) column on the table above. This phase runs from March 25, 2019 to October 7, 2019. To participate in the Kinesis currency suite IMO, subscription of Tokens is required as part of the sale of tokens under this Memorandum

Fee Sharing			
	Transaction Fee Share		KCC Commission Share
	IMO	Post-IMO	
Minter	15%	5%	
eWallet Depositor	N/A	5%	
Holder	N/A	15%	40%
Recruiter	N/A	7.5%	
KVT	N/A	20%	20%
White Labeller	N/A	10%	20%
Partners	N/A	20%	0%
Kinesis	N/A	17.5%	20%
	-	100%	100%

Kinesis Economy

Kinesis Minters

Kinesis Minters will receive a yield on their participation by simply purchasing Kinesis currency in the Kinesis Mint wholesale market and then sending, spending, or selling them in the Kinesis Blockchain Network (KBN). Once the currency is purchased in the Kinesis Mint it is automatically emitted and appears in the Minters Kinesis Wallet in KBN. The Minters Yield will become receivable once the coins are then sent, spent, or sold (from the offer side) via their Kinesis Wallet.

This system also provides people and businesses with perpetual recurring revenue that continues to build over time with currency use, simply just for creating and using the Kinesis currency. The yield is based on the “velocity” of the currency and derived from a [perpetual] share of the overall transaction fees from the portion of the currency the Minter created in proportion to the aggregate currency in existence at the particular point of time. The more currency minted and sent into the system by the Minter, the more value of currency will be moving through the system and the greater the recurring financial reward will be. This highly incentivizes the use of the currency. In order to profit, capital only needs to be tied up for a relatively short period of time

providing a unique revenue generating opportunity to everyone with requisite spare capital.

Examples include:

- Businesses can pay their employees in Kinesis currencies and begin building an entirely new revenue stream that continues to grow larger and larger over time.
- Private and institutional participants/traders can circulate their capital and earn more as the number of transactions in relation to the Kinesis currency that they have minted increases .

Kinesis Depositors

Kinesis Depositors will receive a yield on their initial deposit and purchase of Kinesis currencies from their Kinesis Wallet in the KFN once they are sent or spent. As Kinesis’ currencies travel from hand-to- hand throughout the KBN a proportional share of the transaction fees will be shared with the Depositor throughout the life of the currency. The yield is based on the velocity of the currency and derived from a perpetual proportional share of the transaction fees associated Kinesis currency in existence. This yield is also designed to maximize initial deposits into the Kinesis Blockchain Network by strongly rewarding this initial deposit. This is applicable for all Kinesis currencies in the Kinesis digital currency suite.

Kinesis Holders

Kinesis Holders will receive a yield on their passive participation in the Kinesis currency held in their Kinesis Wallet. The yield is based on the velocity of the currency and derived from a consolidated share of the transaction fees across the Kinesis Blockchain Network (KBN), calculated on a daily basis and credited to their Kinesis Wallet accounts monthly. This yield is derived from true economic activity and a revenue-sharing mechanism that is a key part of the Kinesis system as there is no interest or debt associated with this yield. Based on conservative velocity figures calculated by us internally, the yield will far surpass global bank deposit interest rates with allocated ownership and less risk. Therefore, Kinesis is set to attract large sums of capital from all asset classes spread

across the world. This is applicable for all Kinesis currencies in the Kinesis digital currency suite.

Kinesis Referrers

Kinesis Referrers will receive a perpetual revenue share on all transaction fees from the participants they recruit. This provides an immediate business opportunity for anyone, whether they are: a private individual referring friends or family; someone wanting to establish a business to refer participants/ users into Kinesis; an online marketer or affiliate/referrer; a person or business wanting to refer other businesses or broker/dealer operations in; or a pre-established business wanting to enroll their clients in the Kinesis system. We believe that the viral and scalable nature of the system is one of the strengths of our business.

Proposed Token Allocation

The following table sets forth the Company's proposed Token allocation:

TOKEN ALLOCATION	
Advisors	5%
Founders & Management	9%
Bounty Campaign	3%
ICO Marketing	3%
Reserve Fund	10%
Kinesis Community	70%
	100%

* For further details regarding the KVT Tokens to be issued to the Company's management, see *Security Ownership of Management and Certain Security Holders* on page 71.

Development Plan & Use of Funds

Kinesis is seeking to raise over US\$200 million through the sale of 210,000 KVT's; enabling it to aggressively grow its businesses. Key milestones include the integration of all elements in its physical asset based digital currency, blockchain development, payments systems, vaulting, and precious metal trading businesses followed by the initiation its global commercialization program. The plan contemplates one large closing in late Q4 2018. We expect to allocate roughly \$44.25 million to working capital over the next 15 months. Working capital is primarily to support market-making activity on the Kinesis Exchange and a float of fiat versus Kinesis Currencies on debit card use. \$148.75 million is allocated to capital investment in platform integrations, financial and banking

licenses, and a series of strategic investments across the supply line. Strategic investments are key to Kinesis delivering infrastructure and partnerships to ensure optimal operating capacity and growth, this could be taking ownership stake in one or more vaulting businesses, broker-dealer or bullion dealing firms, bullion refiners (anything along the physical bullion supply chain); or tie-ups in the Crypto space (crypto exchanges, crypto custodians, etc.)

Kinesis Velocity Token Projected Financials

KVT projected financials are based solely on a modest infiltration rate in the gold market and not considering infiltrating any other market. The Kinesis System can be applied on top of any asset and to any market. The economic terms of the KVTs are structured so as to give holders will benefit from the adoption of new Kinesis currencies representing new asset classes.

	Year				
	1	2	3	4	5
Average Market Capitalization (USD)	7,824,194,352	45,862,973,550	105,595,759,080	233,394,791,580	384,265,166,400
Velocity 1	30%	30%	30%	30%	30%
Days in Year	365	365	365	365	365
Yearly Volume (USD)	856,749,281,544	5,021,995,603,725	11,562,735,619,260	25,556,729,678,010	42,077,035,720,800
Transaction Fee %	0.45%	0.45%	0.45%	0.45%	0.45%
Transactions Fees (USD)	3,855,371,767	22,598,980,217	52,032,310,287	115,005,283,551	189,346,660,744
Commercial Centre Transactions					
Share of Total Transactions (%)	0.5%	1.0%	2.0%	3.0%	3.0%
Share of Total Transactions (\$)	4,283,746,408	50,219,956,037	231,254,712,385	766,701,890,340	1,262,311,071,624
Average Commission Rate	5%	5%	5%	5%	5%
Total Commission Income	214,187,320	2,510,997,802	11,562,735,619	38,335,094,517	63,115,553,581
KVT Share %	20%	20%	20%	20%	20%
KVT Transaction Revenue (USD)	771,074,353	4,519,796,043	10,406,462,057	23,001,056,710	37,869,332,149
KVT Commission Revenue (USD)	42,837,464	502,199,560	2,312,547,124	7,667,018,903	12,623,110,716
Projected KVT Revenue (USD)	813,911,817	5,021,995,604	12,719,009,181	30,668,075,614	50,492,442,865
KVT Issued	300,000	300,000	300,000	300,000	300,000
Per KVT	2,713.04	16,739.99	42,396.70	102,226.92	168,308.14
Cost per KVT	1000	1000	1000	1000	1000
Yield	271.30%	1674.00%	4239.67%	10222.69%	16830.81%
NPV* (5% Discount rate)	256,636.08				

Table of Indicative Financial Results

Note: The data set out in this table has not been independently verified and is subject to certain assumptions which may prove to be incorrect.

A reasonable velocity rate of 30% has been applied. Remember that Tether's velocity rate over recent 2 month terms is circa 200%. An assumption of 1-3% of transactions going through the KCC is also considered to be conservative particularly with additional loyalty programs that will be developed. As can be seen from this indicative table the share of fees and commission per KVT results is a very attractive yield. Because we can forecast future returns we can calculate a Net Present Value (NPV) per KVT based on Discounted Cash Flow analysis. As can be seen in the red box at the bottom of the table, the NPV based on 5 years cash flows and a discount rate of 5% is over \$256k per KVT, which at current prices represents extraordinary value. With the volatility in other cryptocurrencies the discount rate would have to be much higher to represent the risk and they also largely do not have a yield.

Market Capitalization

The gold market is much larger than all cryptocurrency markets combined. Kinesis is providing a solution which has the potential to infiltrate currency, asset and investment markets around the world, not just gold, silver and cryptocurrency markets. In our financial projections we are being conservative solely modelling a modest infiltration of the gold market. In reality we expect that there will be an infiltration of all asset, investment and currency markets. Furthermore, our yield and stability (risk/return metrics) make us an asset that is appropriate for almost anyone’s risk profile, portfolio allocation and investment horizon. Over time we will infiltrate fiat currency: bank deposits; money movements; remittances; payments, micro-payments; micro lending; lending etc. This breadth demonstrates the scope and scalability of the Kinesis Monetary System.

Gold Market					
	Year				
	1	2	3	4	5
Physical Gold mined	187,200	187,200	190,200	193,200	196,200
Gold production		3,000	3,000	3,000	3,000
Above ground gold reserves (tonnes)	187,200	190,200	193,200	196,200	199,200
Gold Price	1,300	1,500	1,700	1,850	2,000
Above ground gold reserves (USD)	7,824,194,352,000	9,172,594,710,000	10,559,575,908,000	11,669,739,579,000	12,808,838,880,000
Market Infiltration	0.10%	0.50%	1%	2%	3%
Market Capitalisation	7,824,194,352	45,862,973,550	105,595,759,080	233,394,791,580	384,265,166,400

CryptoCurrency Market					
	Year				
	1	2	3	4	5
Cryptocurrency Market (USD)	800,000,000,000	3,000,000,000,000	5,000,000,000,000	9,000,000,000,000	13,000,000,000,000
Market Infiltration	0.98%	1.53%	2.11%	2.59%	2.96%
	7,824,194,352	45,862,973,550	105,595,759,080	233,394,791,580	384,265,166,400

Table of Indicative Market Capitalisation

Note: The data set out in this table has not been independently verified and is subject to certain assumptions which may prove to be incorrect.

In forecasting the Kinesis market capitalization/monetary base, we have solely looked at an infiltration of the above ground gold market and nothing else. This market capitalization is assuming NIL infiltration of cryptocurrency markets or any other market apart from the gold market.

The above charts and tables are unaudited forecasts and projections of Kinesis based on current management expectations and analysis but may change in the future. When possible, Kinesis management has compared its forecast with existing service providers in the market for Blockchain Assets, as well as to more established financial services institutions. There can be no assurance that current economic conditions, worsening economic conditions, or new regulations imposed on the blockchain market by the relevant governmental authorities will not have a significant, adverse impact on Kinesis’ business, financial condition and results of operations.

Competition

The financial services industry generally is intensely competitive and new entrants are continually attracted to it. In particular, Kinesis believes that the market for Blockchain Assets will continue to grow, becoming a mainstream investment asset class. In April 2018, a Thomson Reuters survey of financial firms found that approximately 20% of participants indicated they are considering trading Blockchain Assets in 2018, reportedly a major change from a year ago and evidence that the Blockchain Assets market is entering the mainstream.⁴ Respondents reportedly included large asset managers, hedge funds and trading desks at some of the largest banks.⁵ Yet, given the volatility of cryptocurrency markets, we believe the stability of our assets make it even more attractive from an investment standpoint. Our current competition on this front includes four main players.

⁴ <https://www.thomsonreuters.com/en/press-releases/2018/april/thomson-reuters-survey-finds-one-in-five-financial-institutions-considering-cryptocurrency-trading-in-2018.html>

⁵ <https://www.coindesk.com/1-in-5-financial-institutions-exploring-crypto-trading-survey-finds/>

Tether

Tether is said to be 100% backed by fiat currency assets in a reserve account. The conversion rate is 1 tether USDT equals \$1 USD. The Tether Platform is considered to be fully backed if all tethers in circulation is less than or equal to all fiat that is held in the bank account.⁶

Advantages: Close to a like-for-like swap from fiat to crypto, well integrated and established.⁷

Disadvantages: Centralized, not trustless, audit refusals resulting in concerns regarding legitimacy.⁸

MakerDao

Maker is a decentralized autonomous organization that is pegged against the U.S. dollar, but is completely backed by ETH. Their stable coin is Dai and each one is worth \$1 USD. Stability is maintained through an autonomous system of smart contracts. To receive Dai, you send your tokens to the Maker platform to lock those tokens up.⁹

Advantages: One of the first in the space (First Mover Advantage), backed by ETH (which is on the blockchain and therefore transparent, unlike Tether).

Disadvantages: Highly complex, slow-moving.¹⁰

Havven

Havven's structure provides stability by building a system that backs itself with two coins. The first coin is called Nomins which is the stable coin. This what you would use for everyday transactions. The tokens sitting in reserve are called Havvens. A fee for each transaction completed with Nomins will go back to the company. The fees are then distributed back to the Havven token holders who are rewarded for maintaining the system that backs itself.¹¹

Advantages: Fully decentralized, fast-moving, business-oriented team.

Disadvantages: Very new and therefore unproven, you might want more centralization.¹²

Basecoin

Basecoin also pegs their price to \$1 USD. However, their approaches uses consensus to contract and expand supply of their coin. When coins are trading for less than \$1, coins are contracted by allowing coin holders to buy bonds. Coins used to buy bonds are destroyed. Supply decreases and price increases. They do the opposite to expand supply.¹³

Advantages: Backed by prominent funds, Ivy League developers

⁶ <https://www.forbes.com/sites/shermanlee/2018/03/12/explaining-stable-coins-the-holy-grail-of-cryptocurrency/#1bb622a64fc6>

⁷ Ibid.

⁸ Ibid.

⁹ Ibid.

¹⁰ Ibid.

¹¹ Ibid.

¹² Ibid.

¹³ Ibid.

Disadvantages: Requires faith in the protocol—base bonds process¹⁴

We believe that our key strengths are:

1. our track record of fulfilling and/or exceeding client’s expectations;
2. the level of customer service and satisfaction we provide;
3. the quality of our research;
4. our ability to attract, motivate, and retain highly skilled, and often highly specialized personnel;
5. the fees we charge;
6. the investment products we offer;
7. our operational effectiveness; and
8. our ability to further develop and market our brand.

Regulatory Oversight of Blockchain Assets and Regulation of Our Business

The following is a summary of recent regulatory actions taken with regard to Blockchain Assets. We believe that these actions will impact the Company; however, regulation of the blockchain industry is evolving rapidly. The regulatory landscape may differ from country to country, but we expect for the foreseeable future that regulators will maintain an increased focus on Blockchain Assets.

General

Regulation of Blockchain Assets by U.S. federal and state governments, foreign governments and self-regulatory organizations remains in its early stages. As Blockchain Assets have grown in popularity and in market size, the Federal Reserve Board, U.S. Congress and certain U.S. agencies such as the SEC, the CFTC, FinCEN and the Federal Bureau of Investigation, have begun to examine the nature of Blockchain Assets and the markets on which they are traded.

The SEC has not formally asserted regulatory authority over all Blockchain Assets, although it has taken various actions against persons or entities using bitcoin in connection with fraudulent schemes (i.e., Ponzi schemes), inaccurate and inadequate publicly disseminated information, and the offering of unregistered securities. In addition, on July 25, 2017, the SEC issued Release No. 81207 (“the DAO Report”), in which it analyzed a certain issuance of tokens, and indicated that “whether or not a particular transaction involves the offer and sale of a security – regardless of the terminology used – will depend on the facts and circumstances, including the economic realities of the transaction”. The SEC clarified that the registration requirements “apply to those who offer and sell securities in the United States, regardless whether the issuing entity is a traditional company or a decentralized autonomous organization, regardless whether those securities are ...distributed in certificated form or through distributed ledger technology...” On December 4, 2017, and December 11, 2017, the SEC announced enforcement actions relating to the PlexCoin and Munchee token launches, respectively. On December 11, 2017, SEC Chairman Jay Clayton published a public statement entitled Cryptocurrencies and Initial Coin Offerings. The SEC has made a concerted effort to monitor the ICO market and address—through the DAO Report and the more recent SEC

¹⁴ Ibid.

guidance—transactions and behaviors it believes are both inconsistent with and in violation of U.S. securities laws. In early 2018, media reports indicated that the SEC has subpoenaed around 80 cryptocurrency firms as part of a targeted probe. On March 7, 2018 the Divisions of Enforcement and Trading and Markets issued a public statement stating that many digital assets are likely to be securities under the federal securities laws, and urged investors to use platforms for trading such assets that are registered with the SEC, such as a national securities exchange, alternative trading system (“ATS”), or broker-dealer.

Commissioners of the CFTC have expressed the belief that bitcoin meets the definition of a commodity and that the CFTC has regulatory authority over futures and other derivatives based on Blockchain Assets, subject to facts and circumstances. On September 17, 2015, the CFTC instituted and settled an action against Coinflip, a bitcoin derivatives trading platform. The Coinflip order found that the respondents (i) conducted activity related to commodity options transactions without complying with the provisions of the CEA and CFTC regulations, and (ii) operated a facility for the trading of swaps without registering the facility as a SEF or DCM. The Coinflip order was significant as it was the first time the CFTC determined that “virtual currencies” are properly defined as commodities under the CEA. Based on this determination, the CFTC applied CEA provisions and CFTC regulations that apply to transactions in commodity options and swaps to the conduct of the bitcoin derivatives trading platform. Significantly, the CFTC appears to have taken the position that virtual currencies are not encompassed by the definition of currency under the CEA and CFTC regulations. The CFTC defined “virtual currencies” as “a digital representation of value that functions as a medium of exchange, a unit of account, and/or a store of value, but does not have legal tender status in any jurisdiction. Bitcoin and other virtual currencies are distinct from ‘real’ currencies, which are the coin and paper money of the United States or another country that are designated as legal tender, circulate, and are customarily used and accepted as a medium of exchange in the country of issuance.” The CFTC affirmed its approach to the regulation of Blockchain Assets and virtual currency-related enterprises on June 2, 2016, when the CFTC settled charges against Bitfinex, a Bitcoin Exchange based in Hong Kong. In its Order, the CFTC found that Bitfinex engaged in “illegal, off-exchange commodity transactions and failed to register as a futures commission merchant” when it facilitated borrowing transactions among its users to permit the trading of bitcoin on a “leveraged, margined or financed basis” without first registering with the CFTC. On March 6, 2018, the United States District Court for the Eastern District of New York ruled that “virtual currencies can be regulated by CFTC as a commodity” but left the door open for other regulatory bodies to regulate virtual currency concurrently.

Local and state regulators may also regulate or seek to regulate Blockchain Assets. In July 2014, the New York State Department of Financial Services (the “NYDFS”) proposed the first state regulatory framework for licensing participants in “virtual currency business activity.” The proposed regulations, known as the “BitLicense,” are intended to focus on consumer protection and, after the closure of an initial comment period that yielded 3,746 formal public comments and a re-proposal, the NYDFS issued its final “BitLicense” regulatory framework in June 2015. The “BitLicense” regulates the conduct of businesses that are involved in “virtual currencies” in New York or with New York customers and prohibits any person or entity involved in such activity to conduct activities without a license. On April 17, 2018, The New York State Attorney General launched the Virtual Markets Integrity Initiative to investigate the policies and procedures of platforms trading Blockchain Assets. The Initiative makes clear that the Attorney General’s office is taking a very broad approach in investigating the Blockchain Asset trading platforms’ compliance with regulatory requirements and investor protection initiatives under New York State law.

Not all regulations of Blockchain Assets are restrictive. For example, on June 28, 2014, California repealed a provision of its Corporations Code that prohibited corporations from using alternative forms of currency or value. The bill indirectly authorizes the use of bitcoin as an alternative form of money in the state. In March 2018, Wyoming passed five bills which have been viewed as favorable to the blockchain industry, which among other things, exempt certain activities related to Blockchain Assets from Wyoming state securities and state money transmitter laws.

The IRS has released guidance treating bitcoin and certain Blockchain Assets that are utilized as cryptocurrencies as property that is not currency for U.S. federal income tax purposes. Taxing authorities of a number of U.S. states have also issued their own guidance regarding the tax treatment of bitcoin and other Blockchain Assets for state income or sales tax purposes. The tax treatment of Blockchain Assets may be the subject of future tax related legislation and/or regulation.

To the extent that Blockchain Assets are determined to be a security, commodity future or other regulated asset, or to the extent that a U.S. or foreign government or quasi-governmental agency exerts regulatory authority over Blockchain Assets or the trading and ownership thereof, trading or ownership of Blockchain Assets may be adversely affected.

Blockchain Assets also face an uncertain regulatory landscape in many foreign jurisdictions.

On November 13, 2017, the European Securities Authority (ESMA) issued two statements, the first statement is intended to warn investors of the risks inherent in the ICOs, and the second statement sought to alert the companies involved in the ICO process to comply with EU and State regulatory obligations regarding the need for ICOs.

