

ALGEBRAIX[®]

ALGEBRAIX DATA CORP

Confidential Private Placement Offering Memorandum

\$17,000,000

Rights to Receive Tokens pursuant to Simple Agreement for Future Tokens

**THE OFFERING PERIOD OF THE PLACEMENT WILL EXPIRE AT THE DISCRETION OF
ALGEBRAIX DATA CORP WHEN A FINAL CLOSING WILL BE CONDUCTED.**

This Confidential Private Placement Offering Memorandum (this “*Memorandum*”) has been prepared by Algebraix Data Corp for use by accredited investors to whom the Company is offering (the “*Offering*”) the opportunity to purchase the right to acquire in the future pursuant to a Simple Agreement for Future Tokens (the “*SAFT*”) units of ALX tokens to be developed, produced and offered by Algebraix Data Corp (“*Token*,” “*ALX*” or the “*Tokens*”). Unless the context requires otherwise, in this Memorandum the terms “*Algebraix*,” “*the Company*,” “*we*,” “*us*” and “*our*” refer to Algebraix Data Corp and its subsidiaries and all dollar (\$) amounts set forth herein refer to United States dollars.

This confidential Private Offering Memorandum (the “*Memorandum*”) has been prepared solely for use by the prospective purchasers of rights to receive ALX tokens pursuant to a Simple Agreement for Future Tokens (“*SAFT*”) to be issued by Algebraix Data Corp (the “*Company*”) with respect to certain units of ALX of the Company (the “*Tokens*” or “*ALX*”) and shall 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, and (iii) such confidential information is the subject of reasonable efforts to maintain its secrecy. The recipient further agrees that the contents of this Memorandum are a trade secret, the disclosure of which is likely to cause substantial and irreparable competitive harm to the Company. Any reproduction 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 return this Memorandum to the Company upon request. The existence and nature of all conversations regarding the Company and this offering must be kept confidential.

This Memorandum has been prepared in connection with a private offering to accredited investors of the SAFT. Each investor will be required to execute a SAFT (as amended, restated and/or otherwise modified from time to time) and investor questionnaire to effect its future investment in the Tokens. This Memorandum contains a summary of the SAFT, the Tokens and certain other documents referred to herein. However, the summaries in this Memorandum do not purport to be complete and are subject to and qualified in their entirety by reference to the actual text of the relevant document, copies of which will be provided to each prospective investor upon request. Each prospective investor should review the SAFT and such other documents for complete information concerning the rights, privileges and obligations of SAFT investors. If any of the terms, conditions or other provisions of the SAFT or such other documents are inconsistent with or contrary to the descriptions or terms in this Memorandum, the SAFT or such other documents shall control. The Company reserves the right to modify the terms of the offering and the SAFTs and the Tokens described in this Memorandum, and the SAFTs are offered subject to the Company’s ability to reject any commitment in whole or in part.

The SAFTs and the Tokens have not been and will not be registered under the United States Securities Act of 1933, as amended (the “*Securities Act*”), or any United States state securities laws or the laws of any foreign jurisdiction. The SAFTs will be offered and sold under the exemption provided by Section 4(A)(2) of the Securities Act and Regulation D promulgated thereunder, and other exemptions of similar import in the laws of the states and other jurisdictions where the offering will be made. The Company will not be registered as an investment company under the United States Investment Company Act of 1940, as amended (the “*Investment Company Act*”). Consequently, investors will not be afforded the protections of the Investment Company Act.

The SAFTs described in this Memorandum are subject to restrictions on transferability and resale and may not be transferred or resold. Investors should be aware that they will be required to bear the financial risks of this investment for an indefinite period of time.

An investment in the SAFT and the Tokens involves a high degree of risk, volatility and illiquidity. A prospective purchaser should thoroughly review the confidential information contained herein and the terms of the SAFT, and carefully consider whether an investment in the SAFT is suitable to the investor’s financial situation and goals.

No person has been authorized to make any statement concerning the Company or the sale of the SAFTs discussed herein other than as set forth in this Memorandum, and any such statements, if made, must not be relied upon.

Investors should make their own investigations and evaluations of the SAFT and the Tokens that will be delivered pursuant thereto, including the merits and risks involved in an investment therein. Prior to any investment, the Company will give investors the opportunity to ask questions of and receive answers

and additional information from it concerning the terms and conditions of this offering and other relevant matters to the extent the Company possesses the same or can acquire it without unreasonable effort or expense. Investors should inform themselves as to the legal requirements applicable to them in respect of the acquisition, holding and disposition of the SAFTs and the Tokens upon their delivery, 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, an interest in any jurisdiction in which it is unlawful to make such an offer or solicitation. Neither the United States Securities and Exchange Commission nor any other federal, state or foreign regulatory authority has approved an investment in the SAFT. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Memorandum, nor is it intended that the foregoing authorities will do so. Any representation to the contrary is a criminal offense.

Investments in the SAFT are denominated in United States dollars (\$) and Investors may tender United States dollars, Bitcoin or Ether in exchange for the SAFT. Such currencies are subject to any fluctuation in the rate of exchange and, in the case of digital assets, the exchange valuations. Such fluctuations may have an adverse effect on the value, price or income of an investor's investment.

Cautionary Statements Regarding Forward-Looking Statements

Certain statements in this Memorandum constitute forward-looking statements. When used in this Memorandum, the words "may," "will," "should," "project," "anticipate," "believe," "estimate," "intend," "expect," "continue," and similar expressions or the negatives thereof are generally intended to identify forward-looking statements. Such forward-looking statements, including the intended actions and performance objectives of the Company, involve known and unknown risks, uncertainties, and other important factors that could cause the actual results, performance, or achievements of the Company in its development of the Algebraix Network to differ materially from any future results, performance, or achievements expressed or implied by such forward-looking statements. No representation or warranty is made as to future performance or such forward-looking statements. All forward-looking statements in this Memorandum speak only as of the date hereof. 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.

Prospective 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 an investment in an interest. Prior to acquiring an interest, a prospective investor should consult with its own legal, investment, tax, accounting, and other advisors to determine the potential benefits, burdens, and other consequences of such investment.