On September 4, 2017, the People's Bank of China labeled Blockchain Asset sales as "illegal and disruptive to economic and financial stability." Previously, China had issued a notice that classified bitcoin as legal and "virtual commodities;" however, the same notice restricted the banking and payment industries from using bitcoin, creating uncertainty and limiting the ability of Bitcoin Exchanges to operate in the then-second largest bitcoin market.

South Korea's Financial Services Commission likewise prohibited all forms of token offerings on September 29, 2017. South Korea has prohibited anonymous virtual currency accounts as of January 30, 2018.

Japan has enacted a law regulating virtual currencies which has brought Bitcoin exchanges under know-your-customer and anti-money laundering rules, and resulted in the categorization of Bitcoin as a kind of prepaid payment instrument. The law puts in place capital requirements for exchanges as well as cybersecurity and operational stipulations. In addition, those exchanges are also required to conduct employee training programs and submit to annual audits. To date, the Japanese Financial Services Agency (FSA) has granted licenses to 15 different cryptocurrencies or tokens trading platforms.

In November 2017, the Monetary Authority of Singapore ("MAS") issued a statement that tokens sold through the blockchain funding model may be considered securities under certain circumstances under Singapore law, and provided case studies as examples of tokens that do and do not constitute securities. Previously, the MAS had stated that other laws may apply to token sales, such as money laundering and terrorism financing laws.

Other jurisdictions are still researching the subject. In September 2017, the Swiss Financial Market Supervisory Authority (“FINMA”) issued guidance that it was investigating ICOs and that whenever FINMA is notified about ICO procedures that breach regulatory law or which seek to circumvent financial market law it initiates enforcement proceedings.

In December 2017, the UK Financial Conduct Authority (“FCA”) issued a statement on distributed ledger technology which said, in part, that the FCA will gather further evidence and conduct a deeper examination of the ICO market and that its findings will help to determine whether or not there is need for further regulatory action.

In January 2018, the Israel Securities Authority (ISA) published for public comments its proposal to amend the Tel Aviv Stock Exchange Ltd. regulations, and to add certain restrictions with respect to companies active in the field of decentralized cryptography currencies. The ISA has indicated that to date, there is uncertainty as to the format and extent of the regulation that will apply to the various activities in cryptographic currencies – especially those of decentralized currencies without any centralized entity, such as Bitcoin, in terms of taxation, prevention of money laundering and terrorism, cyber security and investor protection. In addition, the ISA has appointed a special committee authorized to examine the regulation of issuances of cryptographic currencies to the public with the aim of formulating a list of recommendations that will provide an initial regulatory response in the opinion of the ISA to this field.

On August 24, 2017, the Canadian Securities Administrators (“CSA”) published a staff position on the proposal (Offering) of cryptographic tokens to the public. The staff position indicated that there is an increasing trend in the offers of cryptographic tokens to the public, including the offerings of cryptographic tokens which are characterized as securities or derivatives, and therefore in these cases the Canadian securities and derivatives laws shall apply to the ICOs. In addition to the ICO definition, the publication includes reference to registration and disclosure requirements, the various trading platforms relevant to ICO, and how they are marketed, to the investment funds that offer cryptographic currencies and the regulatory Sandbox. Regarding the question of whether cryptographic tokens are securities, the CSA position states that, many of the ICOs that were examined found to be that the tokens issued in this proceeding are securities, including in light of the fact that they were considered as “investment contract.”

The Government of Gibraltar has enacted the Financial Services (Distributed Ledger Technology Providers) Regulations 2017 (the “DLT Regulations”) which came into effect on January 1, 2018.

The primary purpose of the DLT Regulations is to create a safe environment for DLT-related businesses to operate and innovate, while simultaneously protecting consumers and safeguarding Gibraltar’s reputation as a trusted and stable global business hub. Companies which use blockchain technology to store or transmit value belonging to others by way of business are caught by the DLT Regulations and require a license in Gibraltar. The activity of undertaking a token sale does not automatically fall within the scope of the DLT Regulations but may depend on the manner in which the sale of tokens is structured and the characteristics of the token. The Gibraltar Financial Services Commission (the “FSC”) however has announced plans to create a complementary regulatory framework that covers the promotion and sale of tokens, aligned with the DLT Regulations (the “Complementary Framework”). It is not clear when the Complementary Framework will be created and implemented and what requirements it will impose on persons or entities wishing to undertake token sale activity or any promotional activity in connection therewith in or from within Gibraltar.

The Company has taken legal advice from external counsel as to the legality of the Company to offer its KVTs in the following jurisdictions at the time of publication:

1. Cayman Islands;
2. United States of America;
3. Hong Kong;
4. United Kingdom and broader European Union commentary; and
5. Isle of Man.

In the Cayman Islands, Hong Kong and United Kingdom, the Company received favorable feedback that it was able to offer the Tokens notwithstanding the fact that the regulations are in their infancy and continue to be developed and refined. Within the United States of America, the advice surmised that the Company is permitted to offer the Tokens in accordance with the securities law exemption as detailed within this document. The only adverse advice that the Company has received was from the Isle of Man wherein the regulator formed the view that the Token is akin to a collective investment scheme. The Company disagrees with this interpretation internally however, has not formally contested this interpretation.

SUMMARY OF THE OFFERING AND THE RIGHTS ATTACHING TO THE TOKENS

The summary below describes the principal terms of the Securities and the Offering. Certain of the provisions described below are subject to important limitations and exceptions. We urge you to read this Memorandum, including the risk factors described under “Risk Factors” beginning on page 36 and all annexes attached hereto, including the form of Token, carefully in its entirety because the information contained in this summary is not complete. Each of the capitalized terms used in this summary and not defined herein has the meaning set forth elsewhere in this Memorandum.

The summary also includes the principal terms of the Tokens. The following statements do not purport to be a complete description of the rights attaching to the Tokens which will also be governed by the Token Sale Agreement and other documentation relating to the Tokens and are qualified by reference to the provisions of such documents.

Issuer:	Kinesis Cayman, an exempted company incorporated in the Cayman Islands (the “ Company ”)
Securities Offered:	Kinesis Velocity Tokens (“ Tokens ”) issued as an ERC20 Token on the Ethereum Blockchain with the code “KVT”.
Offering Size:	The maximum number of Tokens to be offered and sold in the Offering will be 300,000 Tokens less the number of Tokens sold during the Pre-Sale and Pre-Allocated Tokens as per the Proposed Allocation Schedule. The Company will not complete the sale of any Tokens unless an aggregate amount of 15,000 Tokens are sold by the Company during the Pre-Sale and the Offering (the “ Minimum Offering Amount. ”)
Investors:	Persons acceptable to the Company who qualify as (1) “U.S. persons” (as such term is defined in Regulation S under the Securities Act) who are “accredited investors” (as such term is defined in Regulation D under the Securities Act) or (2) persons other than “U.S. persons” in “offshore transactions” (in each case, as such term is defined in Regulation S under the Securities Act), and satisfactorily complete “know-your-customer” and certain other verification forms.
Price Per Token:	The purchase price for Tokens will be \$1,000.00 per Token.

Form of Payment:

USD, BTC, ETH, USDT or any other Blockchain Assets determined at the sole discretion of the Company.

Expiration Date of the Offering:

On September 8, 2019 (the “**Expiration Date**”), unless extended or earlier terminated, in each case, in the sole discretion of the Company.

Rights of Token Holders:

A. Access to the Kinesis Currency Exchange with preferential yield rates.

The holders of the Tokens shall be given access to the Kinesis Currency Exchange whereby holders will have the ability to participate in the IMO phase of the launch of Kinesis Currencies with a preferential yield rate to other, non-holders of Tokens.

B. Participation in transaction fees.

The Company shall distribute an aggregate sum equal to 20% of the transaction fees that is charged by Kinesis for use of all Kinesis Currencies on the Kinesis Platform (the "Fee Distribution") to the holders of the Tokens (which have completed the Company's Compliance Procedures) on a pro rata basis by reference to the number of Tokens held by such persons .

The Fee Distribution shall be calculated on a daily basis by the Company (in its sole and absolute discretion) and then the aggregate Fee Distributions for a calendar month shall be distributed to the Kinesis wallet addresses that have been associated with the Ethereum address holding the KVTs on the last day of such calendar month. The Fee Distributions shall be payable in the form of Kinesis Currencies that have been generated as transaction fees during that particular calendar month.

C. Participation in certain commissions.

The Company shall distribute an aggregate sum equal to 20% of the [commission fee charged by Kinesis for use of Kinesis currencies the on

Kinesis Commercial Centre via the Kinesis Platform (the “Commission Distribution”) to the holders of the Tokens (which have completed the Company’s Compliance Procedures) on a pro rata basis by reference to the number of Tokens held by such persons as against the total number of Tokens in circulation at that time.

The Commission Distribution shall be calculated on a daily basis by the Company (in its sole and absolute discretion) and then the aggregate Commission Distributions for a calendar month shall be distributed to the Kinesis wallet addresses that have been associated with the Ethereum address holding the KVTs of such holders of Tokens on the [last] day of such calendar month. The Commission Distributions shall be payable in the form of Kinesis Currencies that have been generated as commissions via the Kinesis Commercial Centre during that particular calendar month.

How to Subscribe:

To purchase Tokens, each subscriber will be required to complete such documentation as may be requested by the Company, which may include, without limitation: (1) the execution and delivery of a Terms and Conditions of Token Sale and Use, in the form agreed to by such subscriber and the Company, with the purchase price for the Tokens to be based on the amount of Tokens applied for (each, a “**Application**”), and (2) the provisions of information and documentation sufficient to (a) confirm such investor’s subscriber status and location and (b) permit the Company to conduct a background check in accordance with “know-your-customer” requirements under laws and regulations relating to anti-money laundering laws and sanctions. Successful completion of such documentation and its approval by the Company is a prerequisite for participation in the Offering. See “Plan of Distribution” beginning on page 91.

Fees and Expenses:

The Company and each purchaser of Tokens will be responsible for their own costs and expenses incurred in connection with the Offering.

Amendments; Withdrawal Rights:

The Company reserves the right to amend the terms of the Offering or the Securities at any time prior to the Expiration Date. If the Company amends the terms of the Offering or the Securities in any material respect, it will provide each subscriber with at least 3 business days to withdraw its election to purchase Tokens as contemplated by such investor's Application. Upon any such withdrawal, such investor's Application will terminate and will terminate and all funds received from such subscriber will be returned without interest as soon as reasonably practicable. Such refund will be paid in USD, USDT, BTC or ETH (at the sole discretion of the Company) in an amount that is equivalent to the original subscription amount transmitted by a tokenholder minus any fees and expenses incurred as part of the refund process. The Company will not be responsible for any changes in the price and/or value of in USD, USDT, BTC or ETH between the date of the initial subscription and the date of the refund

The Company also reserves the right to accept or reject any Application for Tokens in its sole discretion for any reason whatsoever and to withdraw the Offering at any time prior to the Company's acceptance of applications.

An Application for the Tokens generally cannot be canceled or withdrawn by investors. Once a subscriber executes an Application and delivers the requisite funds, such subscriber will be committed to purchase Tokens, unless the Company amends the Offering or the Securities in any material respect as set forth above or cancels or terminates the Offering, which it may do for any reason. Each subscriber should be certain that such subscriber would like to purchase Tokens prior to executing an Application and delivering the requisite funds.

Use of Proceeds:

The Company intends to use the proceeds to fund the development and maintenance of an ecosystem consisting of a monetary system platform and associated applications via the [Kinesis Foundation]³, a related foundation body corporate of the Company. Expenditure will include but not be limited to general corporate expenses such as working capital, capital expenditures, other corporate expenses and acquisitions of complementary products, or technologies to support the development of the Company.

For more information, see “Use of Proceeds,” beginning on page 67.

Share Capital of the Company
Immediately Prior to the Offering:

The Company has not issued any shares in the Company to the public.

³ Will the entire platform be operated by a Foundation? If so this, should be specified upfront. How will the share of the transaction fees owed to tokenholders be transferred from the Foundation to Kinesis Cayman?

Transfer Restrictions:

No public market exists for the Securities, and no public market is expected to develop after the Offering. None of the Securities have been registered under the Securities Act or any securities laws of any state or other jurisdiction and, unless so registered, the Securities may not be offered or sold, directly or indirectly, in or into the United States or to, or for the account or benefit of, any “U.S. person” (as such term is defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and such other securities laws.

The Securities offered and sold to persons other than “U.S. persons” in the Offering are subject to the conditions listed under Section 903(b)(3), or Category 3, of Regulation S. Under Category 3, “offering restrictions” (as such term is defined under Regulation S) must be in place in connection with the Offering and additional restrictions are imposed on resales of Securities. Further details of these restrictions are set out in “Notice to Investors” beginning on page 74.

Potential investors should be aware that they may be required to bear the financial risks of the Securities for an indefinite period of time and may lose the entire amount applied towards a subscription of the Securities.

Any acquisition or transfer of the Securities made in violation of the eligibility and transfer restrictions contained in this Memorandum or in the applicable Application or made based upon any false or inaccurate representation made by the subscriber or a transferee to the Company, will be void and of no force or effect.

For more information, see “Notice to Investors” beginning on page 74.

No Other Rights of Token Holders:

The Tokens will not entitle holder to any rights or privileges other than those detailed above, in the section, “Rights of Token Holders”.

RISK FACTORS

Investing in the Securities involves a high degree of risk. You should carefully consider the risks we describe below, along with all of the other information set forth in this Memorandum, including the section titled “Cautionary Statements Regarding Forward-Looking Statements” beginning on page 7 before deciding to purchase any Securities. The risks and uncertainties described below are those significant risk factors, currently known and specific to us, that we believe are relevant to a subscription in the Securities. If any of these risks materialize, our business, results of operations or financial condition could suffer, the price of our Securities could decline substantially and you could lose part or all of the amount used to subscribe for the Tokens. Additional risks and uncertainties not currently known to us or that we now deem immaterial may also harm us and adversely affect your subscription of the Securities.

You may lose all monies that you spend purchasing Securities. If you are uncertain as to our business and operations or you are not prepared to lose all monies that you spend purchasing Securities, we strongly urge you not to purchase any Securities. We recommend you consult legal, financial, tax and other professional advisors or experts for further guidance before participating in the Offering as further detailed in this prospectus. Further, we recommend you consult independent legal advice in respect of the legality of your participation in the sale of the Securities.

We do not recommend that you purchase Securities unless you have prior experience with Blockchain Assets, blockchain-based software and distributed ledger technology and unless you have received independent professional advice.

Risks Relating to the Tokens

There can be no assurance of a return on the Tokens.

The Company issues and/or proposes to issue a number of digital currencies represented by digital tokens on its digital platform. The KVT is one such token and holders of KVTs will only enjoy the rights attaching to the KVTs, refer to the section titled “Summary of the Offering and the Rights Attaching to the Tokens”. Obtaining a return on the Tokens is subject to various contingencies. In particular, and without limiting the generality of the foregoing, the return for subscribers is primarily contingent on the widespread use of Kinesis currencies on the Kinesis system and effectively, the mass adoption of Kinesis currencies. There can be no assurance that such adoption will happen on the scale expected by a subscriber or at all. In addition, a return on the Tokens is also contingent on circumstances beyond the Company’s control such as legal and regulatory factors affecting its business. For this reason, each purchaser should carefully read this Memorandum and should consult with their own attorney, financial and tax advisors prior to subscribing for the Tokens and should be prepared to lose their entire subscription proceeds.

Holders of Tokens will have no rights in an ordinary winding-up of the Company. The Tokens are not backed by any physical bullion or other assets which a subscriber would have any rights or access to. Finally, holders of Tokens will have no rights and no say in relation to the conduct of the business of the Company including as to the pre-approval of any transactions of the Company.

Risks Related to the Company's Business

We have no operating history.

We are a recently formed company incorporated under the laws of Cayman Islands with minimal activity and no historical operating results, and we will not commence operations until obtaining funding through this offering. Because we lack an operating history, you have no basis upon which to evaluate our ability to achieve our business objectives. Our proposed operations are at a minimum, subject to all business risks associated with a new enterprise. The likelihood of our creation of a viable business must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with the inception of a business operating in a relatively new, highly competitive, highly regulated and developing industry. There can be no assurance that we will ever generate any operating activity or develop and operate the business as planned. If we are unsuccessful at executing on our business plan, our business, prospects, and results of operations may be materially adversely affected, and investors may lose all or a substantial portion of the amount applied by them towards subscribing for the Tokens. This offering is subject to the Minimum Offering Amount and we may not commence operations until obtaining funding through this Offering. However, we may meet the Minimum Offering Amount, close on committed purchases and have access to subscriber funds before we obtain the funding that we expect will be required to complete our business plan. There is no guarantee that we will be able to raise any additional capital in the future

We may not receive regulatory approval in the various jurisdictions in which we plan to operate our businesses.

We are seeking, or we plan to seek registrations with the SEC and FINRA and various other regulatory bodies both in the U.S. at federal and state levels and in other countries in which we may operate. The registration process may be time consuming and difficult. If we fail to qualify for registrations under any of these authorities, we may be unable to execute on some or all aspects of our business plan as a provider of financial services. This would have a broad impact on us and would have a material adverse effect on our businesses, financial condition, results, operations and prospects and any such outcome could also cause us significant reputational harm. As a result, investors could lose all or most of their investment.

The Blockchain Asset markets and the financial services industries in which we operate are subject to extensive, evolving regulation that imposes significant costs and competitive burdens that could materially impact our business.

Most aspects of our anticipated broker-dealer and advisory operations will be highly regulated, including regulatory oversight over sales and reporting practices, operational compliance, capital requirements and licensing of employees, among other things. Accordingly, we face the risk of significant intervention by regulatory authorities such as the SEC and FINRA in the U.S. and their equivalents in other countries.

Compliance with regulations may require us to dedicate significant financial and operational resources which could negatively affect our profitability. In addition, regulatory burdens or uncertainty could result in clients leaving our markets or decreasing their trading activity, or prevent potential clients for entering the markets for Blockchain Assets. We expect to incur significant costs to comply with the extensive regulations that apply to our business.

As we expand our business, we may be exposed to increased and different types of regulatory requirements. We may become subject to new regulations or changes in the interpretation or enforcement of existing regulations, which may adversely affect our business. Also, regulatory changes that impact how our customers conduct their business may impact our business and results of operations. The U.S. federal government and other governments outside of the United States may implement new or revised regulatory requirements for the financial services industry and blockchain industry. Any changes to the regulatory rules could cause us to expend more significant compliance, business and technology resources, incur additional operational costs and create additional regulatory exposure.

If we fail to comply with applicable laws, rules or regulations, we may be subject to censure, fines, cease-and-desist orders, suspension of our business, removal of personnel or other sanctions, including revocation of our planned broker-dealer and investment adviser registrations.

We intend to raise additional capital to fund our operations, including through the issuance and sale of our proprietary blockchain token, the Tokens. We may be unable to issue or sell the Tokens on terms that are acceptable to us, or at all.

In order to fund our business operations, we intend to raise capital through the issuance and sale of Tokens. Our ability to issue and sell Tokens is subject to a number of risks and uncertainties,

including, but not limited to, technical risk, regulatory risk, and market risk. Our ability to issue Tokens is subject to the completion of necessary programming and development to enable a smart contract based blockchain securities issuance. Blockchain technology has evolved rapidly since its inception, and there may be changes which render our proposed Token obsolete, which may result in the failure of the Tokens to generate sufficient interest in the market. In addition, we will require SEC, and under certain circumstances, state regulatory approval to sell Tokens pursuant to a public offering. Our inability to obtain regulatory approval for a public offering would materially impact our ability raise capital through the sale of Tokens. Furthermore, our ability to access the capital markets through issuing the Tokens may be limited by our financial condition at the time of any such offering as well as by adverse market conditions resulting from, among other things, general economic conditions and contingencies and uncertainties that are beyond our control, including the market for Blockchain Assets in particular. If we are unable to issue Tokens for any reason, it could have a material adverse effect on our business, financial condition and results of operations and cash flows.

Our business plan depends on our proprietary technology. Any inability to develop, or disruption or corruption of our proprietary technology could have a material adverse effect on our business, financial condition and results of operations and cash flows. We may experience failures while developing our proprietary technology.

We will rely on our proprietary technology to receive and properly process internal and external data. Any disruption for any reason in the proper functioning, or any corruption, of our software or erroneous or corrupted data may cause us to make erroneous trades, accept customers from jurisdictions where we do not possess the proper licenses, authorizations or permits, or require us to suspend our services and could have a material adverse effect on our business, financial condition and results of operations and cash flows. In order to remain competitive, we need to continuously develop and redesign our proprietary technology. In doing so, there is an ongoing risk that failures may occur and result in service interruptions or other negative consequences, such as slower quote aggregation, slower trade execution, erroneous trades, or mistaken risk management information.

Failure to keep up with rapid changes in industry-leading technology, products and services could negatively impact our results of operations.

The financial services industry and Blockchain Asset markets are subject to rapid technological change and evolving industry standards. User demands become greater and more sophisticated as the dissemination of products and information to customers increases. If we are unable to anticipate and respond to the demand for new services, products and technologies, innovate in a timely and cost-effective manner and adapt to technological advancements and changing standards, we may be unable to compete effectively, which could have a material adverse effect on our business. Many of our competitors are established firms that have significantly greater resources than we do to fund research and development initiatives. Moreover, the development of technology-based services is a complex and time-consuming process. New products and enhancements to existing products can require long development and testing periods. Significant delays in new product releases, failure to meet key deadlines, or significant problems in creating new products could negatively impact our revenues and profits.

Failure to attract customers and attrition of any existing customer accounts would have a material adverse effect on our business, financial condition and results of operations and cash flows.

We believe our customer base will be primarily comprised of individual high net worth retail customers. Although we intend to offer products and tailored services designed to educate, support and retain our customers, our efforts to attract new customers or reduce the attrition rate of existing customers may not be successful. If we are unable to generate a substantial number of new customers or maintain existing customers in a cost-effective manner, our business, financial condition and results of operations and cash flows would likely be adversely affected. Although we plan on devoting significant financial resources on sales and marketing expenses and related expenses and plan to do so, these efforts may not be cost-effective at attracting new customers. In particular, we believe that rates for desirable advertising and marketing placements, including online, search engine, print and television advertising, are likely to increase in the foreseeable future, and we may be disadvantaged relative to our larger competitors in our ability to expand or maintain our advertising and marketing commitments. Additionally, our sales and marketing methods are subject to regulation in the United States and in other jurisdictions. The rules and regulations of these activities impose specific limitations on our sales methods, advertising and marketing. If we do not achieve our advertising objectives, our profitability and growth may be materially adversely affected.

If the Company loses certain senior management and key personnel, or is unable to attract and retain skilled employees when needed, it may not be able to operate successfully.

The success of the Company depends largely on its management team including its founders, Mr. Thomas Coughlin, Mr. Michael Coughlin, Mr. David Charles, Mr. David Underwood and /or Mr. Eric Maine (the “Founders”). The loss of any key member of the management team may substantially limit the Company’s ability to execute its business plans.

Technology relied upon by the Company for its operations may not function properly.

The technology relied upon by the Company may not function properly, which would have a material impact on the Company’s operations and financial conditions. There are few alternatives available if such technology does not work as anticipated. This technology may malfunction because of internal problems, the blockchain networks on which it relies or as a result of cyberattacks or external security breaches. These technological problems would adversely impact the Company’s business and operating results.

Our business and operations would suffer in the event of system failures.

Despite our planned implementation of security measures, our internal computer systems and those of our future contractors and consultants may remain vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. If such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our development programs and our business operations. For example, the loss of data could result in delays in our regulatory efforts and significantly increase our costs to recover the data. Likewise, we will rely on third parties’ systems integrations, and similar events relating to their computer systems could also have a material adverse effect on our business. To the extent that any disruption or security breach was to result in a loss of, or damage

to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur substantial liability.

The Company may be subject to cyberattacks, security risks and risks of security breaches.

The Company, and its systems, may be subject to cyberattacks, security risks and risks of security breaches. An attack on or a breach of security could result in a loss or corruption of private data, unauthorized transfers of Tokens or lack of access to the Tokens for an extended period of time. In addition, a breach of personally identifying information may require notice to affected individuals and government authorities, may result in fines or other penalties, and may result in costs for mitigation measures for affected individuals.

Security threats to us could result in, a loss of the Company's Blockchain Assets, or damage to the reputation and our brand, each of which could adversely affect any investment in the Company. We could be required to incur significant expense to protect our systems and/or investigate any alleged attack.

Security breaches, computer malware and computer hacking attacks have been a prevalent concern since the launch of blockchain networks. Our security measures may prove insufficient depending upon the attack or threat posed.

Our security system and operational infrastructure may be breached due to the actions of outside parties, error or malfeasance of an employee of ours, or otherwise, and, as a result, an unauthorized party may obtain access to our private keys, data or Blockchain Assets. Additionally, outside parties may attempt to fraudulently induce employees of ours to disclose sensitive information in order to gain access to our infrastructure. As the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, or may be designed to remain dormant until a predetermined event and often are not recognized until launched against a target, we may be unable to anticipate these techniques or implement adequate preventative measures. Furthermore, we believe that, as our assets under management grow, the Company may become a more appealing target for security threats such as hackers and malware.

Any such breach or unauthorized access could result in significant legal and financial exposure, damage to our reputation, and a loss of confidence in the services we provide that could potentially have an adverse effect on our business, while resulting in regulatory penalties or the imposition of burdensome obligations by regulators. In the event of a security breach, we may be forced to cease operations, or suffer a reduction in assets, the occurrence of each of which could adversely affect any return provided by the Company on the Tokens. Any breach of our infrastructure could result in damage to our reputation which could adversely affect any return to be provided by the Company on the Tokens.

We have not identified all the persons that we will need to hire to provide services and functions critical to the development of the business and no assurance can be given that we will be able to hire the necessary persons on acceptable terms, if at all.

Our business is in its developmental stage and we have not identified all the persons that we will need to hire to provide services and functions critical to the development of the business. If we are unable to hire persons with the necessary expertise on terms acceptable to us then we will not be able to develop our business as contemplated. Further, even if we are able to hire such service

providers, they might be unable to meet our specifications and requirements, which could have a

material adverse effect on our ability to develop and launch our business plan.

We expect to face intense competition from other companies and if we are not able to successfully compete, our business, financial condition and operating results will be materially harmed.

We expect to encounter competition in all aspects of our business, including from entities having substantially greater capital and resources, offering a wide range of products and services and in some cases operating under a different and possibly less stringent regulatory regime.

We will also face competition from other precious metal industry participants; stable coin developers from both within the precious metal industry and within any other asset class; digital wallet providers; custody providers; Blockchain Asset exchanges; Blockchain Asset investment advisers; wealth management firms; private banks; broker dealers, technology firms, including electronic trading system developers, and others. Many of our competitors and potential competitors have greater financial, marketing, technological and personnel resources than we do. In addition, many of our competitors may offer a wider range of bundled services, have broader name recognition, and have larger customer bases than we do.

New entrants may enter the market with alternative methods of providing custody, wallet integration and related services, and existing competitors often launch new initiatives.

Our ability to develop competitive advantages will require continued enhancements to our products, investment in the development of our services, additional marketing activities and enhanced customer support services. There can be no assurance that we will have resources to make sufficient investments in the development of our services, that our competitors will not devote significantly more resources to competing services or that we will otherwise be successful in developing market share. If competitors offer superior services, our market share could be affected and this would adversely impact our business and results of operations.

We may face competition from other methods of investing in Blockchain Assets.

The Company intends to compete with direct investments in Blockchain Assets and other potential financial vehicles, including derivatives on Blockchain Assets and/or potentially other securities backed by or linked to Blockchain Assets. Market and financial conditions, and other conditions beyond the Company's control, may make it more attractive to invest in other financial instruments or to invest in Blockchain Assets directly, which could adversely impact our business and results of operations.

As a financial technology and/or financial services provider, we will be subject to significant litigation risk and potential regulatory liability.

Many aspects of our business will likely involve substantial litigation risks. We could be exposed to substantial liability under federal and state laws and court decisions, as well as rules and regulations promulgated and/or direct actions brought by the SEC and FINRA in the United States and foreign regulators in other jurisdictions in which we operate.

These risks include, among others, potential liability from disputes over terms of a trade, the claim that a system failure or delay caused monetary losses to a customer, that we entered into an unauthorized transaction, that we provided materially false or misleading statements in connection with a transaction or that we failed to effectively fulfill our regulatory oversight responsibilities. We may be subject to disputes regarding the quality of custody services, trade execution, settlements of trades or other matters relating to our services. We may become subject to these claims as a result of failures or malfunctions of our systems and services we provide.

We could incur significant legal expenses defending claims, even those without merit. In addition, an adverse resolution of any future lawsuit or claim against us could have a material adverse effect on our business and our reputation. To the extent we are found to have failed to fulfill our regulatory obligations, we could lose our authorizations or licenses or become subject to conditions that could make future operations more costly and impairing our profitability.

Our compliance and risk management programs might not be effective and may result in outcomes that could adversely affect our reputation, financial condition and operating results.

Our ability to comply with applicable laws and rules is largely dependent on our establishment and maintenance of compliance, review and reporting systems, as well as our ability to attract and retain qualified compliance and other risk management personnel. We face the risk of significant intervention by regulatory authorities, including extensive examination and surveillance activity.

We cannot assure you that our compliance policies and procedures will always be effective or that we will always be successful in monitoring or evaluating our risks. In the case of alleged non-compliance with applicable laws or regulations, we could be subject to investigations and judicial or administrative proceedings that may result in substantial penalties or civil lawsuits, including by customers, for damages, which could be significant. Any of these outcomes may adversely affect our reputation, financial condition and operating results.

Operational risks, such as misconduct and errors of our employees or entities with which we do business, are difficult to detect and deter and could cause us reputational and financial harm.

Our employees and agents could engage in misconduct which may include conducting in and concealing unauthorized activities, improper use or unauthorized disclosure of confidential information or violations of applicable securities laws. Further, our employees could make errors in recording or executing transactions for customers that would cause us to enter into transactions that customers may disavow and refuse to settle.

It is not always possible to deter misconduct by our employees, and the precautions we take to prevent and detect this activity may not be effective in all cases. Our ability to detect and prevent errors or misconduct by entities with which we do business may be even more limited. Such misconduct could subject us to financial losses or regulatory sanctions and materially harm our reputation, financial condition and operating results.

Negative publicity could damage our business.

Developing and maintaining our reputation is critical to attracting and retaining customers and investors and for maintaining our relationships with our regulators. Our success depends on our ability to complete development of, successfully implement and maintain the Kinesis systems that have the functionality, performance, reliability and speed required by our customers.

Negative publicity regarding our Company, Tokens, our key personnel or Blockchain Assets generally, whether based upon fact, allegation or perception and whether justified or not, could give rise to reputational risk which could significantly harm our business prospects.

Our networks and those of any third-party service providers may be vulnerable to security risks, which could make our customers hesitant to use our platform and services.

The secure transmission of confidential information over public networks is a critical element of our operations. Our networks, those of any third-party service vendors, and those of our customers may be vulnerable to unauthorized access, computer viruses and other security problems. People who circumvent security measures could wrongfully use our information or cause interruptions or malfunctions in our operations, which could make our customers hesitant to use our electronic marketplaces. We may be required to expend significant resources to protect against the threat of security breaches or to alleviate problems, including reputational harm and litigation, caused by any breaches.

If we experience computer systems failures or capacity constraints, our ability to conduct our operations could be harmed.

Our failure to monitor or maintain our computer systems and networks or, if necessary, to find a replacement for this technology in a timely and cost-effective manner, would have a material adverse effect on our ability to conduct our operations. Our data centers, including those maintained by any third-party service vendors, could be subject to failure due to environmental factors, power outage and other factors. Accordingly, we may be subject to system failures and outages which might impact our revenues and relationships with customers. In addition, we will be subject to risk in the event that systems of our partners, customers or vendors are subject to failures and outages.

We plan on relying on third parties for various computer and communications systems, such as telephone companies, online service providers, data processors, and software and hardware vendors. Our systems, or those of any third-party providers, may fail or operate slowly, causing one or more of the following:

1. unanticipated disruptions in service to our customers;
2. slower response times;
3. delays in our customers' trade execution;
4. failed settlement of trades;
5. incomplete or inaccurate accounting, recording or processing of trades;
6. direct and indirect financial losses;
7. litigation or other customer claims; and
8. regulatory sanctions.

There can be no assurance that we will not experience additional systems failures in the future from power or telecommunications failures, acts of God or war, terrorist attacks, human error, natural disasters, fire, power loss, sabotage, hardware or software malfunctions or defects, computer viruses, intentional acts of vandalism and similar events. Any system failure that causes an interruption in service or decreases the responsiveness of our service, including failures caused

by customer error or misuse of our systems, could damage our reputation, business and brand name.

The financial services business, including investment advice and brokerage services, is intensely competitive.

Although Blockchain Assets are an emerging market, the financial services business is intensely competitive, with competition based on a variety of factors, including investment performance, the quality of service provided to clients, brand recognition and business reputation. Our business will compete for clients, personnel and investment opportunities with a growing number of Blockchain Asset firms, as well as traditional financial institutions that seek to offer their clients advice and services related to Blockchain Assets.

We may find it difficult to attract customers if we do not match the fees, structures and terms offered by competitors to their clients. Alternatively, we may experience decreased profitability, rates of return and increased risk of loss if we match the prices, structures and terms offered by competitors. This competitive pressure could adversely affect our ability to win clients or grow our business, either of which would adversely impact our revenues, results of operations and cash flow.

Volatility in and disruption of the Blockchain Asset market is likely to significantly affect our assets under management (AUM); any significant reduction in our AUM could have a material adverse effect on our results of operations and business prospects.

The mix, market value and level of our AUM will be affected by the performance of financial markets (both domestic and international), global economic conditions, industry trends, interest rates, inflation rates, tax regulation changes and other factors that are difficult to predict. Services fee revenue for custody of assets for instance, are certainly a significant component of our revenues, and are generally calculated as a percentage of the value of AUM. Accordingly, fee income generally increases or decreases as AUM increase or decrease and is affected by market appreciation or depreciation. In addition, changing market conditions and investment trends, particularly with respect to Blockchain Assets, may reduce interest in our products and services and may result in a reduction in AUM. Blockchain Assets have been a historically volatile as an asset class. To the extent volatility in the market for Blockchain Assets is reflected in our AUM, it would adversely impact our revenues results of operations and cash flow. Further to the above, low utilization of the underlying AUM as a transactional currency would materially affect the viability of the Company resultant of its reliance of the transaction fee revenue to fund the operational expenses incurred with the custody of same assets which is provided at a discounted or no cost option to stakeholders and clients.

It may be difficult to value the Blockchain Assets held on behalf of our clients.

In accordance with applicable regulatory requirements, contractual obligations or client direction, we intend to employ procedures for the pricing and valuation of Blockchain Assets and other positions held in client accounts. Because Blockchain Assets are a nascent asset class, market quotations may not be readily available for all assets. If market quotations for a security are not readily available, Kinesis will be required to determine a fair value for the asset.

Extraordinary volatility in the Blockchain Asset market, significant liquidity constraints or our

failure to adequately consider one or more factors when fair valuing an asset based on information with limited market observability could result in Kinesis failing to properly value assets it holds for its clients. Improper valuation would likely result in Kinesis basing fee calculations on inaccurate AUM figures or, in the case of company investments, inaccurately calculating and reporting our financial condition and operating results. Inaccurate fair value determinations can harm our clients, create regulatory issues and damage our reputation.

Many financial services firms face credit risks which, if not properly managed, could cause revenues and net income to decrease.

Many types of financial services firms, including broker-dealers, lend funds to their customers. We may similarly seek to offer clients credit or margin for their trading activities on the Platform. Among the risks all lenders face is the risk that some of their borrowers will not repay their loans. The ability of borrowers to repay their obligations may be adversely affected by factors beyond our control, including local and general economic and market conditions. A substantial portion of the loans may be secured by liens on Blockchain Assets or securities. These same factors may adversely affect the value of Blockchain Assets and securities as collateral. If we extend credit or margin to our clients, we would maintain an allowance for loan losses to reflect the level of losses determined by management to be inherent in the loan portfolio. However, the level of the allowance and the amount of the provisions would only be estimates based on management's judgment, and actual losses incurred could materially exceed the amount of the allowance or require substantial additional provisions to the allowance, either of which would likely have a material adverse effect on our revenues and net income.

Company may not always successfully manage actual and potential conflicts of interest that arise in our business.

Kinesis expects to manage actual and potential conflicts of interest, including situations where our services to a particular client conflict, or are perceived to conflict, with the interests of another client or the Company. Failure to adequately address potential conflicts of interest could adversely affect our reputation, results of operations and business prospects.

Kinesis plans on implementing procedures and controls that are designed to identify and mitigate conflicts of interest. However, appropriately managing conflicts of interest is complex and difficult. Kinesis' reputation could be damaged and the willingness of clients to enter into transactions in which such a conflict might arise may be affected if we fail, or appear to fail, to deal appropriately with conflicts of interest. In addition, potential or perceived conflicts could give rise to litigation or regulatory enforcement actions.

Banks may not provide banking services, or may cut off banking services, to businesses that provide blockchain related services, which could affect our ability to execute our business plan and damage the public perception of Blockchain Assets, which could have a material adverse effect on our results of operations and business prospects.

A number of companies that provide blockchain-related services have been unable to find banks that are willing to provide them with bank accounts and banking services. Similarly, a number of such companies have had their existing bank accounts closed by their banks. Banks may refuse to provide bank accounts and other banking services to blockchain-related companies or companies that accept Blockchain Assets for a number of reasons, such as perceived compliance risks or

costs. We may also face difficulties in obtaining banking services, which may have a material adverse effect on our operations. In addition, even if we are able to obtain banking services, the difficulty that many businesses that provide blockchain-related services have and may continue to have in finding banks willing to provide them with bank accounts and other banking services may be currently decreasing the usefulness of Blockchain Assets as a payment system and harming public perception of Blockchain Assets as a viable asset class.

Risks Related to the Market for Blockchain Assets

Blockchain Assets have a short, volatile history.

Bitcoin was invented in 2009; the asset and its trading history, and that of other newer Blockchain Assets have existed for a relatively short time, which limits a potential investor's ability to evaluate their risks and performance. Our business model depends on the continued viability of the Blockchain Asset market, and should the Blockchain Asset market experience sustained downturns, our ability to attract new customers may suffer.

The prices of Blockchain Assets are extremely volatile. Fluctuations in the price of Bitcoin, Ether and/or other Blockchain Assets could materially and adversely affect the Company.

The prices of Blockchain Assets such as Bitcoin and Ether have historically been subject to dramatic fluctuations and are highly volatile, and the market price of other Blockchain Assets may also be highly volatile. As relatively new products and technologies, Blockchain Assets have only recently become accepted as a means of payment for goods and services, and such acceptance and use remains limited. Conversely, a significant portion of demand for Blockchain Assets is generated by speculators and investors seeking to profit from the short- or long-term holding of Blockchain Assets. A lack of expansion, or a contraction of adoption and use of Blockchain Assets, may result in increased volatility or a reduction in the price of Blockchain Assets.

Several additional factors may influence the market price of Blockchain Assets, including, but not limited to:

1. Global Blockchain Asset supply;
2. Global Blockchain Asset demand, which can be influenced by the growth of retail merchants' and commercial businesses' acceptance of Blockchain Assets like virtual currencies as payment for goods and services, the security of online Blockchain Asset exchanges and digital wallets that hold Blockchain Assets, the perception that the use and holding of Blockchain Assets is safe and secure, and the regulatory restrictions on their use;
3. Changes in the software, software requirements or hardware requirements underlying the blockchain networks;
4. Investors' expectations with respect to the rate of inflation;
5. Interest rates;
6. Currency exchange rates, including the rates at which Blockchain Assets may be exchanged for fiat currencies;
7. Fiat currency withdrawal and deposit policies of Blockchain Asset trading platforms and liquidity on such platforms;
8. Interruptions in service or other failures of major Blockchain Asset trading platforms;

9. Investment and trading activities of large investors, including private and registered funds, that may directly or indirectly invest in blockchain networks or Blockchain Assets;
10. Monetary policies of governments, trade restrictions, currency devaluations and revaluations;
11. Regulatory measures;
12. The maintenance and development of the open-source software utilized in blockchain networks;
13. Global or regional political, economic or financial events and situations; or
14. Expectations among blockchain network participants that the value of such Blockchain Assets will soon change.

A decrease in the price of a single Blockchain Asset may cause volatility in the entire blockchain industry and may affect other Blockchain Assets. For example, a security breach that affects subscriber or user confidence in Ether or Bitcoin may affect the industry as a whole and may also cause the price of other Blockchain Assets to fluctuate.

The value of Blockchain Assets and fluctuations in the price of Blockchain Assets could materially and adversely affect our business.

The regulatory regimes governing blockchain technologies, Blockchain Assets and offerings of Blockchain Assets are uncertain, and new regulations or policies may materially adversely affect the development of blockchain networks and the use of Blockchain Assets.

Initially, it was unclear how distributed ledger technologies, Blockchain Assets and the businesses and activities utilizing such technologies and assets would fit into the current web of government regulation. As blockchain networks and Blockchain Assets have grown in popularity and in market size, international, federal, state and local regulatory agencies have begun to clarify their position regarding the sale, purchase and ownership of Blockchain Assets.

Regulation of blockchain networks remains in its early stages but it is likely to evolve significantly. Such evolution is subject to uncertainty and may vary significantly among jurisdictions. Various legislative and executive bodies in the United States and in other countries have shown that they intend to adopt legislation or take enforcement actions, which may severely impact the development and growth of blockchain networks and the adoption and use of Blockchain Assets.

New or changing laws and regulations or interpretations of existing laws and regulations, in the United States or elsewhere, may materially and adversely impact the value of Blockchain Assets, the liquidity and market price of Blockchain Assets, the ability to access marketplaces or exchanges on which to trade Blockchain Assets, and the structure, rights and transferability of Blockchain Assets. Governments may seek to ban transactions in Blockchain Assets altogether. The Company may be prevented from entering, or it may be required to cease operations in, a jurisdiction that makes it illegal or commercially unviable or undesirable to operate in such jurisdiction.