ALGEBRAIX DATA CORP
SIMPLE AGREEMENT FOR FUTURE TOKENS

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THIS OFFERING IS LIMITED SOLELY TO ACCREDITED INVESTORS AS DEFINED IN REGULATION D UNDER THE SECURITIES ACT. ONLY PERSONS OF ADEQUATE FINANCIAL MEANS WHO HAVE NO NEED FOR PRESENT LIQUIDITY WITH RESPECT TO THIS INVESTMENT SHOULD CONSIDER PURCHASING THE PURCHASE RIGHTS SET FORTH IN THE SAFT OFFERED HEREBY BECAUSE: (I) AN INVESTMENT IN THE SAFTS INVOLVES A NUMBER OF SIGNIFICANT RISKS (SEE “RISK FACTORS”); AND (II) NO MARKET FOR THE SAFTS OR THE PURCHASE RIGHTS CONTAINED THEREIN, AND NONE IS LIKELY TO DEVELOP IN THE REASONABLY FORESEEABLE FUTURE. THIS OFFERING IS INTENDED TO BE A PRIVATE OFFERING THAT IS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS.

COMPANY OVERVIEW

Algebraix Data builds software that employs Data Algebra[®], a wholly new form of applied mathematics which the company invented and developed. In general software built with its technology has proved to be fast, highly scalability and resource efficient. The company has registered a number of patents that relate to the use of Data Algebra for translating data formats and data requests (queries) into algebraic equations which result in continuous and autonomous speed up. After 8 years of R&D, Algebraix Data is now applying its mathematical technology to a blockchain project, the intention being to provide a platform that will enable individuals to secure and monetize their personal data.

Company History

Algebraix Data Corp was incorporated in 2009 with headquarters in Encinitas in California with R&D and software development in Austin, TX. Until this year its activities were oriented towards proving the efficacy of Data Algebra in a variety of data definition, manipulation and management contexts. It was not until 2012 that the mathematics (Data Algebra) was regarded as complete in terms of definition, operations and scope. It has since been tested by building proof-of-concept data management systems for relational data (structured data), graph data (in RDF form) and the Spark big data environment. In 2015 Algebraix Data organized for the publication of a book entitled *The Algebra of Data, A Foundation for the Data Economy*, by Sherman and Bloor, which defined and explained the new branch of applied mathematics that Algebraix had discovered and developed. In 2016 it published open source libraries that enabled developers to define data algebraically and use algebraic operations against the data.

The Blockchain Project

In early 2017 the company considered that the time was right for it to apply its mathematical and software engineering capabilities to a blockchain project. On examining the blockchain software world, Algebraix management concluded that Data Algebra could make a unique contribution to blockchain-based applications. The executive team examined the opportunities for blockchain-based business models and came up with the idea of a platform that would enable individuals to store, secure, manage and monetize their personal data.

The platform will provide individuals with a personal data vault that enables them to store their data securely and to control to whom the data is made available. The platform will be a distributed network, similar to other blockchain networks, which is designed around a “permission engine.” The permission engine will consist of a database of anonymized user data which companies can search to identify groups of individuals to whom they wish to advertise (for example, men between the ages of 18 and 35 who play

golf and live in Houston). Advertisements will be passed to each individual in the group and they will, if they choose read/watch the advertisements. They will be rewarded with ALX tokens when they choose to view advertisements. This will be the first application of the ALX token.

Development is proceeding with building mobile phone client software which will interact with the ALX blockchain to register transactions (changes of ownership of ALX tokens) and serve as a cryptocurrency wallet on the ALX network.

The second stage of development will involve expansion of the network capabilities and the mobile phone client to store credential data that will validate personal identity (such as driver's license). The third stage will involve the building of the permission engine and advertising clients.

Initial Launch of ALX and Algebraix Network

Algebraix will not conduct a sale of Tokens to the general public. Instead, the Company will release a mobile application to a limited group of users for the purpose of testing. They will become the first Personal Secure Vault (PSV) owners. At this time, the mobile application will use dummy tokens for the sake of testing. Algebraix will reward these application testers with genuine ALX tokens and make the Algebraix Network operational once it has the functionality described below (the "*Token Utility*"):

- The ALX blockchain ledger will be established and functional and ALX holders will be able to hold ALX in a wallet and transfer amounts of ALX to and from that wallet.
- The wallet will also be able to hold several other cryptocurrencies.
- ALX holders will be able to establish a Personal Secure Vault and be able to store some credential and profile data in an encrypted form via the Algebraix Network. Initially this will be limited to basic credentials (such as date of birth, gender, zip code etc.).
- Sending and receiving ALX tokens will be recorded on the ALX blockchain.
- A basic display advertising capability (video and sound clips such as for example, movie trailers) for PSV owners who opt in.

The Competitive Landscape

We can think of the competitors to Algebraix as falling into one of two categories: traditional digital advertisers and blockchain businesses pursuing the same market opportunity. The Algebraix business model is disruptive to traditional digital advertisers (Google, Facebook, Microsoft, etc.) because they will not be able to mimic the Algebraix model without sacrificing very large revenue streams. As such we believe they will be unable to compete directly even though they will be competing for the same advertising budgets.

As regards blockchain-based competition there are five companies we are aware of that are attacking the digital advertising market: Adchain, AdEx, Adshare, BAT (Basic Attention Token) and Bitteaser. In respect of business model the nearest competitor is BAT, but their approach is distinctly different as it is browser-based and requires the use of the Brave browser. We regard it as complementary rather than competitive, and can imagine partnering with BAT in a symbiotic way. None of these businesses is addressing the identity management market. The blockchain businesses we are aware of in this area are Air, Uport and Civic. None of these companies is considering the possibility of an advertising revenue stream and we have little doubt that we will be able to match their ID management capabilities.

Additionally there are some blockchain companies (Ark, Cosmos, Blocknet and Blockstack) that are building Inter-Blockchain Communication Fabrics (IBCFs) as Algebraix intends to do. None of these businesses are competitive in any other way. Finally there is Status which is building a limited IBCF that

relies entirely on the Ethereum blockchain, which intends to merge the capability of other Ethereum-based blockchains, including Uport with its identity management capabilities. In the medium term Status could become competitive with Algebraix if it developed an advertising business model.

Legal Proceedings

From time to time, the Company may be involved in legal proceedings. The results of such legal proceedings and claims cannot be predicted with certainty, and regardless of the outcome, legal proceedings could have an adverse impact on the Company's business or the development of the Algebraix Network because of defense and settlement costs, diversion of resources and other factors.