Although it is impossible to predict the positions that will be taken by certain governments, any regulatory changes in affecting Blockchain Assets could be substantial and materially adverse to the development and growth of our business.

A decline in the adoption of Blockchain Assets would negatively impact our Company.

As a new asset class and technological innovation, the market for Blockchain Assets is subject to a high degree of uncertainty. The adoption of Blockchain Assets will require growth in its usage and in the blockchain, for various applications. Adoption of Blockchain Assets will also require an accommodating regulatory environment. Our business model assumes continued growth in the market for Blockchain Assets. A lack of expansion in usage of Blockchain Assets and blockchain could adversely affect our business.

In addition, there is no assurance that such Blockchain Assets will maintain value over the long-term. The value of Blockchain Assets is subject to risks related to their usage. Even if growth in adoption occurs in the near or medium-term, there is no assurance that such usage will continue to grow over the long-term. A contraction in the use of a Blockchain Asset may result in increased volatility or a reduction in the price, which would adversely impact the industry and our business model.

Blockchain Asset exchanges and other trading venues are relatively new and, in most cases, largely unregulated and may therefore be subject to fraud and failures.

When Blockchain Asset exchanges or other trading venues are involved in fraud or experience security failures or other operational issues, such events could result in a reduction in Blockchain Asset prices or confidence and impact our success and have a material adverse effect on our business, prospects and operations.

Blockchain Asset market prices depend, directly or indirectly, on the prices set on exchanges and other trading venues, which are new and, in most cases, largely unregulated as compared to established, regulated exchanges for securities, commodities or currencies. For example, during the past few years, a number of bitcoin exchanges have closed due to fraud, business failure or security breaches. In many of these instances, the customers of the closed exchanges were not compensated or made whole for partial or complete losses of their account balances. While smaller exchanges are less likely to have the infrastructure and capitalization that may provide larger exchanges with some stability, larger exchanges may be more likely to be appealing targets for hackers and “malware” (i.e., software used or programmed by attackers to disrupt computer operation, gather sensitive information or gain access to private computer systems) and may be more likely to be targets of regulatory enforcement action. We do not maintain any insurance to protect from such risks, and do not expect any insurance for customer accounts to be available (such as federal deposit insurance) at any time in the future, putting customer accounts at risk from such events. In the event we face fraud, security failures, operational issues or similar events such factors would have a material adverse effect on our business, prospects and operations.

Lack of liquid markets, and possible manipulation of Blockchain Assets may adversely affect us.

Blockchain Assets may not necessarily benefit from viable trading markets. Stock exchanges have listing requirements and vet issuers, requiring them to be subjected to rigorous listing standards and rules and monitoring investors transacting on such platform for fraud and other improprieties. These conditions may not necessarily be replicated on a blockchain trading platform, depending on the platform’s controls and other policies. The more lax a blockchain trading platform is about vetting issuers of Blockchain Assets or users that transact on the platform, the higher the potential risk for fraud or the manipulation of Blockchain Assets. These factors may decrease liquidity or volume,

or increase volatility of Blockchain Assets trading on a ledger-based system, which may adversely affect us. Such circumstances would have a material adverse effect on our business, prospects or operations and potentially the value of any Blockchain Assets we hold or expect to acquire for our own account and harm investors.

The extent to which Blockchain Assets are used to fund criminal or terrorist enterprises or launder the proceeds of illegal activities could materially impact our business.

The potential, or perceived potential, for anonymity in transfers of bitcoin and similar Blockchain Assets, as well as the decentralized nature of blockchain networks, has led some terrorist groups and other criminals to solicit bitcoins and other Blockchain Assets for capital raising purposes. As Blockchain Assets have grown in both popularity and market size, the U.S. Congress and a number of U.S. federal and state agencies have been examining the operations of Blockchain Assets, their users and exchanges, concerning the use of Blockchain Assets for the purpose of laundering the proceeds of illegal activities or funding criminal or terrorist enterprises.

In addition to the current market, new blockchain networks or similar technologies may be developed to provide more anonymity and less traceability. There is also the potential that other Blockchain Asset exchanges may court such illicit activity by not adhering to know-your-customer and anti-money laundering practices. It is possible we could lose market share to companies that have less robust KYC/AML and other regulatory controls.

We may not be able to prevent illegal activity from occurring using Blockchain Assets we hold or trade. The use of Blockchain Assets for illegal purposes, or the perception of such use, could result in significant legal and financial exposure, damage to our reputation, damage to the reputation of Blockchain Assets and a loss of confidence in the services provided by our exchange and the Blockchain Asset community as a whole. This could result in regulatory penalties which could have an adverse effect on our business.

The loss or destruction of private keys required to access Blockchain Assets may be irreversible, which could result in the loss of use or value of such assets.

Transfers of Blockchain Assets among users are accomplished via transactions which require the use of a unique numerical code known as a “private key.” In the absence of the correct private key corresponding to a holder’s particular asset, the asset is inaccessible for usage. The Company intends to safeguard and keep private the private keys relating to our holdings. Although we plan on obtaining insurance, to the extent the any private key is lost, destroyed or otherwise compromised and no backup of the private key is accessible, we would be unable to access our Blockchain Asset holdings, potentially including assets held on behalf of our clients. Any such loss could materially and adversely affect our client’s holdings and our business.

A failure to properly monitor and upgrade a blockchain protocol by the contributors to the protocol could adversely affect Blockchain Assets on that blockchain’s network.

Many blockchain protocols run on open source software that can be altered. Protocols may contain unknown flaws, which, upon detection by a malicious actor, could be used to damage the blockchain network. To the extent that software developers involved in maintaining the blockchain networks are unable to address potential flaws adequately and in a timely manner, the assets stored or utilized on that blockchain may be adversely affected and any such result could adversely affect

our client's holdings and our business.

A temporary or permanent “fork” on a blockchain network could adversely affect an investment in that blockchain's assets.

Most blockchain network software and protocols are open source. Any user can download the open source software, modify it and then propose that network users and participants adopt the modification. When a modification is introduced and a substantial majority of users and participants consent to the modification, the change is implemented and the blockchain network remains uninterrupted. However, if less than a substantial majority of users and participants consent to the proposed modification, and the modification is not compatible with the software prior to its modification, the consequence would be what is known as a “fork” (*i.e.*, “split”) of the blockchain network (and the blockchain), with one prong running the pre-modified software and the other running the modified software. The effect of such a fork would be the existence of two (or more) versions of the blockchain network running in parallel, but with each version's assets lacking interchangeability.

Additionally, a fork could be introduced by an unintentional, unanticipated software flaw in the multiple versions of otherwise compatible software users run. Although chain forks could be addressed by community-led efforts to merge the two chains (and in fact, several prior historical forks have been so merged), there have also been other forks where a substantial number of blockchain network users and participants adopted an incompatible version while resisting community-led efforts to merge the two chains. This is referred to as a permanent fork. Several permanent forks have occurred already (such as the fork from the bitcoin blockchain in August 2017, which resulted in the creation of “bitcoin cash”). If a permanent fork occurs, the Company would hold equal amounts of both the original asset and the alternative new asset. As a result, the holders would need to decide whether to continue to hold the original asset, the alternative new asset or both, and what action to take with respect to the unselected asset, such as the possible sale of the unselected asset. A fork could adversely affect our customers' investments and our business.

A disruption of the Internet may affect blockchain networks and operations of blockchain exchanges, which may adversely affect our ability to do business.

A blockchain network's functionality relies on the Internet. A significant disruption of Internet connectivity (*i.e.*, affecting large numbers of users or geographic regions) could prevent the blockchain network's functionality and operations until the Internet disruption is resolved. An Internet disruption could adversely affect our ability to operate.

Disruptions at Blockchain Asset exchanges or trading platforms and potential consequences of a Blockchain Asset exchange or trading platform's failure would adversely affect our ability to operate.

Blockchain Asset exchanges and trading platforms operate websites on which users can trade Blockchain Assets for U.S. dollars and other government currencies. Trades on these exchanges may be unrelated to transfers between users via the blockchain network. Certain trades on trading platforms may be recorded on the exchange's internal ledger only, and each internal ledger entry for a trade will correspond to an entry for an offsetting trade in U.S. dollars or other government currency. For example, to sell bitcoin on a bitcoin exchange, a user will transfer bitcoin (using the Bitcoin network) from him or herself to the bitcoin exchange. Conversely, to buy bitcoin on a

bitcoin exchange, a user will transfer U.S. dollars or other government currency to the bitcoin exchange. After completing the transfer of bitcoin or U.S. dollars, the user will execute his or her trade and withdraw either the bitcoin (using the Bitcoin network) or the U.S. dollars back to the user. Such exchanges and trading platforms are an important part of the blockchain trading industry.

Blockchain Asset exchanges have a limited history. Since 2009, several exchanges have been closed or experienced disruptions due to fraud, failure, security breaches or distributed denial of service attacks a/k/a “DDoS Attacks.” In many of these instances, the customers of such exchanges were not compensated or made whole for the partial or complete losses of their funds held at the exchanges. In 2014, the largest bitcoin exchange at the time, Mt. Gox, filed for bankruptcy in Japan amid reports the exchange lost up to 850,000 bitcoin, valued then at over \$450 million. Bitcoin exchanges are also appealing targets for hackers and malware. In August 2016, Bitfinex, an exchange located in Hong Kong, reported a security breach that resulted in the theft of approximately 120,000 bitcoin valued at the time at approximately \$65 million, a loss which was allocated to all Bitfinex account holders (rather than just specified holders whose wallets were affected directly), regardless of whether the account holder held bitcoin or cash in their account. In February 2017 following a statement by the People’s Bank of China, China’s three largest exchanges (BTCC, Huobi and OKCoin) suspended withdrawals of users’ bitcoin. Although withdrawals were permitted to resume in late May 2017, Chinese regulators in September 2017 issued a directive to Chinese exchanges to cease operations with respect to Chinese users by September 30, 2017. In July 2017, the Financial Crimes Enforcement Network (“FinCEN”) and the U.S. Department of Justice levied a \$110 million fine and an indictment against BTC-e and one of its operators for financial crimes. The Department of Justice also seized the Internet domain of the exchange. Similar to the outcome of the Bitfinex breach, losses due to assets seized by FinCEN were allocated among exchange users. The potential for instability of Blockchain Asset exchanges and trading platforms and the closure or temporary shutdown of exchanges and trading platforms due to fraud, business failure, hackers, DDoS or malware, or government-mandated regulation may reduce confidence in blockchain, which may result in greater volatility in the market. In addition, the closure or temporary shutdown of a Blockchain Asset exchange with whom the Company is integrated may severely impair our ability to provide services and operate our platform.

The Company’s holdings could become illiquid which could cause large losses to customers at any time or from time to time.

The Company may not always be able to liquidate its holdings at a desired price. It may become difficult to execute a trade at a specific price when there is a relatively small volume of buy and sell orders in the marketplace, including on blockchain trading platforms and among OTC participants.

A market disruption, such as a foreign government taking political actions that disrupt the market in its currency, its commodity production or exports, or in another major export, can also make it difficult to liquidate a position. In the event of a fork of a blockchain network, certain exchanges and/or OTC counterparties may halt deposits and withdrawals of the asset for a set period of time thus reducing liquidity in the markets. Unexpected market illiquidity may cause major losses to shareholders at any time.

Transactions in Blockchain Assets may be irreversible and the Company may be unable to recover improperly transferred assets.

Blockchain transactions are irreversible. An improper transfer, whether accidental or resulting from

theft, can only be undone by the receiver of a Blockchain Asset agreeing to send the Blockchain Asset back to the original sender in a separate subsequent transaction. To the extent the Company erroneously transfers, whether accidental or otherwise, Blockchain Assets in incorrect amounts or to the wrong recipients, the Company may be unable to recover the Blockchain Assets, which could adversely affect an investment in those assets.

The Company's holdings maybe lost, stolen, or subject to other inaccessibility.

There is a risk that part or all of the Company's Blockchain Asset holdings could be lost, stolen or destroyed. Although the Company will secure the Company's Blockchain Asset holdings to minimize the risk of loss, the Company cannot guarantee that such a loss will be prevented. Access to the Company's Blockchain Asset holdings could also be restricted by natural events (such as a hurricane or earthquake) or human actions (such as a terrorist attack). Any of these events may adversely affect the operations of the Company and, consequently, our business.

The Blockchain Assets held by the Company or its subsidiaries may not be subject to SIPC protections.

If and when the Company's wholly-owned subsidiary formed in the U.S. becomes a registered broker-dealer, the U.S. subsidiary will automatically become a member of the Securities Investor Protection Corporation ("SIPC"). The SIPC was created by the Securities Investor Protection Act ("SIPA") and protects investors against the loss of cash and securities held by a customer at a financially-troubled SIPC-member brokerage firm. It is unclear whether all Blockchain Assets meet the definition of securities for the purposes of SIPA and, therefore, all or a portion of the Company's or U.S. subsidiary's Blockchain Asset holdings may not qualify for SIPC protections.

Trading on Blockchain Asset exchanges or trading platforms located outside the United States is not subject to U.S. regulation, and may be less reliable than U.S. exchanges or trading platforms.

Some of the Company's trading may be conducted on Blockchain Asset exchanges or trading platforms outside the U.S. Such platforms and trading on such platforms is not regulated by any U.S. governmental agency and may involve certain risks not applicable to trading on U.S. platforms or exchanges. Certain foreign markets may be more susceptible to disruption than U.S. platforms. These factors could adversely affect the performance of the Company, our reputation or our client's holdings.

Risks Related to Government Regulation

Failure to comply with the rapidly evolving laws and regulations governing our businesses may result in regulatory agencies taking action against us, which could significantly harm our business.

Substantially all of our planned operations will be regulated by governmental bodies or self-regulatory organizations. Many of the regulations we are governed by are intended to protect the public, our customers and the integrity of the markets, and not necessarily holders of our securities or Tokens.

Among other things, we will be subject to regulation with regard to:

- sales and marketing activities, including our interaction with, and solicitation of, customers;
- trading practices, including the types of products we may offer;
- the methods and source of funds by which customers can fund accounts with us;
- treatment of customer assets, including custody, control, safekeeping and, in certain countries, segregation of our customer funds and securities;
- maintaining specified minimum amounts of capital and limiting withdrawals of funds from our regulated operating subsidiaries;
- continuing education requirements for our employees;
- anti-money laundering practices;
- record keeping and reporting; and supervision regarding the conduct of directors, officers and employees.

Compliance with these regulations is complicated, time consuming and expensive. Our ability to comply with all applicable laws and regulations is dependent in large part on our internal legal and compliance functions, as well as our ability to attract and retain qualified personnel, which we may not be able to do. Regulators and self-regulatory organizations broadly oversee the conduct of our business and several perform regular examinations of our operations to monitor our compliance with applicable laws and regulations. If a regulator finds that we have failed to comply with applicable rules and regulations, we may be subject to censure, fines, cease-and-desist orders, suspension of our business, removal of personnel, civil litigation or other sanctions, including, in some cases, increased reporting requirements or other undertakings, revocation of our operating licenses or criminal conviction. In addition, we could incur significant legal expenses in defending ourselves against and resolving actions or investigations by such regulatory agencies. An adverse resolution of any future actions or investigations by such regulatory agencies against us could result in a negative perception of our company and cause the market price of our securities and Tokens to decline or otherwise have a material adverse effect on our business, financial condition, results of operations and cash flows.

The brokerage and financial services industries in general face substantial litigation and regulatory risks, and we may face damage to our professional reputation and legal liability if our services are not regarded as satisfactory or for other reasons, all of which could adversely affect our revenues and liabilities and as a result could have a materially adverse effect on our business, financial condition and results of operations.

Many aspects of our business will involve substantial risks of liability and in the normal course of business we may be a party to lawsuits, arbitrations, investigations and other actions involving primarily claims for damages. Regulatory inquiries and subpoenas or other requests for information or testimony in connection with litigation may cause us to incur significant expenses, including fees for legal representation and fees associated with document production. The risks associated with such potential liabilities often may be difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time. The expansion of our business, including the expansion into new areas, imposes additional risks of liability. A settlement of, or judgment related to, any such claims or litigation, arbitration, investigation or other action could result in civil or criminal liability, fines, limitations on business activities and other sanctions and otherwise have a material adverse effect on our results of operations and financial condition. Any such action could also cause us significant reputational harm, which, in turn, could seriously harm

our business and prospects. In addition, regardless of the outcome of these lawsuits, arbitrations, investigations and other actions, we may incur significant legal and other costs, including substantial management time, dealing with such matters, even if we are not a party to the litigation or a target of the inquiry.

As a brokerage and financial services firm, we will depend to a large extent on our relationships with our customers and our reputation for integrity and high-caliber professional services to attract and retain customers. As a result, if our customers are not satisfied with our services, such dissatisfaction may be more damaging to our business than to other types of businesses. Substantial legal liability or significant regulatory action against us could adversely affect our revenues and liquidity and, as a result, could have a material adverse effect on our business, financial conditions and results of operations or cause significant reputational harm to us, which could seriously harm our business and prospects.

Financial services and Blockchain Asset firms have been subject to increased scrutiny over the last several years, increasing the risk of financial liability and reputational harm resulting from adverse regulatory actions.

The financial services industry has experienced increased scrutiny from a variety of regulators, including the SEC, FINRA, FinCEN and state attorney generals. Penalties and fines sought by regulatory authorities have increased substantially over the last several years. This regulatory and enforcement environment has created uncertainty with respect to a number of transactions that had historically been entered into by financial services firms and that were generally believed to be permissible and appropriate. We may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organizations. The application of these laws and rules with respect to Blockchain Assets creates further uncertainty. Each of the regulatory bodies with jurisdiction over us has regulatory powers dealing with many aspects of financial services, including, but not limited to, the authority to fine us and to grant, cancel, restrict or otherwise impose conditions on the right to carry on particular businesses. For example, a failure to comply with the obligations imposed by the Exchange Act on broker-dealers and the Investment Advisers Act on investment advisers, including record-keeping, advertising and operating requirements, disclosure obligations and prohibitions on fraudulent activities, could result in investigations, sanctions and reputational damage. We also may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, other U.S. or foreign governmental regulatory authorities, FINRA or other self-regulatory organizations that supervise the financial markets. Substantial legal liability or significant regulatory action against us could have adverse financial effects on us or harm our reputation, which could harm our business prospects.

We cannot predict the effect that additional rulemaking may have on our adviser or broker businesses or whether it will be adverse to us. Compliance with any new laws or regulations could make compliance more difficult and expensive and affect the manner in which we conduct business.

If we were to be deemed an investment company under the Investment Company Act of 1940, applicable restrictions could make it impractical for us to continue our business as contemplated and could have an adverse effect on our business.

We are not an investment company under the Investment Company Act of 1940 and we intend to conduct our operations so that we will not be deemed an investment company. However, if we were

to be deemed an investment company, restrictions imposed by the Investment Company Act of 1940, including limitations on our capital structure and our ability to transact with affiliates, could make it impractical for us to continue our business as contemplated.

The regulatory environment in which we operate is subject to continual change and regulatory developments designed to increase oversight may materially adversely affect our business.

We operate in a legislative and regulatory environment that is subject to continual change, the nature of which we cannot predict. We may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, other U.S. or non-U.S. governmental regulatory authorities or self-regulatory organizations that supervise the financial markets. For example, the DOL's fiduciary rule and related exemptions began a phased implementation with the fiduciary rule becoming applicable on June 9, 2017 and certain related exemptions becoming applicable July 1, 2019. These rules substantially expand the definition of "investment advice" and thereby broaden the circumstances under which product distributors could be considered fiduciaries under ERISA or the Internal Revenue Code. On April 18, 2018, the SEC proposed "Regulation Best Interest," a package of rulemakings directed at broker-dealers and investment advisers in order to codify legal obligations arising from fiduciary duties.

The requirements imposed by our regulators (including both U.S. and non-U.S. regulators) are designed to ensure the integrity of the financial markets and to protect clients and other third parties who deal with us, and are not designed to protect our holders of our securities and Tokens. Consequently, these regulations often serve to limit our activities and/or increase our costs, including through client protection and market conduct requirements. New laws or regulations, or changes in the enforcement of existing laws or regulations, applicable to us and our clients may adversely affect our business. Our ability to function in this environment will depend on our ability to constantly monitor and promptly react to legislative and regulatory changes. This regulatory scrutiny may limit our ability to engage in certain activities that might be beneficial to holders of our securities and Tokens.

We also may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organizations, as well as by courts. It is impossible to determine the extent of the impact of any new U.S. or non-U.S. laws, regulations or initiatives that may be proposed, or whether any of the proposals will become law. Compliance with any new laws or regulations could be more difficult and expensive and affect the manner in which we conduct business.

Procedures and requirements of the Patriot Act and other anti-money laundering and know your customer regulations may expose us to significant costs or penalties.

As participants in the financial services industry, we will be subject to numerous laws and regulations, including the United States Patriot Act, that require that we know our customers and monitor transactions for suspicious financial activities. The cost of complying with the Patriot Act and similar laws and regulations is significant. We face the risk that our policies, procedures, technology and personnel directed toward complying with these laws and regulations are insufficient and that we could be subject to significant criminal and civil penalties due to noncompliance. Such penalties could have a material adverse effect on our business, financial

condition and results of operations and cash flows.

Regulation of Blockchain Assets continues to evolve and is subject to change; future regulatory developments are difficult to predict but may significantly and adversely affect the Company's planned operations.

Both domestic and foreign regulators and governments have focused on regulation of Blockchain Assets.

The regulation of Blockchain Assets and related products and services continues to evolve. The inconsistent and sometimes conflicting regulatory landscape may make it more difficult for blockchain businesses to provide services. There is a possibility of future regulatory change altering, perhaps to a material extent, the nature of an investment in the securities of the Company or the ability of the Company to continue to operate. Additionally, to the extent that Blockchain Assets are determined to be a security, commodity future or other regulated asset, or to the extent that a United States or foreign government or quasi-governmental agency exerts regulatory authority over blockchain networks, Blockchain Asset trading or ownership in Blockchain Assets, such determination may have an adverse effect on the value of your Tokens. In sum, regulation takes many different forms and will, therefore, the impact the market for Blockchain Assets and their use in a variety of manners.

We may be required to register as a money transmitter or virtual currency business in locations with applicable money transmitter or virtual currency business regulations.

Under the regulations promulgated by the FinCEN under the authority of the Bank Secrecy Act, "persons registered with, and regulated or examined by, the Securities and Exchange Commission" are excluded from the definition of a "Money Services Business." Accordingly, we do not expect to be required to register as a Money Services Business with FinCEN.

However, to the extent that our activities cause us to be deemed a "money transmitter" under one or more state laws (e.g., engaging in the business of exchanging virtual currency for fiat currency or virtual currency for Blockchain Assets) or we are engaged in other business involving digital currency activities that are regulated in any state in which we operate, such as business conducting virtual currency business activity in New York and requiring a so-called "BitLicense," we may be required to seek a license or otherwise register with a state regulator and comply with state regulations that may include the implementation of anti-money laundering programs, cyber security, consumer protection, financial and reporting requirements, and maintenance of certain records and other operational requirements. Without a required money transmitter license, we could not engage in money transmitter activities with persons residing in the relevant state (or from such state), or engage in other activities (e.g., custody) requiring another license such as the BitLicense.

The process of obtaining the necessary licenses may take a significant amount of time, and as a result we may initially operate our business in a limited number of states. There is also a risk that necessary licenses will not be granted and that therefore we will be unable to conduct our business in particular states, or at all. If we are unable to carry out our business plan (at all or in certain states), or if we are delayed in doing so, such factors could have a material adverse effect on our business, prospects or operations.

To the extent that we need to register as a money services business or become licensed as a money transmitter or businesses engaged in digital currency business activity, and be subject to associated regulatory obligations, such obligations will cause us to incur additional expenses, possibly affecting an investment in us in a material and adverse manner. In addition, to the extent we are found to have operated without appropriate state or federal licenses, we may be subject to investigation, administrative or court proceedings, and civil or criminal monetary fines and penalties, all of which could harm our reputation and affect the value of our securities and Tokens.

Future regulations may require the company or its subsidiaries to register with other regulators.

Current and future legislation, CFTC and SEC rulemaking and other regulatory developments may impact the manner in which bitcoin or other Blockchain Assets are treated for classification and clearing purposes. In particular, bitcoin has been classified by the CFTC as “virtual currency” which may be a “commodity interest” under the CEA. In the face of such developments, the required registrations and compliance steps may result in extraordinary, nonrecurring expenses to the Company.

To the extent that bitcoin and other Blockchain Assets are deemed to fall within the definition of a “commodity interest” under the CEA, and depending on our business activities, the Company may be subject to additional regulation under the CEA and CFTC regulations. The Company or a subsidiary of the Company may be required to register as a commodity pool operator or commodity trading advisor with the CFTC and become a member of the National Futures Association and may be subject to additional regulatory requirements with respect to the Company, including disclosure and reporting requirements. These additional requirements may result in extraordinary, recurring and/or nonrecurring expenses of the Company, thereby materially and adversely impacting our operations.

It may be illegal now, or in the future, to acquire, own, hold, sell or use Blockchain Assets in one or more countries, and ownership of, holding or trading in tokens may also be considered illegal and subject to sanctions.

The United States or other jurisdictions may take regulatory actions in the future that severely restrict the right to acquire, own, hold, sell or use Blockchain Assets or to exchange Blockchain Assets for fiat currency. Such an action may also result in the restriction of ownership, holding or trading in Tokens. Such a restriction could subject the Company to investigations, civil or criminal fines and penalties, which could harm the reputation of the Company and may adversely our operations.

Risks Related to our Intellectual Property

We may not be able to protect our intellectual property rights or may be prevented from using intellectual property necessary for our business.

Our success is dependent, in part, upon our intellectual property. We generally will rely primarily on trade secret, contract, copyright, trademark and patent law to establish and protect our rights to proprietary technologies, methods and products. It is possible that third parties may copy or otherwise obtain and use our proprietary technologies without authorization or otherwise infringe on our rights. We cannot assure you that our intellectual property rights are sufficient to protect our competitive advantages. In addition, the laws of some foreign countries may not protect our proprietary rights to the same extent as the laws in the United States. We may also face claims of

infringement that could interfere with our ability to use intellectual property or technology that is material to our business operations.

In the future, we may have to rely on litigation to enforce our intellectual property rights, protect our trade secrets, determine the validity and scope of the proprietary rights of others or defend against claims of infringement or invalidity. Any such claims or litigation, whether successful or unsuccessful, could result in substantial costs and the diversion of resources and the attention of management, any of which could negatively affect our business. Responding to these claims could also require us to enter into royalty or licensing agreements with the third parties claiming infringement. Such royalty or licensing agreements, if available, may not be available on terms acceptable to us.

Intellectual property rights of third parties may have an important bearing on our ability to offer certain of our products and services. Although we have taken steps to protect ourselves, there can be no assurance that we will be aware of all intellectual property containing claims that may pose a risk of infringement by our products and services.

In addition, in the past several years, there has been a proliferation of so-called “business method patents” applicable to the computer and financial services industries. There has also been a substantial increase in the number of such patent applications filed. Under current law, U.S. patent applications remain secret for 18 months and may, depending upon where else such applications are filed, remain secret until a patent is issued. In light of these factors, it is not economically practicable to determine in advance whether our products or services may infringe the present or future patent rights of others.

If our software licenses from third parties are terminated or adversely changed or amended or if any of these third parties were to cease doing business, our ability to operate our business may be materially adversely affected.

We intend to license databases and other software from third parties, much of which will be integral to our systems and our business. The licenses may be terminable if we breach our obligations under the license agreements. If any material relationships were terminated or adversely changed or amended, or if any of these third parties were to cease doing business, we may be forced to spend significant time and money to replace the licensed software, and our ability to operate our business may be materially adversely affected. Although we will endeavor to locate replacements, there can be no assurance that the necessary replacements will be available on reasonable terms, if at all.

Risks Related to Investment in the Securities

Because there is no public market for the Securities, you may not be able to liquidate your investment.

There is currently no public market for the Securities, and the Company does not plan to list its Securities for trading on a national securities exchange or to register the Securities under the US Securities Exchange Act of 1934, as amended, in the foreseeable future. If an active market does not develop, the market price and liquidity of the Securities may be adversely affected, and you may be required to bear the economic risks of holding the Tokens for an indefinite period of time.

The transfer of the Securities is restricted.

The offer and sale of the Securities have not been registered under the Securities Act or under applicable securities laws of any state or other jurisdiction, and the Securities will constitute restricted securities under such laws. The Securities may not be resold unless the resale is subsequently registered under the Securities Act and applicable securities laws of any state or other jurisdiction, an exemption from registration is available or the resale is in accordance with the provisions of Regulation S, and, in each case, the resale is in accordance with all applicable securities laws, including securities laws of the states of the United States and any other applicable jurisdictions. Only the Company is entitled to register the Securities under the Securities Act, and the Company has no obligation to do so. The Company, in its sole discretion, may refuse to transfer the Securities in the absence of an opinion of legal counsel satisfactory to the Company's counsel that such proposed transfer is exempt from registration under the Securities Act and the applicable securities laws of any state or other jurisdiction or is in accordance with all of the requirements of Regulation S and, in each case, such proposed transfer is in accordance with all applicable securities laws, including securities laws of the states of the United States and any other applicable jurisdictions. These restrictions on transfer may prevent investors from liquidating their investment in the future or at all.

The Company can give no assurances that an exemption from registration will be available for any resales or transfers of the Securities. In addition, the Securities offered to persons other than "U.S. persons" in the Offering are subject to the conditions listed under Section 903(b)(3), or Category 3, of Regulation S under the Securities Act. Under Category 3, "offering restrictions" (as such term is defined under Regulation S) must be in place in connection with the Offering and additional restrictions are imposed on resales of Securities. All Securities are subject to these restrictions until at least the expiry of the Distribution Compliance Period. These restrictions may remain in place or be reintroduced following the expiry of the Distribution Compliance Period, at the sole discretion of the Company.

Each purchaser of the Securities, by subscribing for such Securities, agrees (i) to reoffer or resell the Securities only pursuant to registration under the Securities Act or in accordance with the provisions of Regulation S, or pursuant to another available exemption from registration, and, in each case, the resale is in accordance with all applicable securities laws, including securities laws of the states of the United States and any other applicable jurisdictions, and (ii) not to engage in hedging transactions with regard to such Securities unless in compliance with the Securities Act and all other applicable securities laws, including securities laws of the states of the United States and any other applicable jurisdictions. Representations, warranties and certifications must be made in the applicable Application by those selling or acquiring the Securities. If such representations, warranties and certifications cannot be made or are not made, such purchaser's application will be rejected.

Each purchaser (including any secondary purchaser) of the Securities will be required to be presented with the legends describing these restrictions on the transfer of the Securities. Each purchaser (including any secondary purchaser) at a minimum, must affirmatively signal such purchaser's understanding of the information and provide the Company with certain representations on such purchaser's status and location.

The above restrictions may severely restrict purchasers of Securities from transferring and reselling the Securities. The Securities will not be admitted for trading on any U.S. securities exchange in connection with the Offering. For further information regarding the significant restrictions on transfer and resale applicable to the Securities, please see "Notice to Investors" beginning on page 74.

A public market for the Tokens may never develop.

Even if the Tokens are created and launched, a public market for the Tokens may never develop, which in turn would cause the Tokens to have little or no value. We cannot predict the extent to which an active market for any such securities will develop or be sustained after this Offering, or how the development of such a market might affect the market price of such securities.

The potential application of U.S. laws regarding investment securities such as Tokens is unclear.

The Securities are novel and the potential application of U.S. federal and state securities laws to them is unclear in many respects and quickly evolving. Many aspects of blockchain technology do not readily fit within the existing regulatory framework for traditional securities. Because of the differences between the Tokens and traditional investment securities, there is a risk that issues that might easily be resolved by existing law if traditional securities were involved may not be able to be resolved in the case of the Tokens. In addition, because of the novel risks posed by the Securities, it is possible that securities regulators may interpret laws in a manner that adversely affects the value of the Securities. The occurrence of an issue, dispute, uncertainty or other adverse result could have a material adverse effect on the value of the Securities and their holders.

The Tokens may be subject to defects.

The Tokens will be newly developed and investors will not be able to compare them against other like instruments. Tokens and the related software and technology and technical concepts and theories are still in an early development stage and unproven, and there is no warranty that the process for receipt, use and ownership of Tokens will be successful, and, if successful, uninterrupted or error-free and there is an inherent risk that the software, Tokens and related technologies and theories could contain weaknesses, vulnerabilities or bugs causing, inter alia, the partial or complete loss of value of the Tokens. Past performance of blockchain-related assets, including blockchain tokens, is not predictive of the use and value of Kinesis. See “Risks Related to Blockchain Technology & Smart Contracts” beginning on page 63.

The development and operation of Tokens requires, and will likely require, technology and intellectual property rights.

The ability of the Company to develop and continue to operate Tokens may depend on technology and intellectual property rights that the Company licenses from unaffiliated third parties. If for any reason the Company were to fail to comply with its obligations under any applicable license agreement, or were unable to acquire or provide the technology and intellectual property that the Tokens require in the future, the Tokens would be unable to operate, which could have a material adverse effect on the Company’s reputation and therefore its operations and financial conditions.

The purchase price to be paid by you for Securities pursuant to the terms of the applicable Offering may be too high.

The Securities are difficult to value due to the lack of a public market for them, the difficulties and uncertainties involved in predicting the future results of the operations of the Company, and other factors. The Company will determine the purchase price for the Tokens based on factors it may consider in its sole discretion. The purchase price for the Tokens will be determined at a later date.

The purchase price for the Securities will not necessarily bear any relationship to the Company's asset value, net worth, revenues or other established criteria of value, and should not be considered indicative of the actual value of such Securities. If the price per share exceeds the value of such Securities, then the value of any such Securities you continue to hold may decline after the completion of the Offering.

The Securities that you purchase in the Offering are subject to dilution in the event that the Company sells additional Tokens or other equity securities after the Offering, whether as a means of obtaining additional financing or for any other business purpose. In addition, investors will incur additional dilution upon the exercise of Preferred Shares awards granted by the Company.

The prices of Blockchain Assets are extremely volatile. Fluctuations in the price of Ether or other Blockchain Assets could adversely affect you.

Kinesis may allow purchasers of Tokens in this Offering to tender the purchase price in BTC, or ETH or other popular actively traded Blockchain Assets. Such Blockchain Assets have been and continue to be subject to extreme and frequent price and exchange rate volatility. This volatility and associated price changes may have a material adverse effect on the number of Tokens sold in this Offering, as well as the value, price or income of an investor's investment. There is no way to reliably predict future changes in the value or price of Blockchain Assets such as BTC or ETH, nor is there any way to predict the impacts of these changes on the Company or the financial situation of an investor.

The tax treatment of the Tokens is uncertain and there may be adverse tax consequences for investors upon certain future events.

The tax characterization of the Tokens is uncertain, and each purchaser must seek its own tax advice in connection with an investment in the Tokens. An investment in the Tokens may result in adverse tax consequences to certain investors, including withholding taxes, income taxes and tax reporting requirements. The use by investors of Blockchain Assets to purchase Securities may expose purchasers to tax consequences that would not have resulted if their purchases were made in USD or other currencies. Each subscriber should consult with and must rely upon the advice of its own tax advisors with respect to the United States federal, state and local and non-U.S. tax consequences of an investment in the Tokens. The tax characterization of the Tokens may also affect the Company's tax liabilities in connection with the Offering.

Certain members of our Board and officers are subject to conflicts of interest with respect to the Offering.

Certain of our directors, officers and affiliates are entitled to participate in the Offering on the same basis as all other U.S. persons who are accredited investors and non-U.S. persons.

The Company's management will have broad discretion over the use of the net proceeds from the Offering.

We expect to use the net proceeds of the Offering for general corporate purposes, capital expenditures; the building of our Platform; regulatory compliance, debt repayments, cybersecurity and short-term investments. The failure by the Company's management to apply these funds effectively could have a material adverse effect on the Company and the value of the Securities.

The Securities may be subject to registration under the Exchange Act if the Company has assets above \$10 million and more than 2,000 investors participate in the Offering, which would increase the Company's costs and require substantial attention from management.

Companies with total assets above \$10 million and more than 2,000 holders of record of its equity securities, or 500 holders of record of its equity securities who are not accredited investors, at the end of their fiscal year must register that class of equity securities with the SEC under the Exchange Act. The Company could trigger this requirement as a result of future issuances of Tokens, which would be a laborious and expensive process. Furthermore, if such registration took place, the Company would have materially higher annual compliance and reporting costs.

The Company may not be able to declare and pay [Participation Rights] on the Tokens

The Company's ability to pay Participation Rights depends in part upon the results of its operations. Any capital used to pay Participation Rights detracts from the capital available for the Company to deploy in developing its business. Diverting the funds from the Company's operations for the purpose of making Participation Rights payments may put the Company at a significant disadvantage in comparison to its competitors who do not make similar payments. This disadvantage may have an adverse impact on the operations and financial conditions of the Company. In addition, all Participation Rights payments, if any, will be subject to terms and restrictions under applicable law.

Risks Related to Blockchain Technology & Smart Contracts

Blockchain-based transactions are generally irrevocable and stolen, hacked or otherwise incorrectly managed Blockchain Asset transfers may be irretrievable. As a result, any incorrectly executed transactions could adversely affect holders of Tokens.

Blockchain Asset transactions are not, from an administrative perspective, reversible without the consent and active participation of the recipient of the transaction or, in theory, control or consent of a majority of the processing power on such Blockchain Asset's network. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer of Blockchain Assets or a theft of Blockchain Assets generally will not be reversible. Consequently, stolen or incorrectly transferred Tokens may be irretrievable and you may not be capable of seeking compensation for any such transfer or theft. It is possible that, through computer or human error, or through theft or criminal action, Tokens could be transferred in incorrect amounts or to unauthorized third parties, or to uncontrolled accounts.

You may lose your entire investment if you lose your credentials to, or otherwise lose access to,

your digital wallet.

The ability to receive, access and control Tokens is dependent on maintaining a valid digital wallet capable of accepting ERC-20 compatible Tokens distributed by the Company. If your own wallet credentials are lost or stolen, your Tokens will be unrecoverable and will be permanently lost. Your digital wallet will require a private key (or combination of private keys) to access, control and dispose your Tokens. Accordingly, a loss of requisite private key(s) associated with your digital wallet or vault storing your Tokens will result in loss of your ability to access, control and dispose your Tokens. Moreover, any third party that gains access to such private key(s), including by gaining access to login credentials of a hosted wallet or vault service you use, may be able to misappropriate your Tokens, in which case you would lose your entire investment.

Any errors or malfunctions caused by or otherwise related to the wallet you choose to receive and store Tokens, including your own failure to properly maintain or use such wallet, or an otherwise invalid wallet, may also result in the inability to receive Tokens or the loss of your Tokens. Additionally, the failure to correctly map a public key to your digital wallet may result in the Company being unable to recognize your Tokens balance. Failure to precisely follow the procedures set forth in this Memorandum and related documents and other instructions for buying and receiving Tokens, including, for instance, providing an incorrect or invalid wallet address, or providing an address that is not ERC-20 compatible, may result in the loss of your Tokens. The Company disclaims any responsibility for any loss incurred by you as a result of any of these hacks, bugs or defects, which could result in a loss of your entire investment.

Blockchain networks may be the target of malicious cyberattacks or may contain exploitable flaws, which may result in security breaches and the loss or theft of Tokens.

The Tokens will rely on source code which may contain flaws, bugs, defects or inconsistencies that could compromise the predictability, usability, functionality, stability and security of the Tokens, which could result in a loss of your investment. In addition, source code modifications or updates may lead to unexpected or unintended outcomes that may adversely affect the utility or functionality of the Tokens, including transferability, or any associated services. Source code modifications that constitute upgrades may be required in connection with the development of the Tokens or associated services, and your failure to participate in any such upgrades may result in the loss of some or all Tokens functionality. A decline in the use or popularity of the blockchain network on which the Tokens rely may decrease the mining power necessary to validate Tokens transactions, resulting in delays, inaccurate execution and recording of transactions. Moreover, advances in cryptography or technical advances such as the development of quantum computing could present risks to the Tokens by rendering ineffective the cryptographic consensus mechanism that underpins the blockchain network on which the Tokens rely.

Blockchain networks may also be the target of malicious attacks seeking to identify and exploit weaknesses in the software. Third parties not affiliated with the Company may introduce weaknesses or bugs into the core infrastructure elements of the blockchain network and open-source code which may result in the loss or theft of Tokens.

Tokens may be subject to cybercrime.

The acquisition and management of Tokens is inherently subject to the risk of cybercrime that is difficult to manage and mitigate. This may result in concerted attempts and even successful attempts

to hack the Tokens sale process and the sites and software used to manage subscriptions received in respect of Tokens. Hackers or other malicious groups or organizations may attempt to interfere with the Tokens in a variety of ways, including, but not limited to, malware attacks, denial of service attacks, consensus-based attacks, Sybil attacks, smurfing and spoofing. Furthermore, because the Ethereum platform and Tokens rest on open source software, there is the risk that Ethereum smart contracts may contain intentional or unintentional bugs or weaknesses that may negatively affect Tokens or result in the loss of Tokens, or the ability to access or control Tokens. The Tokens sale process may be subject to unauthorized access, hacking and/or theft of Tokens. Any unauthorized access or cybercrime may result in theft or loss or inability to access or control subscriptions, impacting the ability to issue Tokens.

The further development and acceptance of blockchain networks, which are part of a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of blockchain networks and Blockchain Assets could have a material adverse effect on the Tokens.