DIRECTORS AND MANAGEMENT

Charles H. Silver, 58, Chairman and Chief Executive Officer. Charles has served as the Chairman and Chief Executive Officer of the Company since 2010. Charles is a career entrepreneur with 30 years of experience of raising capital and building successful enterprises that focus on finance, technology, and media. He was an early visionary in the dot com era as founder and CEO of RealAge.com which was amongst the first companies to use Big Data to connect individuals to relevant advertisers. RealAge.com was sold to the Hearst Corporation in 2007. He is also a co-founder and board member of Reality Shares an innovator in the securities industry with 5 publicly traded ETFs. Charles holds a BA in History from University of Michigan.

Robin J. P. Bloor, 66, Chief Strategy Officer. Robin has served as Chief Strategy Officer since October 2017 having been appointed initially as Senior VP of Strategy and Communications in June 2017. Prior to that, he served as Chief Analyst at The Bloor Group LLC from 2009 to 2017. Robin, Co-founder and Chief Analyst of The Bloor Group, has more than 30 years' experience in software development, IT analysis and consulting. Robin has been an influential and respected IT analyst for two and a half decades both in the UK and the US, and has detailed expertise in almost all areas of IT both from consultancy activities and his work as an IT analyst. He is a frequent blogger and also a published author, having written a business bestseller on electronic commerce entitled, *The Electronic Bazaar*, which, among other things, predicted the advent of personal data monetization. He is also the joint author of *The Algebra of Data* along with Professor Gary Sherman. He holds a B.Sc. Mathematics from University of Nottingham, and a Ph.D. in Computer Science from Wolverhampton University.

Andy R. Shah, 40, Chief Technology Officer. Andy has served as the Chief Technology Officer of the Company since June 2017. Prior to that, he was an Associate Vice President of Software & Technology at Westell, Inc. from 2010 to 2016 where he innovated and built the patented Homecloud technology based product and platform, that securely protects, shares and synchronizes end users personal data with permission-based sharing to various online services. Andy also served as an Engineering & Project Management Leader for Sears Holding Corp from 2009 to 2010, and Cleversafe from 2007 to 2009. Andy brings more than 18 years of technology leadership and executive management experience to Algebraix Data. He has grown both emerging and Fortune 500 technology companies. He holds a B.S. in Chemical Engineering from Gujarat University, a MS in Chemical Engineering and a MS in Computer Science both from Illinois Institute of Technology.

Board of Directors

In addition to Charles Silver, the board of directors is comprised of the following members:

William D. Ingram. Bill has been CFO at Avalara since 2015. His career includes leadership roles in finance and general management at leading technology companies. Prior to Avalara, Bill was interim CFO at Khan Academy, from April 2015 to December 2015. Prior to that (2007 – 2015) he was EVP of strategy for Leap Wireless (a subsidiary of Cricket Wireless, now a division of AT&T), an innovative wireless services provider that grew to be the fifth largest in the U.S. at the time of its acquisition by AT&T. Bill has an MBA from Harvard Business School (1983) and a BA in economics from Stanford University (1979)

Robert Bingham. Robert is a serial entrepreneur. He founded SimpleNet in 1995, which helped pioneer the web-hosting industry. In 1998 the company was acquired by Broadcast.com, which then merged with Yahoo! Bingham then became and has stayed an angel investor, focusing on early-stage Internet ventures. He has served as a board member for multiple startups, including Miva, RealAge.com, Everyone Counts,

HookIt.com, Copper Recovery, ShowUhow.com, HipGeo.com, and others. In addition, he is actively involved with San Diego Social Venture Partners, The San Diego Foundation, Junior Achievement, and the Challenged Athlete Foundation. From 2013 he has work in his small family startup: Bingham Wine Merchants. He was educated at San Diego State University.

Brad Murdoch. Brad is VP, Corporate & Business Development at Lightbend Inc. He has filled a number of executive roles in business development, marketing, strategy and operations for early and growth stage companies in the professional open source, cybersecurity and enterprise mobility markets, including JBoss (acquired by Red Hat), Prevoty, Framehawk (acquired by Citrix), and Nukona (acquired by Symantec). Brad holds an honors degree in Computer Science from the University of Glasgow.

Cindy Anderson. Cindy has served as a partner at Edward Rose & Sons, one of the country's largest apartment development firms, since 1992. She served on the board of Fidelity Bank for 10 years. Cindy is now an active Angel investor who resides in Palm Beach, Florida.

TERMS OF THE PURCHASE RIGHTS AND THE SAFTS

The summary below describes the principal terms of the SAFTs and the rights to purchase Tokens contained therein. Certain of the terms and conditions described below are subject to important limitations and exceptions. Prospective investors should review the entirety of form of SAFT, available from the Company. The summary below is qualified in its entirety by reference to the actual text of the form of SAFT.

- Company:* Algebraix Data Corp
- Securities:* Right to receive in the future certain units of ALX of the Company (the “**Token**” or “**ALX**”) pursuant to a Simple Agreement for Future Tokens (each a “**SAFT**” and together the “**SAFTs**”) issued to investors (each, an “**Investor**”). Each Investor must be an accredited investor, as defined in Regulation D under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”). If in Canada, such Investor must be an accredited investor as defined under applicable Canadian securities laws.
- Form of Payment for SAFT:* U.S. dollars, Bitcoin and Ether. The SAFTs shall be denominated in U.S. dollars, and payments in Bitcoin and Ether shall be valued in U.S. dollars at the Applicable Exchange Rate. The term “Applicable Exchange Rate” shall mean the closing price of Bitcoin or Ether in U.S. dollars according to the web site coinmarketcap.com (details to be found at <https://coinmarketcap.com/currencies/bitcoin/historical-data/> and <https://coinmarketcap.com/currencies/ethereum/historical-data/>, respectively) on the day funds are transferred to the company in consideration of the Rights pursuant to the SAFT.
- Use of Proceeds:* A significant portion of the proceeds of the Offering will be used by the Company to achieve the Token Utility and subsequently to build-out the Algebraix Network, powered by a blockchain and the ALX protocol token.
- Conversion:* The Company will deliver Tokens pursuant to the SAFT concurrently with the *bona fide* publicized product launch, whereby (i) the Company’s mobile application shall be released and made available for download, (ii) the Network shall be fully functional and capable of achieving the Token Utility, and (iii) the Company shall distribute the Token to certain users of the mobile application (the “**Network Launch**”).

Conversion Price: \$0.0015 per Token. This is the “Discount Price,” 25% less than the intended Token price at Network Launch, which is \$0.002 per Token.

Vesting: At the time of the Network Launch, the Company will automatically issue to the Investor fifty percent (50%) of such number of units of ALX equal to the SAFT Purchase Amount divided by the Discount Price (as such price shall be determined and set forth in the SAFT). The remainder of such Tokens shall be issued to Investors on the six-month anniversary of the Network Launch.