The continued growth of the blockchain industry in general, as well as the Ethereum network on which the Tokens will rely, is subject to a high degree of uncertainty. A number of factors will affect the future development of blockchain technology and blockchain-based networks, any of which could adversely affect the Company and the holders and value of the Tokens. Potential influencing factors include, without limitation:

- ☐ worldwide growth in the adoption and use of Blockchain Assets;
- ☐ government and quasi-government regulation of Blockchain Assets and their use, or restrictions on or regulation of access to and operation of blockchain networks or similar systems;
- ☐ the maintenance and development of open-source software relating to Blockchain Assets, blockchain-based networks and other applications of blockchain technology;
- ☐ changes in consumer demographics, tastes and preferences
- ☐ the availability and popularity of other forms or methods of buying and selling goods and services, or trading assets including new means of using government-backed currencies or existing networks;
- ☐ general economic conditions and the regulatory environment relating to Blockchain Assets; and
- ☐ a decline in the popularity or acceptance of Blockchain Assets and related technologies.

The blockchain industry as a whole has been characterized by rapid changes and innovations and is constantly evolving. Although it has experienced significant growth in recent years, the slowing or stopping of the development, general acceptance and adoption and usage of blockchain networks, specifically the Ethereum network on which Tokens are issued, may have a material adverse effect on the Tokens.

Certain information relating to the Ethereum blockchain is publicly available which may give rise to privacy concerns.

Information regarding Token ownership and transfer and other information recorded on distributed ledgers is generally available to the public. For example, a blockchain-based distributed ledger may record the complete trading history from inception of the issuance of a particular Blockchain Asset.

The Tokens will be represented by ledger balances and secured by cryptographic key pairs and only the public-key-derived wallet address will be exposed to the public on the distributed ledger. As such, data regarding holders of and transactions in the Tokens will be publicly available, which could have various consequences, including making it more difficult for holders of Tokens to execute certain strategies and take other actions with respect to the Tokens and the Company.

Security breaches with respect to the holders' personal identity information database could result in theft of the information necessary to link personal identity with public keys, and thus the stolen information could be used to determine the affected holder's complete trading history. Concerns over these issues may limit adoption of blockchain technology, including applications of technology relating to secondary markets for the Tokens, which could reduce or otherwise have negative implications for the liquidity of the Tokens and blockchain-related assets more generally.

There are also a number of data protection, security, privacy and other government- and industry-specific requirements that are implicated by utilizing a distributed ledger. If blockchain networks are unable to satisfy data protection, security, privacy, and other government- and industry-specific requirements, their growth could be harmed.

Risks Related to Incorporation in the Cayman Islands

It may be difficult to enforce a non-Cayman Island judgement such as a U.S. judgment against us, our officers and directors, and the experts named in this Memorandum, or to assert U.S. securities laws claims or serve process on our officers and directors and these experts

We are incorporated under the laws of Cayman Islands, and substantially all of our operations are currently located in Cayman Islands. All of our assets are located outside the United States. Therefore, it may be difficult to enforce a U.S. court judgment based upon the civil liability provisions of the U.S. federal securities laws against us or any of these persons in a U.S. or a Cayman Island court, or to affect service of process upon these persons in the United States.

Additionally, it may be difficult for an investor, or any other person or entity, to assert U.S. securities law claims in original actions instituted in the Cayman Islands. If law is found to be applicable to a claim which the Cayman Island court can and is prepared to hear, the content of applicable U.S. law must be proved as a fact by expert witnesses, which can be a time-consuming and costly process. If proceedings were to be brought in the United Kingdom, all procedural matters would be governed by laws of Cayman Islands. There is little case law addressing the matters described above that would be binding case law in a Cayman Island court.

Risks Related to Doing Business in Cayman Islands

Potential political, economic, and or any other macro instability in the Cayman Islands, where some of our senior management and our research and development facilities are located, may adversely impact our results of operations.

Our offices and operations are currently located in the Cayman Islands. In addition, certain of our employees, officers, and directors may be residents of Cayman Islands. Accordingly, political, economic, and other macro conditions in Cayman Islands directly affect our business. Any hostilities involving Cayman Islands or the interruption or curtailment of trade between its present

trading partners, or a significant downturn in the economic or financial condition, could adversely impact our operations.

USE OF PROCEEDS

We will use the net proceeds from the sale of Securities offered by us under this Memorandum for general corporate purposes, which may include working capital, capital expenditures, other corporate expenses and acquisitions of complementary products, or technologies to support the development of Kinesis. The timing and amount of our actual expenditures will be based on many factors, including our ability to develop the platform as anticipated.

Kinesis is seeking to raise over US\$200 million to enable it to grow its business by completing the integration of all elements in its physical asset based digital currency, blockchain, payments, vaulting and precious metal trading businesses, and initiating its global commercialization program.

The plan contemplates one large closing in late Q4 2018. Roughly \$44.25 million is allocated to working capital over the next 15 months. \$148.75 million is allocated to capital investment in platform integrations, financial and banking licenses, market making capital and a series of strategic investments across the supply line.

Projected expenditure per business unit is as follows:

	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Total by Function
Sales/Relationship	\$917,985	\$1,399,392	\$1,865,853	\$1,865,853	\$1,865,853	\$7,914,936
Marketing	\$1,853,931	\$1,977,954	\$2,025,666	\$2,136,951	\$2,257,791	\$10,252,293
Technology	\$2,063,205	\$3,094,825	\$4,126,435	\$4,126,435	\$4,126,435	\$17,537,335
Product Development	\$297,114	\$445,671	\$594,225	\$594,225	\$594,225	\$2,525,460
Legal & Compliance	\$317,994	\$397,500	\$397,500	\$437,247	\$437,247	\$1,987,488
Ops/Administration	\$317,994	\$397,500	\$397,500	\$437,247	\$437,247	\$1,987,488
Fixed and PP&E	\$95,400	\$159,000	\$159,000	\$190,800	\$190,800	\$795,000
Platform Integrations	\$0	\$1,800,000	\$900,000	\$900,000	\$400,000	\$4,000,000
Platform Development	\$2,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$22,000,000
Licenses	\$0	\$4,000,000	\$4,000,000	\$4,000,000	\$3,000,000	\$15,000,000
Consultants	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$1,250,000
Market Making Capital	\$0	\$20,000,000	\$19,750,000	\$0	\$0	\$39,750,000
Strategic Investment	\$5,000,000	\$20,000,000	\$20,000,000	\$20,000,000	\$10,000,000	\$75,000,000
Total by Period	\$13,113,623	\$58,921,842	\$59,466,179	\$39,938,758	\$28,559,598	\$200,000,000

DESCRIPTION OF SHARE CAPITAL

The following is a summary of the material features of our share capital. This summary is not complete and is qualified in its entirety by the governing documents of the Company, which may be available upon request.

The Company's issued share capital is 1,000 Ordinary Shares having a par value of 1 USD per share.

Rights, Preferences and Privileges of Our Ordinary Shares

Voting Rights

Each holder of our Ordinary Shares is entitled to one vote for each Ordinary Share of which they are holder.

Dividends

Unless and until the Preferred Shares are issued, and subject to limitations under Cayman Island law, each holder of our Ordinary Shares is entitled to participate in dividend payments to the Company's members in proportion to their holding of Ordinary Shares.

In the event the Preferred Shares are issued, the rights of the holders of our Ordinary Shares to dividend payments shall be subject to rights of the Preferred Shares described in the paragraph below.

Capital Rights

Unless and until the Preferred Shares are issued, each holder of our Ordinary Shares is entitled to participate in any distribution arising from a winding up or otherwise on a return of capital of the Company in proportion to their holdings of Ordinary Shares.

In the event the Preferred Shares are issued, the rights of each holder of our Ordinary Shares to distributions on liquidation shall be subject to rights of the Preferred Shares described in the paragraph below.

OFFER

Tokens

The following description of Tokens is qualified in its entirety by the terms set forth in the Token Sale Agreement.

General

The Company is offering up to 210,000 Tokens for public sale. The purchase price for each Token will be \$1,000.00 USD per Token.

Restrictions on Transfer

Generally, securities sold in an offering pursuant to Regulation D are considered “restricted securities” under Securities Act Rule 144 and are therefore subject to transfer restrictions under Rule 144.

The Securities offered and sold to persons other than “U.S. persons” in the Offering are subject to the conditions listed under Section 903(b)(3), or Category 3, of Regulation S. Purchasers of the Securities may not offer, sell, pledge or otherwise transfer the Securities, directly or indirectly, in or into the United States or to, or for the account or benefit of, any “U.S. person,” except to persons other than “U.S. persons” in “offshore transactions” (as such term is defined in Regulation S under the Securities Act), pursuant to an effective registration statement under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act, and in each case, in accordance with all applicable securities laws, including securities laws of the states of the United States and any other applicable jurisdictions. All Securities are subject to these restrictions until at least the expiry of the Distribution Compliance Period. These restrictions may remain in place or be reintroduced in relation to the Securities following the expiry of the Distribution Compliance Period, at the sole discretion of the Company.

For further information regarding the significant restrictions on transfer and resale applicable to the Securities, please see “Notice to Investors” beginning on page 74.

Ability to Void a Sale of Tokens

We have the right to void a sale of Token in the Offering and compel a subscriber to return them to us, if we have reason to believe that such subscriber acquired the Tokens as a result of a misrepresentation, including with respect to such shareholder’s representation that it is an “accredited investor” as defined pursuant to Regulation D promulgated under the Securities Act or if the subscriber or the sale to the subscriber is otherwise in breach of the requirements set forth in our certificate of incorporation or bylaws, copies of which are included as exhibits to this Memorandum.

Rights as a Shareholder

Token holders do not have any rights equivalent to that of a shareholder of the Company

Governing Law

The Tokens are governed by and construed in accordance with the laws of the Cayman Islands.

The foregoing is a brief summary of certain terms and conditions of the Tokens to be issued in connection with this Offering and is subject in all respects to the provisions contained in the Tokens. See “Plan of Distribution” for additional information about how to subscribe for Tokens in this Offering.

EXECUTIVE TEAM

The following table sets forth information about our executive officers and directors. Led by Chairman Thomas Coughlin, the Executive Team is responsible for the exercising of decision making powers and authority in relation to the operation, direction and management of the Company.

Thomas Coughlin, CEO: Thomas Coughlin is the Chief Executive Officer (CEO) of Kinesis Cayman as well as Allocated Bullion Exchange (ABX). He has worked in the investment, funds management and bullion industries for approximately seventeen years. His professional portfolio management career spans the foundation of the boutique investment company, TRAC Financial, to the establishment of a highly successful Absolute Return Fund.

Thomas has dedicated a significant part of his career working collaboratively to build the complex systems of a cross-border international bullion market with an extensive global network of central bankers, brokers, fund managers and advisers. His experience, extensive network and broad knowledge of capital markets, enable him to deliver exceptional value and insight to all stakeholders.

Michael Coughlin, CFO: Michael Coughlin is the Chief Financial Officer (CFO) of Allocated Bullion Exchange (ABX). His tertiary accountancy education was completed at the University of Southern Queensland, with Post Graduate studies at the University of Queensland in Economics, and Canberra University in Taxation Law.

Michael has a total of 41 years’ experience as a CPA in the accountancy and financial services professions. He has owned and operated a Brisbane-based public accountancy firm and financial services company since 1984. Awarded a Cadetship with the Australian Taxation Office in 1973, he worked in the assessing, business audit and investigation areas of the Australian Taxation Office, and eventually in the Interpretation and Advising Branch of the Taxation Office’s Head Office in Canberra until November 1979, at which time he commenced in public practice.

David Charles, Executive Director: David Charles is a Director of the Allocated Bullion Exchange. A lawyer by trade, David has protected and advanced the interests of some of the largest and most prominent entities in the world, across four continents.

David’s experience spans corporate structuring, domestic and cross-border mergers & acquisitions, capital markets and private equity, insurance, intellectual property and planning & environment law. David holds a Bachelor of Laws (Commercial Law) from the University of Queensland and a Graduate Diploma of Legal Practice. He is admitted/registered in several jurisdictions worldwide.

David Underwood, Non-Executive Director: David Underwood graduated as a teacher from the University of Southern Queensland in 1974 and worked with the Queensland Department of Education until 1977. During his time in Queensland Parliament he was the Shadow Minister of Health, Education, Tourism and National Parks serving numerous Parliamentary Committees.

Following his resignation from Parliament, he was a consultant to business and industry for a number of years prior to becoming the Mayor of Ipswich City for four years until local government amalgamation of Ipswich City and Moreton Shire in 1995. David has been a shareholder in ABX since its inception, and brings a wealth of experience and policy expertise to the Board.

LEADERSHIP TEAM

A Leadership team is in place, comprised of appropriately qualified and experienced industry professional with expertise in strategy, technology, sales, marketing and legal affairs, providing relevant services to the Executive and the Company.

Nigel Owens, CTO: Nigel is the Chief Technology Officer (CTO) of Allocated Bullion Exchange (ABX). With over 16 years of extensive executive management experience in delivering both IT and business transformational change within the financial services sector and commodities market. Nigel brings extensive knowledge in strategic leadership, merger, acquisition and integration, aligning IT with corporate objectives, delivering complex outcomes, thought leadership and commercial acumen.

Whilst at the London Metal Exchange he led the technology transformation which enabled the Exchange to move from a trading capacity of circa €2 trillion per annum in 2008 to over €16 trillion per annum by the end of 2014. Achieving these strategic objectives Nigel built and managed an outsourced function that increased its account revenues from £5.75m in 2008 to £48m in 2013 whilst delivering profit margins of 28% year on year.

Eric Maine, CSO: Eric Maine has more than 30 years of senior management experience in the exchange and financial markets. His most recent positions in the Asia Pacific Region included Director of Market Development at the Hong Kong Mercantile Exchange (HKMEx), Head of Product Development and Management at Singapore Exchange (SGX), and Head of Product & Research at Singapore Mercantile Exchange (SMX). Eric has also held positions at Intercontinental Exchange (ICE) and the New York Board of Trade.

Outside of the exchange space, Eric has held senior level management positions, including Senior Managing Director of Canning/Maine Inc, a New York based investment firm, Managing Director/Head of Metals at Allied Irish Banks and Vice President of Metals and Mining at Prudential-Bache (now Jefferies Bache).

Ryan Case, CCO: Ryan Case is responsible for Sales & Trading at Kinesis. He has extensive experience as head of sales, having established and run sales desks across commodity, cryptocurrency, forex and derivative markets.

Prior to joining the Leadership Team in 2018, Ryan most recently held positions as Head of Sales Trading & Partnerships at an FCA UK regulated broker and as Head of Partnerships at a multimillion-dollar ICO. He also brings extensive knowledge of the precious metal markets,

having served as Head of Sales for the Allocated Bullion Exchange (ABX), which he joined as one of the first team members in 2011.

Ryan holds a Bachelor of Laws and Bachelor of Business (Finance Major) from the Queensland University of Technology.

Jai Bifulco, CMO: Before joining the Leadership Team with responsibility for Marketing, Jai has spent over 12 years honing his expertise as an award-winning full-stack marketer in finance, where he held the role of director in multiple FCA and ASIC-regulated CFD brokerages as well as consulting to the mining and fintech sectors. An advocate of results-based marketing activity, Jai has steered fundraising efforts worth \$6m USD during a successful ICO, as well as a \$10m investment for mining ventures across Africa and is on-target to bring in even more on behalf of Kinesis.

His rare ability to focus on the bottom line as well as offer a creative inspiration and innovation has been acknowledged by the City of London Wealth Management Awards, who named Jai's former blockchain project the most innovative of 2018. Jai brings a global perspective to each role, having worked with both start-ups and household names all around the world; managing several 30-strong global teams.

Richard Melbourne, Chief Operating Officer: Richard Melbourne is Chief Operating Officer at Allocated Bullion Exchange (ABX) and Kinesis Money. Richard has spent the past decade within the Financial Services industry as a senior investment advisor and head of operations at both boutique specialty investment firms, along with internationally respected investment houses. Richard has always been in customer facing roles and understands the significant value of delivering excellence in customer experience.

Richard holds a Bachelor of Business, majoring in both management and finance from Griffith University and has also studied international markets abroad at The University of Sheffield in the UK. His experience building relationships with institutional and sophisticated clients, each from highly varied industries, underpins the unrivaled level of customer satisfaction he aims to deliver in this role.

Jim Lawie, Head of Project Management: Jim Lawie is the Head of Projects at Allocated Bullion Exchange (ABX) providing project management oversight across all projects which constitute the ABX and Kinesis ecosystems. Jim works closely with the business divisions across 4 continents, and with the CTO to ensure project delivery.

An experienced programme manager for the world's foremost banks, Jim brings to the team a wealth of traditional banking expertise and applies these learnings to the precious metals industry and crypto currency domain, offering a valuable combination of business acumen and technical mastery. Jim integrates the business project management demands with the Agile approaches utilized in the software development teams to enable smooth communication between the two domains.

Gert Erasmus, Head of IT Technical Delivery: Gert Erasmus is the Head of IT Technical Delivery at Allocated Bullion Exchange (ABX) and Kinesis Money, responsible for leading the IT teams from project inception through to delivery for all technical projects which constitute the ABX and Kinesis ecosystems. Gert works closely with the CTO and Head of Project Management to ensure technical excellence from the IT team, utilizing cutting edge technology and development

methodologies.

Gert is a multi-skilled, value driven, business focused IT servant leader with exceptional all round supervisory, technical, business and interpersonal expertise that believes IT exists to enable business to achieve greater heights, efficiency and business performance. Gert integrates the technical project management demands with expert Agile and Scrum Mastery, and delivers successful enterprise wide software development, systems integration projects on time and within budget from project initiation to production.

SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN SECURITY HOLDERS

Kinesis Cayman is owned and controlled by Thomas Coughlin.

In addition, the following table sets forth information with respect to the allocation of KVT Tokens, including Tokens undertaken to be issued as of September 1, 2018:

Kinesis Token Holder	Number of KVT Tokens	Percentage of KVT Tokens
Advisors	15,000	5%
Founders and Management	27,000	9%
Bounty Campaign	9,000	3%
ICO Marketing	9,000	3%
Reserve Fund	30,000	10%
Kinesis Community	210,000	70%
Total	300,000	100%

The 27,000 KVT Tokens to be issued to the Founders and Management (the “**Founders’ Tokens**”) shall be subject to the following terms: (i) a lock-up period of 12 months following the issuance of the Tokens whereby the Tokens are inaccessible by the holder; (ii) vesting over the next 12 months following the lock-up period by release of Tokens in equal monthly installments back to the holder.

Interest of Management and Others in Certain Transactions

There are no arrangements or understandings between our executive officers and directors and any other persons pursuant to which the executive officer or director was selected to act as such. There are no family relationships between any director or executive officer other than the family relationship between Michael Coughlin (CFO) and Thomas Coughlin (CEO), being father and son.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

Set forth below is a discussion, in summary form, of certain United States federal income tax consequences relating to an investment in a security and the acquisition, ownership and disposition of Tokens issued pursuant to the exercise of a security. This summary does not attempt to present all aspects of the United States federal income tax laws or any state, local or foreign laws that may affect an investment in a security or in Tokens. In particular, foreign purchasers, financial institutions, insurance companies, tax-exempt entities, purchasers subject to the alternative minimum tax and other purchasers of special status must consult with their own tax advisors regarding a prospective investment in the Tokens. Furthermore, unless otherwise noted below, this summary does not address the U.S. federal income tax issues relevant to the Company. This summary is general in nature and should not be construed as tax advice to any prospective purchaser. No ruling has been or will be requested from IRS and no assurance can be given that the IRS will agree with the tax consequences described in this summary. The following discussion assumes that each prospective subscriber will acquire Tokens and Tokens as a capital asset (generally, property held for investment). This description is based on the U.S. Internal Revenue Code of 1986, as amended, (the “Code”), existing, proposed and temporary U.S. Treasury Regulations and judicial and administrative interpretations thereof, in each case as available on the date hereof. All of the foregoing is subject to change, which change could apply retroactively and could affect the tax consequences described below. The following discussion is limited to prospective purchasers who are “United States Persons” within the meaning of the Code. Each prospective Purchaser should consult with its own tax adviser in order to fully understand the United States federal, state, local and foreign income tax consequences of an investment in Tokens and the Tokens. No formal tax or legal tax advice is hereby given to any prospective investor.

Transactions involving instruments with characteristics similar to the Tokens are relatively new and it is possible that legislation or regulations (or other formal or informal guidance) may be issued possibly with retroactive effect, impacting the taxation of investors in the Tokens and Tokens. Any such legislation, regulation or guidance could negatively impact investors in the Tokens or Tokens.

Disposition of Tokens.

A subscriber who sells, exchanges, or otherwise disposes of the Tokens for cash or other property (including pursuant to an exchange of such Tokens for other convertible virtual currency) should, pursuant to Internal Revenue Service Notice 2014-21, recognize capital gain or loss in an amount equal to the difference between the fair market value of the property received in exchange for such

Tokens and the investor’s adjusted tax basis in the Tokens. This capital gain may be long-term if the subscriber has held its Tokens for more than one year prior to disposition.

PROSPECTIVE INVESTORS IN THE SECURITIES SHOULD CONSULT WITH AND RELY UPON THE ADVICE OF THEIR OWN TAX ADVISORS REGARDING THE APPLICATION OF U.S. FEDERAL INCOME TAX LAWS AND NON-U.S. TAX LAWS TO THEIR PARTICULAR SITUATIONS AND CONSEQUENCES UNDER FEDERAL ESTATE AND GIFT TAX LAWS, FOREIGN, STATE AND LOCAL LAWS AND TAX TREATIES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE SECURITIES.

IN PARTICULAR, THE ACQUISITION OF THE SECURITIES USING BITCOIN OF OTHER

FORMS OF CRYPTOCURRENCY, MAY BE TAXABLE FOR US FEDERAL AND OTHER INCOME TAX PURPOSES AND YOU MAY RECOGNIZE GAIN OR LOSS UPON THE ACQUISITION OF SECURITIES WITH CRYPTOCURRENCY OR ANY ASSET OTHER THAN CASH. PROSPECTIVE INVESTORS IN THE SECURITIES SHOULD CONSULT WITH AND RELY UPON THE ADVICE OF THEIR OWN TAX ADVISORS REGARDING THE U.S. AND NON-U.S. TAX CONSEQUENCES OF ACQUIRING, OWNING AND DISPOSING OF SECURITIES, AND OF USING CRYPTOCURRENCY TO ACQUIRE THE SECURITIES.

EACH PROSPECTIVE SUBSCRIBER SHOULD SEEK, AND MUST DEPEND UPON, THE ADVICE OF ITS TAX ADVISOR WITH RESPECT TO SUCH SUBSCRIBER'S PURCHASE, AND EACH SUBSCRIBER IS RESPONSIBLE FOR THE FEES OF SUCH ADVISOR. NOTHING IN THIS MEMORANDUM IS OR SHOULD BE CONSTRUED AS LEGAL OR TAX ADVICE TO AN INVESTOR. INVESTOR'S SHOULD BE AWARE THAT THE IRS MAY NOT AGREE

WITH ALL TAX POSITIONS TAKEN BY THE COMPANY AND THAT CHANGES TO THE INTERNAL REVENUE CODE OR THE REGULATIONS OR RULINGS THEREUNDER OR COURT DECISIONS AFTER THE DATE OF THIS MEMORANDUM MAY CHANGE THE ANTICIPATED TAX TREATMENT TO AN INVESTOR. THE COMPANY WILL NOT OBTAIN ANY RULING FROM THE INTERNAL REVENUE SERVICE WITH REGARD TO THE TAX CONSEQUENCES OF A PURCHASE IN THE TOKENS.

THE TAX TREATMENT OF THE TOKENS AND RIGHTS CONTAINED THEREIN IS UNCERTAIN AND THERE MAY BE ADVERSE TAX CONSEQUENCES FOR INVESTORS UPON CERTAIN FUTURE EVENTS. A SUBSCRIPTION OF THE TOKENS MAY RESULT IN ADVERSE TAX CONSEQUENCES TO INVESTORS, INCLUDING WITHHOLDING TAXES, INCOME TAXES AND TAX REPORTING REQUIREMENTS. EACH PROSPECTIVE SUBSCRIBER SHOULD CONSULT WITH AND MUST RELY UPON THE ADVICE OF ITS OWN TAX ADVISORS WITH RESPECT TO THE UNITED STATES FEDERAL, STATE AND LOCAL AND NON-UNITED STATES TAX CONSEQUENCES OF A SUBSCRIPTION IN THE TOKENS.

NOTICE TO INVESTORS

None of the Securities have been registered under the Securities Act or any applicable securities laws of any state or other jurisdiction and, unless so registered, the Securities may not be offered or sold, directly or indirectly, in or into the United States or to, or for the account or benefit of, any “U.S. person” (as such term is defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and such other securities laws. Accordingly, the Securities are being initially offered and sold only to (i) “U.S. persons” who are “accredited investors” (as such term is defined in Regulation D under the Securities Act) in compliance with Regulation D, in compliance with the exemption from the registration requirements of the Securities Act provided by Rule 506(c) of Regulation D, and (ii) persons other than “U.S. persons” in “offshore transactions” (in each case, as such term is defined in Regulation S under the Securities Act) in compliance with Regulation S, in each case, in compliance with the exemption from the registration requirements of the Securities Act provided by Regulation S.

The Securities offered and sold to persons other than “U.S. persons” in the Offering are subject to the conditions listed under Section 903(b)(3), or Category 3, of Regulation S. Under Category 3, “offering restrictions” (as such term is defined under Regulation S) must be in place in connection with the Offering and additional restrictions are imposed on resales of the Securities. The Securities are “restricted securities” as defined in Rule 144 promulgated under the Securities Act. Purchasers of the Securities may not offer, sell, pledge or otherwise transfer the Securities, directly or indirectly, in or into the United States or to, or for the account or benefit of, any “U.S. person,” except to persons other than “U.S. persons” in “offshore transactions” (as such term is defined in Regulation S under the Securities Act) and pursuant to a transaction otherwise meeting the requirements of Rules 901 to 905 (including the Preliminary Notes) of Regulation S, pursuant to an effective registration statement under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act, and in each case, in accordance with all applicable securities laws, including securities laws of the states of the United States and any other applicable jurisdictions. All Securities are subject to these restrictions until at least the expiry of the Distribution Compliance Period. These restrictions may remain in place or be reintroduced in relation to the Securities following the expiry of the Distribution Compliance Period, at the sole discretion of the Company.

The Company, in its sole discretion, may refuse to transfer any Securities in the absence of an opinion of legal counsel satisfactory to the Company’s counsel that such proposed transfer is exempt from registration under the Securities Act and the applicable securities laws of any state or other jurisdiction or is in accordance with all of the requirements of Regulation S and in accordance with the laws applicable to such transfer in the jurisdiction in which such transfer is made. The Company is under no obligation to register any of the Securities under the Securities Act or the laws of any state or other jurisdiction. Any transfer of the Securities made in violation of the transfer and resale restrictions contained in this Memorandum or in the applicable Application or made based upon any false or inaccurate representation made by the subscriber or a transferee to the Company, will be void and of no force or effect.

In general, any purchaser of Securities who is not an affiliate of the Company and who has not been an affiliate of the Company at any time during the three months preceding may resell any Securities that such purchaser has beneficially owned for at least one year in or into the United States or to, or for the account or benefit of, any “U.S. person” (as such term is defined in Regulation S under the Securities Act) without any restrictions under Rule 144 under the Securities Act.

Potential investors are invited to review at the offices of the Company, during regular business hours and after reasonable prior notice, all relevant materials relating to a subscription of the Tokens Company (to the extent the Company possesses such information or can acquire it without unreasonable effort or expense) necessary to evaluate the information set forth in this Memorandum. In addition, potential investors may ask questions of the representatives of the Company concerning the terms and conditions of the Offering.

Representations and Warranties of Investors with Respect to Transfers and Resales under Regulation S

By entering into the applicable Application, prior to the end of the Distribution Compliance Period, each subscriber will represent, warrant, covenant and agree that:

- (a) Any offer or sale of the Securities must be made to persons other than U.S. persons in “offshore transactions” as defined in and pursuant to Regulation S, pursuant to an effective registration statement under the Securities Act or otherwise in transactions exempt from registration under the Securities Act;
- (b) No directed selling efforts (as defined in Regulation S) may be made in the United States by, for purposes of Rule 903 of Regulation S, the Company, a Distributor (as defined in Regulation S), any of their respective affiliates, or any person acting on behalf of any of the foregoing, or, for the purposes of Rule 904 of Regulation S, the seller, an affiliate, or any person acting on their behalf;
- (c) Offering restrictions (as defined in Regulation S) must be implemented;
- (d) The Company may refuse to register any transfer of the Securities not made in accordance with the provisions of Regulation S, pursuant to registration under the Securities Act, or pursuant to an available exemption from registration, and, in each case, in accordance with all applicable securities laws, including securities laws of the states of the United States and any other applicable jurisdictions;
- (e) Any offer or sale, if made prior to the expiration of a one-year Distribution Compliance Period, must be made pursuant to the following conditions:
 - (i) The purchaser of the Securities (other than a Distributor) must certify that it is not a U.S. person and is not acquiring the Securities for the account or benefit of any U.S. person or is a U.S. person who purchased Securities in a transaction that did not require registration under the Securities Act;
 - (ii) The purchaser of the Securities must agree to resell such Securities only in

accordance with the provisions of Regulation S, pursuant to registration under the Securities Act, or pursuant to an available exemption from registration, and, in each case, in accordance with all applicable securities laws, including securities laws of the states of the United States and any other applicable jurisdictions; and must agree not to engage in hedging transactions with regard to such Securities unless in compliance with the Securities Act;

- (iii) The Company is required to refuse to register any transfer of the Securities not made in accordance with the provisions of Regulation S, pursuant to registration under the Securities Act, or pursuant to an available exemption from registration, and, in each case, in accordance with all applicable securities laws, including securities laws of the states of the United States and any other applicable jurisdictions; and
 - (iv) Each Distributor selling Securities to a Distributor, a dealer (as defined in Section 2(a)(12) of the Securities Act), or a person receiving a selling concession, fee or other remuneration, prior to the expiration of the one-year Distribution Compliance Period, must send a confirmation or other notice to the purchaser stating that the purchaser is subject to the same restrictions on offers and sales that apply to a Distributor;
- (f) In the case of an offer or sale of Securities prior to the expiration of the Distribution Compliance Period by a dealer (as defined in Section 2(a)(12) of the Securities Act), or a person receiving a selling concession, fee or other remuneration in respect of the Securities offered or sold:
- (i) Neither the seller nor any person acting on its behalf may know that the offeree or buyer of the Securities is a U.S. person; and
 - (ii) If the seller or any person acting on the seller's behalf knows that the purchaser is a dealer (as defined in Section 2(a)(12) of the Securities Act) or is a person receiving a selling concession, fee or other remuneration in respect of the Securities sold, the seller or a person acting on the seller's behalf must send to the purchaser a confirmation or other notice stating that the Securities may be offered and sold during the one-year Distribution Compliance Period only in accordance with the provisions of Regulation S; pursuant to registration of the securities under the Securities Act; or pursuant to an available exemption from the registration requirements of the Securities Act; and in each case, in accordance with all applicable securities laws, including securities laws of the states of the United States and any other applicable jurisdictions; and
 - (iii) In the case of an offer or sale of Securities by an officer or director of the issuer or a Distributor, who is an affiliate of the issuer or Distributor solely by virtue of holding such position, no selling concession, fee or other remuneration may be paid in connection with such offer or sale other than the usual and customary broker commission that would be received by a person executing such transaction as agent.

Securities acquired from the Company, a Distributor, or any of their respective affiliates in a

transaction subject to the conditions of Rule 901 or Rule 903 are deemed to be “restricted securities” as defined in Rule 144 under the Securities Act. Resales of any of such restricted securities by the offshore purchaser must be made in accordance with Regulation S, the registration requirements of the Securities Act or an exemption therefrom, and in each case, in accordance with all applicable securities laws, including securities laws of the states of the United States and any other applicable jurisdictions. Any “restricted securities”, as defined in Rule 144, will continue to be deemed to be restricted securities, notwithstanding that they were acquired in a resale transaction made pursuant to Rule 901 or 904.

Prior to the end of the Distribution Compliance Period and prior to any transfer of such Securities, each purchaser of Securities acquired in reliance on Regulation S will be required, to represent and agree as follows, that:

- (a) the purchaser is not a U.S. person and is not acting for the account or benefit of a US Person and is not located in the United States at the time the investment decision is made with respect to the Securities;
- (b) the purchaser understands that the Securities have not been registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred by such purchaser except: (i) in an offshore transaction to non-U.S. persons and otherwise meeting the requirements of Rule 901 through Rule 905 (including Preliminary Notes) of Regulation S; (ii) pursuant to an effective registration statement under the Securities Act; or (iii) pursuant to an exemption from the registration requirements of the Securities Act, and, in each case, in accordance with all applicable securities laws, including securities laws of the states of the United States and any other applicable jurisdictions;
- (c) the purchaser understands and agrees that, if in the future it decides to resell, pledge or otherwise transfer any Securities or any beneficial interests in any Securities prior to the date which is one year after the later of: (i) the date when the Securities are first offered to persons (other than Distributors) pursuant to Regulation S; and (ii) the closing of the respective Offering, it will do so only outside the United States in an offshore transaction to non-U.S. persons and otherwise in compliance with Rule 901 to Rule 905 (including the Preliminary Notes) under the Securities Act, pursuant to an effective registration statement under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act and, in each case, in accordance with all applicable securities laws, including securities laws of the states of the United States and any other applicable jurisdictions;
- (d) the Company is required to refuse to register any transfer of the Securities not made in accordance with the provisions of Regulation S, pursuant to registration under the Securities Act, or pursuant to an available exemption from registration, and, in each case, in accordance with all applicable securities laws, including securities laws of the states of the United States and any other applicable jurisdictions.
- (e) hedging transactions involving the Securities may not be conducted, directly or indirectly, unless in compliance with the Securities Act;

- (f) the purchaser agrees to, and each subsequent holder is required to, notify any purchaser of the Securities from it of the resale restrictions referred to above, if then applicable;
- (g) the purchaser acknowledges that, prior to any proposed transfer of Securities to non-U.S. persons other than pursuant to an effective registration statement, the transferee of Securities will be required to provide certifications and other documentation relating to the non-U.S. person status of such transferee and that such transferee was not located in the United States at the time the investment decision was made with respect to the Securities;
- (h) the purchaser acknowledges that the Company and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and warranties and agrees that if any such acknowledgement, representation or warranty deemed to have been made by virtue of its purchase of Securities is no longer accurate, it shall promptly notify the Company; and
- (i) the purchaser acknowledges that the Securities will bear the restrictive legends described in the applicable Application, unless the Company determines otherwise in compliance with applicable law.

As used in this Memorandum, a “U.S. person” has the meaning set forth in Regulation S under the Securities Act and includes:

- any natural person resident in the United States;
- any partnership or corporation organized or incorporated under the laws of the United States;
- any estate of which any executor or administrator is a U.S. person;
- any trust of which any trustee is a U.S. person;
- any agency or branch of a foreign entity located in the United States;
- any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;
- any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated or (if an individual) resident in the United States; and
- any partnership or corporation if it is organized or incorporated under the laws of any foreign jurisdiction and formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organized or incorporated and owned, by accredited investors (as defined in Rule 501(a) under the Securities Act) who are not natural persons, estates or trusts.

Restrictive Legends

Each purchaser (including any secondary purchaser), at a minimum, must affirmatively signal such purchaser's understanding of the information and provide the Company with certain representations on such purchaser's status and location. See "Plan of Distribution," beginning on page 91. Any transfer of the Securities while the Securities are "restricted securities" as defined in Rule 144 promulgated under the Securities Act will be subject to the Company's approval.

By accepting or accessing this Memorandum, each potential subscriber will be deemed to have represented to the Company that it consents to delivery of this Memorandum and any amendments or supplements thereto by electronic transmission.

This Memorandum has been or may be made available to potential investors in electronic form. Documents transmitted via this medium may be altered or changed during the process of transmission and, consequently, neither the Company, nor any of its affiliates, personally liable partners, directors, officers, employees, representatives and agents or any other person controlling the Company, accepts any liability or responsibility whatsoever in respect of any discrepancies between this Memorandum distributed to potential investors via this medium and the hard copy version delivered to or made available to potential investors upon request from the Company.

Notice to Potential Investors in the European Economic Area

This Memorandum has been prepared on the basis that all offers of the Securities will be made pursuant to an exemption under Directive 2003/71/EC, as amended, including by the Directive 2010/73/EU (the "**Prospectus Directive**"), as implemented in member states of the European Economic Area (the "**EEA**") from the requirement to produce a prospectus for offers of shares. Accordingly, any person making or intending to make any offer of the Securities within any such EEA member state should only do so in circumstances in which no obligation arises for the Company or any distributor to produce a prospectus for such offer. The Company has not authorized, nor does the Company authorize, the making of any offer of the Securities through any financial intermediary.

In relation to each EEA member state which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Company has represented, warranted and agreed that it has not made and will not make an offer to the public of any Securities in that Relevant Member State, except that it may make an offer to the public in that Relevant Member State of any Securities at any time under the following exemptions from the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) to legal entities which are qualified investors as defined under the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Securities shall result in a requirement for the Company to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of the above, the expression an "offer to the public" in relation to any shares in

any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable a subscriber to decide to purchase any shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Notice to Potential Investors in France

This Memorandum has not been prepared in the context of a public offering in France within the meaning of Article L. 411-1 of the Code Monétaire et Financier and Title I of Book II of the Règlement Général of the Autorité des marchés financiers (the “AMF”) and therefore has not been submitted for clearance to the AMF. Consequently, the Securities have not been and will not be, directly or indirectly, offered or sold to the public in France, and neither this Memorandum nor any other offering material relating to the Securities has been or will be distributed or caused to be distributed to the public in France. Such offers, sales and distribution of the Securities have been and will only be made in France to (a) providers of investment services relating to portfolio management for the account of third parties (personnes fournissant le service d’investissement de gestion de portefeuille pour compte de tiers), and/or (b) qualified investors (investisseurs qualifiés) other than individuals, acting for their own account, as defined in, and in accordance with, Articles L. 411-1, L. 411-2 and D. 411-1 of the Code of Monétaire et Financier.

Notice to Potential Investors in the Netherlands

The Securities shall not be offered or sold in the Netherlands other than to qualified investors as defined in Article 1:1 of the DFSA or, when in reliance of another exemption under Article 3(2) of the Prospectus Directive, a standard exemption logo and wording shall be disclosed as required by article 5:20(5) of the DSFA.

Notice to Potential Investors in the United Kingdom

This Memorandum and any other material in relation to the Securities described herein is directed at and for distribution in the United Kingdom only to persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive (“**qualified investors**”) that are also (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 as amended (the “**Order**”), (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (as amended)) in connection with the offering or sale of the Securities may otherwise lawfully be communicated or caused to be communicated (all such persons being together referred to as “**relevant persons**”). The Securities are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Securities will be engaged in only with, relevant persons. Any person in the United Kingdom who is not a relevant person should not act or rely on this Memorandum or any of its contents. Any investment or investment activity to which this offering circular relates is available only to relevant persons and will be engaged in only with relevant persons. This Memorandum and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person in the United Kingdom.

Notice to Potential Investors in Australia

Neither this Memorandum, nor any other disclosure document in relation to the Securities, has been, will be, or needs to be, lodged with the Australian Securities & Investments Commission. This Memorandum is not a product disclosure statement under Division 2 of Part 7.9 of the Corporations Act 2001 (CTH) (the “Australian Corporations Act”) nor is it a prospectus under Chapter 6D of the Australian Corporations Act, and the Securities have not been, and will not be, registered as a managed investment scheme under the Australian Corporations Act.

Any invitation or offer of the Securities is made in Australia only to “wholesale clients” as defined by the Australia Act (“Wholesale Clients”), and can only be accepted by a recipient if they are a Wholesale Client. No invitation to acquire or offer of Securities will be made, no Securities will be issued or arranged to be issued, and no personal advice will be given nor will recommendations to acquire Securities be made, which would require the provision of a prospectus under Chapter 6D.2 or a product disclosure statement under Division 2 of Part 7.9 of the Australian Corporations Act, or the provision of a financial services guide or a statement of advice under Division 2 or 3 of Part 7.7 of the Australian Corporations Act.

Neither this Memorandum, the offers contained herein nor any other disclosure document in relation to the Securities can be partially or wholly distributed, published, reproduced, transmitted or otherwise made available or disclosed by recipients to any person in Australia other than Wholesale Clients.

Notice to Potential Investors in Hong Kong

The Securities have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document or otherwise, other than: (A) by the Company as principal to institutional professional investors, being persons who fall within any of paragraphs (a) to (h) (inclusive) of the definition of “professional investors” in Part 1 of Schedule 1 to the Securities and Futures Ordinance (Cap. 571) of Hong Kong; and/or (B) in such other circumstances that do not result in the Securities, this Memorandum or the product or service to which they relate being regulated in Hong Kong, as applicable.

Notice to Potential Investors in Israel

This Memorandum has not been approved for public offering by the Israeli Securities Authority (“ISA”) and it does not constitute a public offering or sale or a solicitation to sell any kind of securities in connection with “an offer to the public”, as such terms are defined and referred to under the Israeli Securities Law to 5728-1968 (the “**Israeli Securities Law**”). Any such offer to the public of Securities in Israel requires the publication of a prospectus previously approved by ISA (or an exemption thereof).