Termination: The SAFT shall terminate upon the earlier of (i) the Network Launch; (ii) the payment or setting aside of payment of amounts due to the Investor upon a Dissolution Event, or (iii) the later of (A) January 1, 2020 and (B) the date on which the Company can conduct a Network Launch without violating applicable laws, including applicable securities laws (the “Deadline Date”). If the Network Launch has not occurred as of the Deadline Date, the Company shall, at the Investor’s request and in the Investor’s sole discretion, have the obligation to repay to the Investor the Purchase Amount. A “Dissolution Event” means (a) a voluntary termination of operations of the Company, (b) a general assignment for the benefit of the Company’s creditors or (c) any other liquidation, dissolution or winding up of the Company, whether voluntary or involuntary.

Priority of Payment: If, immediately prior to the consummation of the Dissolution Event, or upon the request of the Investor or on the Deadline Date, the assets of the Company that remain legally available for distribution to the Investors, as determined in good faith by the Company’s Board of Directors, are insufficient to permit the return to the Investors of their respective Purchase Amounts, then the remaining assets of the Company legally available for distribution will be distributed with equal priority and pro rata among the Investors in proportion to the Purchase Amounts they would otherwise be entitled to receive.

Documentation: Purchase and sale of the rights shall be on the terms and conditions set forth in the SAFT, which shall be prepared by Company’s counsel, and which will contain certain representations, warranties and covenants of the Company and the Investors, closing conditions and other provisions.

Token Distribution:

The Token will be distributed to SAFT participants upon Network Launch.

All ALX tokens will be pre-mined and the volume will be fixed at 100 billion ALX with no inflation rate. The ALX will be issued as follows:

25% of the ALX supply will be made available for SAFT Investors in this Offering or previous offerings of Rights.

20% of the ALX supply (the “**Company Allocation**”) will be reserved for Algebraix employees and for payments to advisors, agents, partners and vendors. Amounts of ALX allocated to Algebraix employees at the time of the Network Launch will vest in four equal tranches on the subsequent four annual anniversaries of the Network Launch. Amounts allocated to advisors, agents, partners and vendors from this supply will vest six months after Network Launch.

55% of the ALX supply will be held as the company contingency reserve. A proportion of this will be used as PSV owner rewards, to be allocated via the Algebraix Network for downloading the app and registering, for viewing ads, and for other promotional activities or as royalties or rewards to external developers who build applications that operate on the Algebraix Network .

RISK FACTORS

AN INVESTMENT IN THE SAFT INVOLVES A HIGH DEGREE OF RISK. YOU SHOULD CONSIDER CAREFULLY THE RISKS DESCRIBED BELOW, TOGETHER WITH ALL OF THE OTHER INFORMATION CONTAINED IN THIS MEMORANDUM AND THE SAFT, BEFORE MAKING AN INVESTMENT DECISION. THE FOLLOWING RISKS ENTAIL CIRCUMSTANCES UNDER WHICH, OUR BUSINESS, FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS COULD SUFFER RISKS ASSOCIATED WITH AN INVESTMENT IN THE SAFT

The Company may not successfully develop, market and launch the Algebraix Network and Investors may not receive Tokens.

The Algebraix Network has not yet been developed by the Company and will require significant capital funding, expertise of the Company's management, time and effort in order to develop and successfully launch the Algebraix Network. The Company may have to make changes to the specifications of the Algebraix Network or Tokens for any number of legitimate reasons or the Company may be unable to develop the Algebraix Network in a way that realizes the Token Utility or any form of a functioning network. It is possible that the Tokens and the Algebraix Network may not ever be released and there may never be an operational Token or that the Network Launch will not occur. The Algebraix Network or Tokens, if successfully developed and maintained, may not meet investor expectations at the time of purchase. Furthermore, despite good faith efforts to develop and launch the Algebraix Network and subsequently to develop and maintain the Algebraix Network, it is still possible that the Algebraix Network will experience malfunctions or otherwise fail to be adequately developed or maintained, which may negatively impact the Algebraix Network and Tokens.

The Company will use the proceeds of this Offering to make significant investments to develop and launch a viable Algebraix Network that offers the Token Utility. The Company may not have or may not be able to obtain the technical skills and expertise needed to successfully develop the Algebraix Network and progress it to a successful Network Launch. While the Company has sought to retain and continue to competitively recruit experts, there is a general scarcity of management, technical, scientific, research and marketing personnel with appropriate training to develop and maintain ALX and the Algebraix Network. If the Company is not successful in its efforts to demonstrate to users the utility and value of the Algebraix Network, there may not be sufficient demand for the Tokens for the Company to proceed with the Network Launch. As a result, or if the Network Launch does not occur, Investors may lose all of their investment.

Investments in startups including Algebraix involve a high degree of risk. Investments in token pre-sales including the ALX Pre-sale may involve an even higher degree of risk.

Financial and operating risks confronting startups are significant: Algebraix is not immune to these. The startup market in which Algebraix competes is highly competitive and the percentage of companies that survive and prosper is small. Startups often experience unexpected problems in the areas of product development, marketing, financing, and general management, among others, which frequently cannot be solved. In addition, startups may require substantial amounts of financing, which may not be available through institutional private placements, the public markets or otherwise. In addition, the possibility of new regulations or new guidance from regulators regarding the application of existing regulations to token sales such as the ALX Pre-sale creates additional uncertainties with respect to an investment in ALX via the

SAFT and increases the risk that Algebraix may be unable to complete a Network Launch or may not have sufficient funds to complete a Network Launch, which may cause Investors to lose some or all of their investment.

Algebraix may be forced to cease operations or take actions that result in a Dissolution Event.

It is possible that, due to any number of reasons, including, but not limited to, an unfavorable fluctuation in the value of cryptographic and fiat currencies, the inability by the Company to establish the Tokens' Utility, the inability of the Company to effect a public token sale or distribution due to regulatory restrictions, the failure of commercial relationships, or intellectual property ownership challenges, the Company may no longer be viable to operate and the Company may dissolve or take actions that result in a Dissolution Event.

The SAFTs may not be transferred.