A prospectus has not been prepared or filed, and will not be prepared or filed, in Israel relating to the Securities offered hereunder. Furthermore, ISA has not confirmed the accuracy or determined the adequacy of this Memorandum. This Memorandum will only be distributed to Israeli residents in a manner that will not constitute “an offer to the public” under sections 15 and 15a of the Israeli Securities Law. This Memorandum is being distributed only to, and is directed only at, the investors identified in such sections. Such investors, defined as “Qualified Investors”, currently include: (1) joint investment mutual fund or managing companies of the like; (2) provident funds; (3) insurers; (4) banking corporations and subsidiary corporations, except for mutual service

companies (purchasing securities for themselves or for clients who are Qualified Investors), (5) portfolio managers (purchasing securities for themselves or for clients who are Qualified Investors), (6) investment advisors or marketing agents (purchasing securities for themselves); (7) members of the Tel Aviv Stock Exchange Ltd. (purchasing securities for themselves and for clients who are Investors), (8) underwriters (purchasing securities for themselves); (9) venture capital funds; (10) corporates wholly owned by such Qualified Investors, (11) a corporation (except for those incorporated for the purpose of purchasing securities in a specific offer) with equity in excess of NIS 50.0 million; and (12) “qualified individuals,” each as defined in the Addendum to section 15A of the Israeli Securities Law.

Qualified Investors shall be required to submit written confirmation and any other documentation reasonable satisfactory to the Company, in advance, confirming that they fall within the scope of the Addendum to section 15A of the Israeli Securities Law and that they are aware of the consequences of such designation and agree thereto, prior to the offering by the Company under this Memorandum.

Notice to Potential Investors in Singapore

This Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Securities may not be circulated or distributed, nor may Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), which is the holder of a capital markets services license to deal in securities under the Securities and Futures Act, Chapter 289 of Singapore, a bank licensed under the Banking Act, Chapter 19 of Singapore or a merchant bank approved as a financial institution under the Monetary Authority of Singapore Act, Chapter 186 of Singapore, or (ii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Notice to Prospective Investors in Canada

Each Canadian purchaser who purchases Securities on a private placement basis pursuant to this Memorandum will be deemed to have represented to and agreed with the Company that such purchaser: (i) is resident in Canada; (ii) is purchasing the Securities with the benefit of the prospectus exemption provided by either Section 73.3 of the *Securities Act* (Ontario) or Section 2.3 of National Instrument 45-106 – *Prospectus Exemptions* (NI 45-106) (that is, such purchaser is an “accredited investor” within the meaning of NI 45-106 or Section 73.3 and is either purchasing securities as principal for his, her or its own account, or is deemed to be purchasing the securities as principal for his, her or its own account in accordance with applicable securities laws); (iii) if not an individual, the purchaser was not created or used solely to purchase or hold securities as an accredited investor under NI 45-106; and (iv) if required by applicable securities laws, the purchaser will execute, deliver and file or assist the Company in obtaining and filing such certificates, reports, undertakings and other documents relating to the purchase of the Securities by the purchaser as may be required by any securities commission or other regulatory authority.

Canadian Resale Restrictions

The distribution of Securities in Canada is being made on a private placement basis in accordance with applicable securities laws. As a consequence, certain protections, rights and remedies provided by such securities laws will not be available to investors in Canada. The Securities are subject to restrictions on transfer pursuant to their terms, and are subject to further restrictions on transfer and resale in Canada, and in some cases outside of Canada, until such time as: (a) the appropriate “restricted periods” have been satisfied; (b) a further statutory exemption is relied upon by the investor; (c) an appropriate discretionary order is obtained pursuant to the applicable securities laws; or (d) a final receipt is issued by the relevant securities regulatory authority for a prospectus prepared with respect to distribution of the Securities. Please note that as the Company is not a reporting issuer in any Canadian jurisdiction, the applicable restricted period may never expire and if no further statutory exemption may be relied upon, if no discretionary order is obtained, or no prospectus issued for which a receipt is obtained, this could result in a subscriber having to hold the Securities for an indefinite period of time. The Company is not responsible for ensuring compliance by investors with any resale restrictions. **Canadian purchasers are advised to seek legal advice prior to any resale of the Securities.**

Acknowledgements

By purchasing the Securities, among other things, each purchaser resident in Canada will be deemed to have confirmed, certified, represented, warranted to and agreed for the benefit of the Company as follows:

- (i) it is authorized to consummate the purchase of the Securities;
- (ii) it is a resident of one of the provinces or territories of Canada;
- (iii) it is an “accredited investor” within the meaning of Section 73.3 of the *Securities Act* (Ontario) or Section 1.1 of National Instrument 45-106 – Prospectus and Registration Exemptions (“NI 45-106”) and has not been created or used solely to purchase or hold securities as an “accredited investor” as described in paragraph (m) of the definition of “accredited investor” in section 1.1 of NI 45-106;
- (iv) it is purchasing, or is deemed to be purchasing, the Securities as principal, not as agent, within the meaning of NI 45-106, for investment only and not with a view to resale or distribution;
- (v) it is entitled under applicable Canadian securities laws to purchase the Securities without the benefit of a prospectus qualified under such securities laws;
- (vi) it has reviewed the terms under the heading “Canadian Resale Restrictions” as set out above, and it acknowledges and understands that the Securities may not be resold without an exemption from the registration and prospectus requirements of applicable securities laws;
- (vii) it understands and acknowledges that (A) the Securities have not been and will not be qualified for distribution under applicable Canadian securities laws, (B) it is basing its investment decision solely on the final version of the Memorandum and not on any other information concerning the Company or the Securities; and (C) the Company is not obligated to file and has no present intention of filing with any securities regulatory authority in Canada any prospectus in respect of the sale or

resale of the Securities;

- (viii) if required by applicable securities laws, it will execute, deliver and file or assist the Company to obtain and file such reports, undertakings and other documents relating to the purchase of the Securities as may be required by any securities commission or other regulatory authority; and
- (ix) it understands and acknowledges that if, as a result of any information or other matter which comes to the attention of, any director, officer or employee of the Company or its respective professional advisors, knows or suspects that a subscriber is engaged in money laundering, such person is required to report such information or other matter to the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) and such report shall not be treated as a breach of any restriction upon the disclosure of information imposed by Canadian law or otherwise.

Indirect Collection of Personal Information

By purchasing the Securities, the purchaser acknowledges that the following personal information about the purchaser will be disclosed to Canadian securities regulatory authorities: the purchaser's full legal name, residential street address, telephone number, email address (if available), details of the Securities purchased and details of the prospectus exemption relied on. This personal information is being collected on behalf of and used by the securities regulatory authority or regulator under the authority granted in securities legislation for the purposes of the administration and enforcement of securities legislation. By purchasing the Securities, the purchaser shall be deemed to have authorized such indirect collection of personal information by the securities regulatory authorities and regulators. Questions about such indirect collection of personal information should be directed to the securities regulatory authority or regulator in the province where the purchaser is located or resident, as set out below.

Alberta Securities Commission
Suite 600, 250 – 5th Street SW
Calgary, Alberta T2P 0R4
Telephone: (403) 297-6454
Toll free in Canada: 1-877-355-0585
Facsimile: (403) 297-2082

Ontario Securities Commission
20 Queen Street West, 22nd Floor
Toronto, Ontario M5H 3S8
Telephone: (416) 593- 8314
Toll free in Canada: 1-877-785-1555
Facsimile: (416) 593-8122
Email: exemptmarketfilings@osc.gov.on.ca
Public official contact regarding indirect collection
of information: Inquiries Officer

British Columbia Securities Commission
P.O. Box 10142, Pacific Centre
701 West Georgia Street
Vancouver, British Columbia V7Y 1L2
Inquiries: (604) 899-6854
Toll free in Canada: 1-800-373-6393
Facsimile: (604) 899-6581
Email: inquiries@bcsc.bc.ca

Autorité des marchés financiers
800, Square Victoria, 22e étage
C.P. 246, Tour de la Bourse
Montreal, Quebec H4Z 1G3
Telephone: (514) 395-0337 or 1-877-525-0337
Facsimile: (514) 873-6155 (For filing purposes only)
Facsimile: (514) 864-6381 (For privacy requests only)
Email: financementdesocietes@lautorite.qc.ca
(For corporate finance issuers)

The Manitoba Securities Commission
500-400 St. Mary Avenue
Winnipeg, Manitoba R3C 4K5
Toll Free in Manitoba: 1-800-655-5244
Telephone: (204) 945-2548
Facsimile: (204) 945-0330

Financial and Consumer Services Commission
(New Brunswick)
85 Charlotte Street, Suite 300
Saint John, New Brunswick E2L 2B5
Telephone: (506) 658-3060
Toll free in Canada: 1-866-933-2222
Facsimile: (506) 658-3059
Email: info@fcnb.ca

Nova Scotia Securities Commission
Suite 400, 5251 Duke Street
Duke Tower P.O. Box 458
Halifax, Nova Scotia B3J 2P8
Telephone: (902) 424-7768
Facsimile: (902) 424-4625

Prince Edward Island Securities Office
95 Rochford Street, 4th Floor Show Building, P.O.
Box 2000
Charlottetown, Prince Edward Island C1A 7N8
Telephone: (902) 368-4569
Facsimile: (902) 368-5283

Office of the Superintendent of Securities
Government of Yukon
Government of Community Services
307 Black Street, 1st Floor
Box 2703, C-6

Government of Newfoundland and Labrador
Financial Services Regulation Division
P.O. Box 8700, Confederation Building, 2nd Floor,
West Block
Prince Philip Drive, St. John's, NFLD A1B 4J6

Whitehorse, YT Y1A 5H6
Telephone: (867)667-5314
Facsimile: (867) 393-6251

Attention: Director of Securities
Telephone: (709) 729-4189
Facsimile: (709) 729-6187

Government of Nunavut
Department of Justice
Legal Registries Division
P.O. Box 1000, Station 570
1st Floor, Brown Building
Iqaluit, Nunavut X0A 0H0
Telephone: (867) 975-6590
Facsimile: (867) 975-6594

Government of Northwest Territories
Office of the Superintendent of Securities
P.O. Box 1320
Yellowknife, NT X1A 2L9
Telephone: (867) 920-3318
Facsimile: (867) 873-0243

Financial and Consumer Affairs Authority of
Saskatchewan
Suite 601-1919 Saskatchewan Drive
Regina, Saskatchewan S4P 4H2
Telephone: (306) 787-5879
Facsimile: (306) 787-589

Enforcement of Legal Rights

The Company and its respective directors, officers, employees, agents and all other representatives may be located outside Canada, and as a result, it may not be possible for Canadian purchasers to effect services of process within Canada upon the Company or such individuals. All or a substantial portion of the assets of the Company and such individuals may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company and such individuals in Canada or to enforce a judgment obtained in Canadian courts against the Company and such individuals outside Canada.

Purchaser's Statutory Rights

Securities legislation in certain of the provinces of Canada provides purchasers with rights of rescission or damages, or both, where an offering memorandum or any amendment to it contains a misrepresentation.

A "misrepresentation" is an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make any statement not misleading in light of the circumstances in which it was made. These remedies must be commenced by the purchaser within the time limits prescribed and are subject to the defenses contained in the applicable securities legislation.

If you purchase the Securities, you will have certain rights, some of which are described below. For more information about your rights, you should consult a lawyer. **The following summaries are subject to any express provisions of the securities legislation of each provincial jurisdiction and the regulations, rules and policy statements thereunder and reference is made thereto for the complete text of such provisions.** The rights of action described herein are in addition to and without derogation from any other right or remedy that a subscriber may have at law.

Two Day Cancellation Right

You can cancel your agreement to purchase the Securities. To do so, you must send a notice to the Company by midnight on the second Business Day after you sign the applicable Application to buy the Securities.

Statutory Rights of Action in the Event of a Misrepresentation

Subscribers in Saskatchewan, Manitoba, Nova Scotia, Northwest Territories, Prince Edward Island, Yukon, New Brunswick:

If there is a misrepresentation in this Memorandum, you have a statutory right to sue:

1. the Company to cancel your agreement to buy the Securities; or
2. for damages against:
 - (a) if you are resident in Manitoba:
 - (i) the Company;
 - (ii) every director (or its equivalent) of the Company at the date of this Memorandum; and
 - (iii) every person or company who signed this Memorandum; and
 - (b) if you are resident in Saskatchewan:
 - (i) the Company;
 - (ii) every promoter of the Company at the time this Memorandum or any amendment was sent or delivered;
 - (iii) every director (or its equivalent) of the Company at the time this Memorandum or any amendment was sent or delivered;
 - (iv) every person or company whose consent has been filed respecting this Memorandum, but only with respect to reports, opinions or statements that have been made by them;
 - (v) every person or company that, in addition to the persons or companies mentioned in clauses (ii) to (iv), signed this Memorandum or any amendment; and
 - (vi) every person or company that sells the Securities on behalf of the Company under this Memorandum or any amendment; and
 - (c) if you are resident in Nova Scotia:
 - (i) the seller;
 - (ii) every director (or its equivalent) of the Company at the date of the; and
 - (iii) every person who signed the Memorandum; and
 - (d) if you are resident in Northwest Territories, Prince Edward Island, and Yukon:
 - (i) the Company;
 - (ii) the selling security holder on whose behalf the distribution is made;
 - (iii) every director (or its equivalent) of the Company at the date of the Memorandum; and
 - (iv) every person who signed the Memorandum; and
 - (e) if you are resident in New Brunswick:
 - (i) the Company;
 - (ii) the selling security holder on whose behalf the distribution was made;
 - (iii) every person who was a director (or its equivalent) of the Company at the date of the Memorandum; and
 - (iv) every person who signed the Memorandum.

This statutory right to sue is available to you whether or not you relied on the misrepresentation. However, there are various defenses available to the persons or companies that you have a right to sue. In particular, they have a defense if you knew of the misrepresentation when you purchased the Securities.

Time Limitations

If you intend to rely on the rights described above, you must do so within strict time limitations.

If you are resident in Saskatchewan, Manitoba, Nova Scotia, Northwest Territories, Prince Edward Island, Yukon, or New Brunswick, you must commence an action to cancel the agreement within 180 days after the date of the transaction that gave rise to the cause of action.

You must commence an action for damages within:

- (a) if you are resident in Saskatchewan, the earlier of:
 - (i) 1 year after you first had knowledge of the facts giving rise to the cause of action; or
 - (ii) 6 years after the date of the transaction that gave rise to the cause of action.
- (b) if you are resident in Manitoba, the earlier of:
 - (i) 180 days after the date you first had knowledge of the facts giving rise to the cause of action; or
 - (ii) 2 years after the date of the transaction that gave rise to the cause of action.
- (c) if you are resident in Nova Scotia, the earlier of:
 - (i) 180 days after you first had knowledge of the facts giving rise to the cause of action; or
 - (ii) 3 years after the date of the transaction that gave rise to the cause of action.
- (d) If you are resident in Northwest Territories, the earlier of:
 - (i) 180 days after you first had knowledge of the facts giving rise to the cause of action; or
 - (ii) 3 years after the date of the transaction that gave rise to the cause of action.
- (e) If you are resident in Prince Edward Island, the earlier of:
 - (i) 180 days after the date you first had knowledge of the facts giving rise to the cause of action; or
 - (ii) 3 years after the date of the transaction that gave rise to the cause of action.
- (f) If you are resident in Yukon, the earlier of:
 - (i) 180 days after the date you first had knowledge of the facts giving rise to the cause of action; or

- (ii) 3 years after the date of the transaction that gave rise to the cause of action.
- (g) If you are resident in New Brunswick, the earlier of:
 - (i) 1 year after you first had knowledge of the facts giving rise to the cause of action; or
 - (ii) 6 years after the date of the transaction that gave rise to the cause of action.

Purchasers' Rights - Ontario

The following is a summary of the statutory rights of rescission or damages, or both, under securities legislation in Ontario, and as such, is subject to the express provisions of the legislation and the related regulations and rules and reference is made thereto for the complete text of such provisions. Such provisions may contain limitations and statutory defenses not described here on which the Company and other applicable parties may rely. The rights described below are in addition to, and without derogation from, any other right or remedy available at law to purchasers of the Securities. Purchasers should refer to the applicable provisions of the securities legislation of Ontario for the particulars of these rights or consult with a legal adviser.

Ontario securities legislation provides that where an offering memorandum is delivered to a purchaser and contains a misrepresentation, the purchaser will, except as provided below, have a statutory right of action for damages or for rescission against the Company, without regard to whether the purchaser relied on the misrepresentation; if the purchaser elects to exercise the right of rescission, the purchaser will have no right of action for damages against the Company. No such action shall be commenced more than, in the case of an action for rescission, 180 days after the date of the transaction that gave rise to the cause of action, or, in the case of any action other than an action for rescission, the earlier of: (i) 180 days after the purchaser first had knowledge of the facts giving rise to the cause of action, or (ii) three years after the date of the transaction that gave rise to the cause of action. The Ontario legislation provides a number of limitations and defenses to such actions, including: (a) the Company is not liable if it proves that the purchaser purchased the securities with knowledge of the misrepresentation; (b) in an action for damages, the Company shall not be liable for all or any portion of the damages that the Company proves do not represent the depreciation in value of the securities as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the securities were offered.

These rights are not available for a purchaser that is: (a) a Canadian financial institution, meaning either: (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act; or (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a province or territory of Canada to carry on business in Canada or a province or territory of Canada; (b) a Schedule III bank, meaning an authorized foreign bank named in Schedule III of the *Bank Act* (Canada); (c) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or (d) a subsidiary of any person referred to in clauses (a), (b) or (c), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary.

Language of Documents

Upon receipt of this Memorandum, each Canadian subscriber hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur Canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

The foregoing is a summary only and is not intended to be exhaustive. Prior to purchasing any Securities or conducting any transactions in any Securities, investors should consult with their advisors with respect to restrictions on transfer of the Securities and should not offer, resell, pledge or otherwise transfer their Securities until they have determined that any such transfer is in compliance with applicable legal requirements.

PLAN OF DISTRIBUTION

We are offering up to 210,000 Tokens solely (i) to “U.S. persons” (as defined in Regulation S under the Securities Act) who are “accredited investors” (as defined in Regulation D under the Securities Act) and (ii) outside the United States to persons other than “U.S. persons” (as defined in Regulation S under the Securities Act).

The purchase price for Tokens will be \$1,000.00 USD per Token.

The purchase price for the Tokens does not necessarily bear any relationship to the Company’s asset value, net worth, revenues or other established criteria of value, and should not be considered indicative of the actual value of the Securities.

We will not sell any Tokens unless we have received executed Applications for the purchase of Tokens from investors having confirmed status as (i) a “U.S. person” who is an “accredited investor” or (ii) a person other than a “U.S. person.” If we do not meet the Minimum Offering Amount by the Expiration Date, we will return all subscriber funds without interest as soon as practicable. The maximum number of Tokens to be offered and sold in the Offering will be 210,000. THERE CAN BE NO ASSURANCE THAT THE COMPANY WILL SELL ANY TOKENS.

The Offering

The Offering is expected to commence on the initial date of this Memorandum being 10 September, 2018 and expire on September 8, 2019 (the “**Expiration Date**”), unless extended or earlier terminated, in each case, in our sole discretion.

We may accept applications for any Tokens on a rolling basis. Upon closing, all such sales will be final.

How to Subscribe

In order to purchase Tokens, each subscriber must complete, execute and deliver each of the following to the Company on or before the Expiration Date:

- (a) An Application. The descriptions in this Memorandum of the Application, including the rights accruing to holders of Tokens thereunder, are qualified in their entirety by reference to the full text of the Application agreed upon by the respective subscriber and the Company.
- (b) Information and documentation sufficient to (i) confirm such investor’s status as an “accredited investor” (if such subscriber is a “U.S. person”) or a person other than a “U.S. person,” in each case, for purposes of the Securities Act and (ii) permit the Company to conduct a background check in accordance with “know-your-customer” requirements under laws and regulations relating to anti-money laundering laws and sanctions.
- (c) Payment of the aggregate purchase price of the Tokens to be purchased by such investor. The payment procedures are set forth in the Application.

Fully executed copies of the Tokens will be delivered to purchasers upon the closing of the

Offering.

We reserve the right to reject any application in whole or in part and to allocate to any potential subscriber a number of Tokens less than the amount subscribed for by such potential investor, for any or no reason and without notice, in our sole discretion. If all or a portion of an investor's application is not accepted, the application payment not accepted will be returned to such subscriber without interest. We also reserve the right to withdraw the Offering at any time prior to the Company's acceptance of funded subscriptions for Tokens.

Potential investors may ask questions of the representatives of the Company concerning the terms and conditions of the Offering.

The Offering is intended to be exempt from registration under the Securities Act, and it is expected to satisfy (i) with respect to "U.S. persons" who are "accredited investors," the requirements of Rule 506(c) of Regulation D under the Securities Act and (ii) outside of the United States with respect to persons other than "U.S. persons," the requirements of Regulation S under the Securities Act. These rules set forth certain criteria which, if satisfied in connection with a placement of securities, entitle such placement to exemption from registration under the Securities Act.

The Tokens may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and securities laws of any state or other domestic or foreign jurisdiction. Any transfer of the Tokens will be restricted as described below in "Notice to Investors" section of this Memorandum. Investors may be required to hold their Tokens for an indefinite period of time.