The terms of the SAFT prohibit transfer of the SAFT. As a result, Investors will be required to hold their SAFT until the earlier of the Network Launch and the delivery of all of the Tokens, or the termination of the SAFT pursuant to the provisions set forth therein. In addition, delivery of the Tokens may be subject to a lengthy holding period during which time the Investor will not control the Tokens and will be unable to transfer the Tokens. Consequently, Investors must be prepared to bear the risk of an investment in the SAFT until the termination of the SAFT pursuant to the terms set forth therein, and bear the risk of an investment in the Tokens until the Network Launch and the expiration of any applicable holding periods.

The tax treatment of the SAFT, the purchase rights contained therein and the Token distribution is uncertain and there may be adverse tax consequences for Investors upon certain future events.

The tax characterization of the SAFT and the Tokens is uncertain, and each Investor must seek its own tax advice in connection with an investment in the SAFT. An investment pursuant to the SAFT and the purchase of Tokens pursuant thereto may result in adverse tax consequences to Investors, including withholding taxes, income taxes and tax reporting requirements. Each Investor should consult with and must rely upon the advice of its own professional tax advisors with respect to the United States and non-U.S. tax treatment of an investment in the SAFT and the purchase rights contained therein.

Risks associated with the Tokens and the Algebraix Network

The Algebraix Network may not be widely adopted and may have limited users.

It is possible that the Algebraix Network will not be used by a large number of individuals, companies and other entities or that there will be limited public interest in the creation and development of distributed ecosystems (such as the Algebraix Network) more generally or distributed applications to be used on the Algebraix Network. Such a lack of use or interest could negatively impact the development of the Algebraix Network and therefore the potential utility and value of Tokens.

Alternative networks may be established that compete with or are more widely used than the Algebraix Network.

It is possible that alternative networks could be established that utilize the same or similar open source code and protocol underlying the Algebraix Network and attempt to facilitate services that are materially similar to the Algebraix Network's services. The Algebraix Network may compete with these alternative networks, which could negatively impact the Algebraix Network and the Tokens.

The open-source structure of the Algebraix Network protocol means that the Algebraix Network may be susceptible to developments by users or contributors that could damage the Algebraix Network and the Company's reputation and could affect the utilization of the Algebraix Network and the Tokens.

The Algebraix Network will operate based on an open-source protocol maintained by the Company and other contributors. As an open source project, the Algebraix Network will not be represented, maintained or monitored by an official organization or authority. The open-source nature of the Algebraix Network protocol means that it may be difficult for the Company or contributors maintain or develop the Algebraix Network and the Company may not have adequate resources to address emerging issues or malicious programs that develop within the Algebraix Network adequately or in a timely manner. Third parties not affiliated with the Company may introduce weaknesses or bugs into the core infrastructure elements of the Algebraix Network and open-source code which may negatively impact the Algebraix Network. Such events may result in a loss of trust in the security and operation of the Algebraix Network and a decline in user activity and could negatively impact the market price of the Tokens.

The Algebraix Network may be the target of malicious cyberattacks or may contain exploitable flaws in its underlying code, which may result in security breaches and the loss or theft of Tokens. If the Algebraix Network's security is compromised or if the Algebraix Network is subjected to attacks that frustrate or thwart our users' ability to access the Algebraix Network, their Tokens or the Algebraix Network products and services, users may cut back on or stop using the Algebraix Network altogether, which could seriously curtail the utilization of the Tokens and cause a decline in the market price of the Tokens.

The Algebraix Network structural foundation, the open-source protocol, the software application and other interfaces or applications built upon the Algebraix Network are still in an early development stage and are unproven, and there can be no assurances that the Algebraix Network and the creating, transfer or storage of the Tokens will be uninterrupted or fully secure which may result in a complete loss of users' Tokens or an unwillingness of users to access, adopt and utilize the Algebraix Network. Further, the Algebraix Network may also be the target of malicious attacks seeking to identify and exploit weaknesses in the software or the Algebraix Network which may result in the loss or theft of Tokens. For example, if ALX and the Algebraix Network are subject to unknown and known security attacks (such as double-spend attacks, 51% attacks, or other malicious attacks), this may materially and adversely affect the Algebraix Network. In any such event, if the Network Launch does not occur or if the Algebraix Network is not widely adopted, Investors may lose all of their investment.

Investors may be susceptible to risks associated with the Ethereum protocol or other protocols if the Company elects to use an alternative blockchain.

The Tokens are currently intended to be ERC20-compliant tokens based on the Ethereum protocol. As such, any malfunction, unintended function, unexpected functioning of or attack on the Ethereum protocol may cause the Tokens to malfunction or function in an unexpected or unintended manner. Ether, the native unit of account of the Ethereum protocol, may itself lose value in ways similar to Tokens, and also other ways. If the Company elects to adopt an alternative protocol so that the Token will be compliant with and recorded to an alternative blockchain, such blockchain may also be susceptible to unexpected functional issues or malicious attacks that may cause the Tokens to malfunction or function in an unexpected or unintended manner, or may lose value and affect the transaction times and functionality of the Token.

Risks related to blockchain technologies and digital assets

The regulatory regime governing the blockchain technologies, cryptocurrencies, tokens and token offerings such as Algebraix Network and the Tokens is uncertain, and new regulations or policies

may materially adversely affect the development of the Algebraix Network and the utility of the Tokens.

Regulation of tokens (including ALX) and token offerings such as this, cryptocurrencies, blockchain technologies, and cryptocurrency exchanges currently is undeveloped and likely to rapidly evolve, varies significantly among international, federal, state and local jurisdictions and is subject to significant uncertainty. Various legislative and executive bodies in the United States and in other countries may in the future, adopt laws, regulations, guidance, or other actions, which may severely impact the development and growth of the Algebraix Network and the adoption and utility of the Tokens. Failure by the Company or certain users of the Algebraix Network to comply with any laws, rules and regulations, some of which may not exist yet or are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines.

As blockchain networks and blockchain assets have grown in popularity and in market size, federal and state agencies have begun to take interest in, and in some cases regulate, their use and operation. In the case of virtual currencies, state regulators like the New York Department of Financial Services have created new regulatory frameworks. Others, as in Texas, have published guidance on how their existing regulatory regimes apply to virtual currencies. Some states, like New Hampshire, North Carolina, and Washington, have amended their state's statutes to include virtual currencies into existing licensing regimes. Treatment of virtual currencies continues to evolve under federal law as well. The Department of the Treasury, the Securities Exchange Commission, and the Commodity Futures Trading Commission, for example, have published guidance on the treatment of virtual currencies. The IRS released guidance treating virtual currency as property that is not currency for US federal income tax purposes, although there is no indication yet whether other courts or federal or state regulators will follow this classification. Both federal and state agencies have instituted enforcement actions against those violating their interpretation of existing laws.

The regulation of non-currency use of blockchain assets is also uncertain. The CFTC has publicly taken the position that certain blockchain assets are commodities, and the SEC has issued a public report stating federal securities laws require treating some blockchain assets as securities. To the extent that a domestic government or quasi-governmental agency exerts regulatory authority over a blockchain network or asset, the Algebraix Network and the Tokens may be materially and adversely affected.

Blockchain networks also face an uncertain regulatory landscape in many foreign jurisdictions such as the European Union, China and Russia. Various foreign jurisdictions may, in the near future, adopt laws, regulations or directives that affect the Algebraix Network. Such laws, regulations or directives may conflict with those of the United States or may directly and negatively impact our business. The effect of any future regulatory change is impossible to predict, but such change could be substantial and materially adverse to the development and growth of the Algebraix Network and the adoption and utility of the Tokens.

New or changing laws and regulations or interpretations of existing laws and regulations, in the United States and other jurisdictions, may materially and adversely impact the value of the currency in which the Tokens may be exchanged, the value of the distributions that may be made by the Company, the liquidity of the Tokens, the ability to access marketplaces or exchanges on which to trade the Tokens, and the structure, rights and transferability of Tokens.

This Issuance of ALX May Constitute the Issuance of a “Security” Under U.S. Federal Securities Laws

Algebraix has not received any opinion from a federal or state regulator that ALX is or is not a security, and it is possible that ALX may be deemed to be a security, which may require the Company to register the

offering of ALX, restructure or delay the Network Launch or may result in the Company abandoning the Network Launch and terminating the SAFT.

On July 25, 2017, the United States Securities and Exchange Commission (the “*Commission*”) issued a Report of Investigation under Section 21(a) of the Securities Exchange Act of 1934 (the “*Exchange Act*”) describing an SEC investigation of The DAO, a virtual organization, and its use of distributed ledger or blockchain technology to facilitate the offer and sale of DAO Tokens to raise capital. The Commission applied existing U.S. federal securities laws to this new paradigm, determining that DAO Tokens were securities. The Commission stressed that those who offer and sell securities in the U.S. are required to comply with federal securities laws, regardless of whether those securities are purchased with virtual currencies or distributed with blockchain technology. The Commission’s announcement, and the related Report, may be found here: <https://www.sec.gov/news/press-release/2017-131>.

Furthermore, on December 2017 the SEC took certain adverse actions against PlexCoin and Munchee, Inc. in connection with their token sales, applying the same legal framework that it used in connection with its investigation of The DAO. The cease and desist order entered into by Munchee, Inc. stated that the Munchee token was a security and the offer and sale of the token without registration under the Securities Act was a violation of Section 5 of the Securities Act. Additionally, in the Plexcoin complaint, the SEC also took the position that the token offering was an illegal offer and sale of a security in violation of Section 5 of the Securities Act, among other claims, and obtained an emergency asset freeze to halt the token offering.

If the SEC continues to scrutinize the token industry and token offerings like the Company intends to conduct in connection with the Network Launch, and if the SEC continues to take a broad view of what constitutes a security in its evaluation of utility tokens such as ALX, it is possible that ALX will be deemed a security and that the offer and sale of ALX will be deemed an offering of securities subject to the Securities Act. In such an event, the Company may be required to register such the public token distribution or offering under the Securities Act which would result in significant delay in the issuance of ALX and would cause the Company to incur substantial additional expense. As a result, the Company may not be able to compete an offering of ALX prior to the termination of the SAFT or at all. Further, the Company may be required to restructure the Network Launch and the overall distribution of [the Token] to comply with applicable regulations or regulatory guidance, seek specific regulatory guidance from the staff of the SEC, which may take a significant amount of time. The Company may also need to add features or functionality to ALX prior to the Network Launch that it may otherwise have developed after the Network Launch, which could delay the Network Launch and cause the Company to incur additional expense. The Company may be the subject of an SEC inquiry or investigation which will divert management’s time and the Company’s resources away from developing and launching the Network and the Token, which may delay the Network Launch, and if the SEC obtains an asset freeze on the proceeds of this Offering or the public Token sale, the Company may require additional funds to respond to an SEC investigation or to successfully launch, maintain and grow the Network.

The Investors will have no control and the Company may only have limited control once the Network Launch occurs.

ALX is comprised of open-source technologies that depend on a network of computers to run certain software programs to process transactions. Because of this less centralized model, the Company has limited control over ALX and the Algebraix Network once launched. In addition, the Investors are not and will not be entitled, to vote or receive dividends or be deemed the holder of capital stock of the Company for any purpose, nor will anything be construed to confer on the Investors any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at

any meeting thereof, or to give or withhold consent to any corporate action or to receive notice of meetings, or to receive subscription rights or otherwise.

There may be occasions when certain individuals involved in the development and launch of the Algebraix Network may encounter potential conflicts of interest in connection with the Network Launch, such that said party may avoid a loss, or even realize a gain, when other Investors in the Pre-sale or in ALX are suffering losses.

There may be occasions when certain individuals involved in the development and launch of the Algebraix Network or ALX may encounter potential conflicts of interest in connection with this Offering and the Network Launch, such that said party may avoid a loss, or even realize a gain, when other Investors in the are suffering losses. Investors in SAFTs may also have conflicting investment, tax, and other interests with respect to SAFT investments, which may arise from the terms of the SAFT, the ALX's code, the Algebraix Network, the timing of the Network Launch or other token pre-sales, or other factors. Decisions made by the key employees of Algebraix on such matters may be more beneficial for some Investors than for others.

Investors may lack information for monitoring their investment.

The Investor may not be able to obtain all information it would want regarding Algebraix, ALX, or the Algebraix Network, on a timely basis or at all. It is possible that the Investor may not be aware on a timely basis of material adverse changes that have occurred with respect to certain of its investments. While Algebraix has made efforts to use open-source development for Tokens, this information may be highly technical by nature. As a result of these difficulties, as well as other uncertainties, an Investor may not have accurate or accessible information about the Algebraix Network.

If the Algebraix Network is unable to satisfy data protection, security, privacy, and other government- and industry-specific requirements, its growth could be harmed.

There are a number of data protection, security, privacy and other government- and industry-specific requirements, including those that require companies to notify individuals of data security incidents involving certain types of personal data. Security compromises could harm the Algebraix Network's reputation, erode user confidence in the effectiveness of its security measures, negatively impact its ability to attract new users, or cause existing users to stop using the Algebraix Network.

The further development and acceptance of blockchain networks, including the Algebraix Network, 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 would have an adverse material effect on the successful development and adoption of the Algebraix Network and the Tokens.

The growth of the blockchain industry in general, as well as the blockchain networks with which the Algebraix Network will rely and interact, is subject to a high degree of uncertainty. The factors affecting the further development of the cryptocurrency industry, as well as blockchain networks, include, without limitation:

- Worldwide growth in the adoption and use of Bitcoin, and other blockchain technologies;
- Government and quasi-government regulation of Bitcoin, and other 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 the open-source software protocol of the Bitcoin networks;
- Changes in consumer demographics and public 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 fiat currencies or existing networks;
- General economic conditions and the regulatory environment relating to cryptocurrencies; or
- A decline in the popularity or acceptance of Bitcoin or other blockchain-based tokens would adversely affect our results of operations.

The slowing or stopping of the development, general acceptance and adoption and usage of blockchain networks and blockchain assets may deter or delay the acceptance and adoption of the Algebraix Network and the Tokens.

USE OF PROCEEDS

The Company expects that a substantial amount of all of the proceeds of the offering will be used by the Company to progress the development of ALX and the Algebraix Network, including compensating management, hiring and retaining technical talent, hiring and retaining marketing and business development talent and general SG&A costs. The total amount used in the development of the Algebraix Network and division of funds between compensation and SG&A will depend on the final aggregate amount raised in the pre-sale.

PLAN OF DISTRIBUTION

Investor Qualifications

Only persons of adequate financial means who have no need for present liquidity with respect to this investment should consider purchasing the purchase rights set forth in the SAFT offered hereby because: (i) an investment in the SAFTs involves a number of significant risks (see “Risk Factors”); and (ii) no market for the SAFTs or the purchase rights contained therein, and none is likely to develop in the reasonably foreseeable future. This Offering is intended to be a private offering that is exempt from registration under the Securities Act and applicable state securities laws.

This Offering is limited solely to accredited investors as defined in Regulation D under the Securities Act, meaning only those persons or entities coming within any one or more of the following categories:

- (i) Any bank, as defined in Section 3(a)(2) of the Securities Act, or any savings and loan association or other institution defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity; any broker-dealer registered pursuant to Section 15 of the Exchange Act; any insurance company, as defined in Section 2(13) of the Securities Act; any investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the United States Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; and any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, that is either a bank, savings and loan association, insurance company or registered investment advisor, if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by person(s) that are accredited investor(s);
- (ii) Any private business development company as defined in Section 202(a)(22) of the Investment Advisors Act of 1940;
- (iii) Any organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, any corporation, Massachusetts or similar business trust, or company, not formed for the specific purpose of acquiring the Common Stock, with total assets in excess of \$5,000,000;
- (iv) Any director or executive officer of the Company;
- (v) Any natural person whose individual net worth, or joint net worth with that person’s spouse, exclusive of the value of the person’s primary residence net of any mortgage debt and other liens, at the time of his or her purchase exceeds \$1,000,000;
- (vi) Any natural person who had an individual income in excess of \$200,000, or joint income with that person’s spouse in excess of \$300,000, in each of the two most recent years and who reasonably expects to reach the same income level in the current year;

- (vii) Any trust with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Common Stock, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D; or
- (viii) Any entity all of whose equity owners are accredited investors.

The term “net worth” means the excess of total assets over total liabilities, exclusive of the value of your primary residence net of any mortgage debt and other liens. In determining income, you should add to your adjusted gross income any amounts attributable to tax-exempt income received, losses claimed as a limited partner in any limited partnership, deductions claimed for depreciation, contributions to an IRA or Keogh retirement plan, alimony payments and any amount by which income from long-term capital gains had been reduced in arriving at adjusted gross income.

You will be required to represent to the Company in writing that you are an accredited investor under Regulation D, as described above, and may also be required to provide certain documentation in support of such representation. In addition to the foregoing requirement, you must also represent in writing that you are acquiring the SAFT for your own account and not for the account of others and not with a view to resell or distribute such securities.

Other Requirements

The USA PATRIOT Act	What is money laundering?	How big is the problem and why is it important?
<p>The USA PATRIOT Act is designed to detect, deter and punish terrorists in the United States and abroad. The Act imposes new anti-money laundering requirements on brokerage firms and financial institutions. Since April 24, 2002, all United States brokerage firms have been required to have comprehensive anti-money laundering programs in effect. To help you understand these efforts, the Company wants to provide you with some information about money laundering and the Company’s efforts to help implement the USA PATRIOT Act.</p>	<p>Money laundering is the process of disguising illegally obtained money so that the funds appear to come from legitimate sources or activities. Money laundering occurs in connection with a wide variety of crimes, including illegal arms sales, drug trafficking, robbery, fraud, racketeering and terrorism.</p>	<p>The use of the United States financial system by criminals to facilitate terrorism or other crimes could taint our financial markets. According to the United States State Department, one recent estimate puts the amount of worldwide money laundering activity at \$1 trillion a year.</p>

What the Company is required to do to help eliminate money laundering?	
Under new rules required by the USA PATRIOT Act, the Company's anti- money laundering program must designate a special compliance officer, set up employee training, conduct independent audits and establish policies and procedures designed to detect and report suspicious transaction and ensure compliance with the new laws and rules.	As part of the Company's required program, it may ask you to provide various identification documents or other information. Until you provide the information or documents that the Company needs, it may not be able to effect any transactions for you.

You should check the Office of Foreign Assets Control (the “OFAC”) website at <http://www.treas.gov/ofac> before making the following representations: You represent that the amounts invested by you in this Offering were not and are not directly or indirectly derived from any activities that contravene Federal, state or international laws and regulations, including anti-money laundering laws and regulations. Federal regulations and Executive Orders administered by the OFAC prohibit, among other things, the engagement in transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. The lists of the OFAC-prohibited countries, territories, individuals and entities can be found on the OFAC website at <http://www.treas.gov/ofac>. In addition, the programs administered by the OFAC (the “OFAC Programs”) prohibit dealing with individuals¹ or entities in certain countries, regardless of whether such individuals or entities appear on any OFAC list;

- (i) you represent and warrant that none of: (1) you; (2) any person controlling or controlled by you; (3) if you are a privately-held entity, any person having a beneficial interest in you; or (4) any person for whom you are acting as agent or nominee in connection with this investment is a country, territory, entity or individual named on an OFAC list, or a person or entity prohibited under the OFAC Programs. Please be advised that the Company may not accept any subscription amounts from a prospective investor if such investors cannot make the representation set forth in the preceding sentence. You agree to promptly notify the Company should you become aware of any change in the information set forth in any of these representations. You are advised that, by law, the Company may be obligated to “freeze the account” of any investor, either by prohibiting additional subscriptions from it, declining any redemption requests and/or segregating the assets in the account in compliance with governmental regulations, and that the Company may also be required to report such action and to disclose such investor's identity to the OFAC;
- (ii) you represent and warrant that none of: (1) you; (2) any person controlling or controlled by you; (3) if you are a privately-held entity, any person having a beneficial interest in you; or (4) any person for whom you are acting as agent or nominee in connection with this investment is a senior foreign political figure², or any immediate family³ member or close

¹ These individuals include specially designated nationals, specially designated narcotics traffickers and other parties subject to OFAC sanctions and embargo programs.

² A “senior foreign political figure” is defined as a senior official in the executive, legislative, administrative, military or judicial branch of a foreign government (whether elected or not), a senior official of a major foreign political party, or a senior executive of a foreign government-owned corporation. In addition, a “senior foreign political figure” includes any corporation, business or other entity that has been formed by, or for the benefit of, a senior foreign political figure.

³ “Immediate family” of a senior foreign political figure typically includes such figure's parents, siblings, spouse, children and in-laws.

associate⁴ of a senior foreign political figure, as such terms are defined in the footnotes below; and

- (iii) if you are affiliated with a non-U.S. banking institution (a “Foreign Bank”), or if you receive deposits from, make payments on behalf of, or handle other financial transactions related to a Foreign Bank, you represent and warrant to the Company that: (1) the Foreign Bank has a fixed address, and not solely an electronic address, in a country in which the Foreign Bank is authorized to conduct banking activities; (2) the Foreign Bank maintains operating records related to its banking activities; (3) the Foreign Bank is subject to inspection by the banking authority that licensed the Foreign Bank to conduct its banking activities; and (4) the Foreign Bank does not provide banking services to any other Foreign Bank that does not have a physical presence in any country and that is not a regulated affiliate.

The Company is entitled to rely upon the accuracy of your representations to each of them. The Company may, but under no circumstances shall it be obligated to, require additional evidence that a prospective investor meets the standards set forth above at any time prior to its acceptance of a prospective investor’s subscription. You are not obligated to supply any information so requested by the Company, but the Company may reject a subscription from you or any person who fails to supply such information.

How to Subscribe

To invest in the offering, Investors will need to first create an account and register on CoinList. Evidence of accreditation status pursuant to Section 506(c) of the Securities Act standards is required to invest. This can be satisfied by completing the accreditation process on the CoinList platform.

Notice to Prospective Investors in Canada

Each Canadian purchaser who purchases securities on a private placement basis pursuant to this offering 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 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 and is either purchasing securities as principal for its own account, or is deemed to be purchasing the securities as principal for 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 the securities in Canada is being made only on a private placement basis exempt from the requirement that the Company prepare and file a prospectus with the applicable securities regulatory authorities. The Company is not a reporting issuer in any province or territory in Canada and its securities are not listed on any stock exchange in Canada and there is currently no public market for the securities in Canada. The Company currently has no intention of becoming a reporting issuer in Canada, filing a prospectus with any securities regulatory authority in Canada to qualify the resale of the securities to the

⁴ A “close associate” of a senior foreign political figure is a person who is widely and publicly known to maintain an unusually close relationship with such senior foreign political figure, and includes a person who is in a position to conduct substantial domestic and international financial transactions on behalf of such senior foreign political figure.

public, or listing its securities on any stock exchange in Canada. Accordingly, to be made in accordance with securities laws, any resale of the securities in Canada must be made under available statutory exemptions from registration and prospectus requirements or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. **Canadian purchasers are advised to seek legal advice prior to any resale of the securities.**

Purchasers' Rights - Ontario

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.

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.

Notice to Prospective Investors in the United Kingdom

With respect to offers and sales of our securities that are the subject of this Memorandum:

- offers or sales of any of such securities to persons in the United Kingdom are prohibited in circumstances which have resulted in or will result in such securities being or becoming the subject of an offer of transferable securities to the public as defined in Section 102B of the Financial Services and Markets Act 2000 (as amended) (the “**FSMA**”);
- all applicable provisions of the FSMA must be complied with, with respect to anything done in relation to such securities in, from or otherwise involving the United Kingdom; and
- any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received in connection with the issue or sale of such securities shall only be communicated, or be caused to be communicated, in circumstances in which Section 21(1) of the FSMA does not apply to us.

Notice to Prospective Investors in China

The SAFTs are not being offered or sold and may not be offered or sold, directly or indirectly, within the People’s Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities and other laws and regulations of the People’s Republic of China.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

EACH INVESTOR SHOULD SEEK, AND MUST DEPEND UPON, THE ADVICE OF HIS OR HER TAX ADVISOR WITH RESPECT TO THEIR INVESTMENT, AND EACH INVESTOR 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. INVESTORS SHOULD BE AWARE THAT THE INTERNAL REVENUE SERVICE 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 AN INVESTMENT IN THE NOTES.

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON SUCH INVESTORS UNDER THE CODE; (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF INVESTMENTS IN THE COMPANY; AND (C) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

THE TAX TREATMENT OF THE SAFT, THE PURCHASE RIGHTS CONTAINED THEREIN AND THE TOKEN DISTRIBUTION IS UNCERTAIN AND THERE MAY BE ADVERSE TAX CONSEQUENCES FOR INVESTORS UPON CERTAIN FUTURE EVENTS. AN INVESTMENT PURSUANT TO THE SAFT AND THE PURCHASE OF TOKENS PURSUANT THERETO MAY RESULT IN ADVERSE TAX CONSEQUENCES TO INVESTORS, INCLUDING WITHHOLDING TAXES, INCOME TAXES AND TAX REPORTING REQUIREMENTS. EACH INVESTOR SHOULD CONSULT WITH AND MUST RELY UPON THE ADVICE OF ITS OWN PROFESSIONAL TAX ADVISORS WITH RESPECT TO THE UNITED STATES AND NON-TAX TREATMENT OF AN INVESTMENT IN THE SAFT AND THE RIGHTS CONTAINED THEREIN.