

# Confidential Private Placement Offering Memorandum

## *Purchase of PDX Coin Token Units Pursuant to Subscription Agreement*

### *SERIES 5*



**THE OFFERING PERIOD OF THE PLACEMENT WILL EXPIRE ON THE EARLIER TO OCCUR OF: (I) THE DATE ON WHICH THE MAXIMUM PLACEMENT AMOUNT HAS BEEN SUBSCRIBED FOR AND ACCEPTED BY THE COMPANY AND A FINAL CLOSING IS CONDUCTED OR (II) JUNE 1, 2024, UNLESS EXTENDED IN THE DISCRETION OF THE COMPANY.**

This Confidential Private Placement Offering Memorandum (this “Memorandum”) has been prepared by PDX Advisors, LLC, as agent for PDX Global Pte. Ltd. for use by accredited investors to whom PDX Advisors, LLC is offering (the “Offering”) the opportunity to purchase PDX Coin Token (the “Token”) units of PDX<sup>1</sup> Tokens to be developed, produced and offered by PDX Global Pte. Ltd. (“PDX”, “PDX Coin”, or the “Tokens”). Unless the context requires otherwise, in this Memorandum the terms “PDX Advisors,” “PDXA,” “the Company,” “we,” “us” and “our” refer

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<sup>1</sup> PDX, as used herein, refers solely the proposed coin cryptocurrency. As such, PDX does not represent any fiat currency used to purchase petroleum commodities, including without limitation, the United States Dollar.

to PDX Global Pte. Ltd. as well as its subsidiaries and any successor entities, 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 PDX Token Units pursuant to a Subscription Agreement (“Subscription Agreement”) to be issued by PDX Advisors LLC (“PDXA” or the “Company”), as placement agent, with respect to certain units of PDX Coin created and issued by the Company (the “Tokens”) 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) PDXA 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 Tokens. Each investor will be required to execute a Subscription Agreement (as amended, restated and/or otherwise modified from time to time) and investor questionnaire, so as to effect its future investment in the Tokens. This Memorandum contains a summary of the Subscription Agreement, the Token Units 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 Subscription Agreement and such other documents for complete information concerning the rights, privileges and obligations of SUBSCRIPTION AGREEMENT investors. If any of the terms, conditions or other provisions of the SUBSCRIPTION AGREEMENT or such other documents are inconsistent with or contrary to the descriptions or terms in this Memorandum, the SUBSCRIPTION AGREEMENT or such other documents shall control. The Company reserves the right to modify the terms of the offering and the SUBSCRIPTION AGREEMENTS and the Token Units described in this Memorandum, and the SUBSCRIPTION AGREEMENTS are offered subject to the Company’s ability to reject any commitment in whole or in part.

The SUBSCRIPTION AGREEMENTS 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 SUBSCRIPTION AGREEMENTS will be offered and sold under the exemption provided by Section 4(A)(2) of the Securities Act and Regulation D promulgated thereunder, or to non-U.S. Persons who are not purchasing for the account or benefit of a U.S. Person as defined under Regulation S under the Securities Act, 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 SUBSCRIPTION AGREEMENTS 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 SUBSCRIPTION AGREEMENT and the Token Units 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 SUBSCRIPTION AGREEMENT, and carefully consider whether an investment in the SUBSCRIPTION AGREEMENT 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 SUBSCRIPTION AGREEMENTs 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 SUBSCRIPTION AGREEMENT and the Token Units 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 SUBSCRIPTION AGREEMENTs and the Token Units 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 SUBSCRIPTION AGREEMENT. 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 through the SUBSCRIPTION AGREEMENT are denominated in United States dollars (\$) and Investors may tender United States dollars, English Pounds Sterling, Euros, Yen, or Yuan, in addition to Bitcoin, Ether, Litecoin, or Ripple in exchange for the Token Units. 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 PDX 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.

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## **PDX ADVISORS LLC**

( A unit of PDX Global Pte. Ltd., Singapore )

### **SUBSCRIPTION AGRMENT FOR TOKENS**

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THIS OFFERING IS LIMITED SOLELY TO ACCREDITED INVESTORS AS DEFINED IN REGULATION D UNDER THE SECURITIES ACT, AND INVESTORS OUTSIDE OF THE UNITED STATES. 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 SUBSCRIPTION AGREEMENT OFFERED HEREBY BECAUSE: (I) AN INVESTMENT IN THE SUBSCRIPTION AGREEMENTS INVOLVES A NUMBER OF SIGNIFICANT RISKS (SEE “RISK FACTORS”); AND (II) NO MARKET FOR THE SUBSCRIPTION AGREEMENTS 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

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IN THE EVENT OF A NETWORK LAUNCH FAILURE, THE COMPANY MAY WIND UP ITS OPERATIONS AND DISTRIBUTE ITS ASSETS TO INVESTORS, INCLUDING HOLDERS OF SUBSCRIPTION AGREEMENTS, AS MORE FULLY SET FORTH IN THE SUBSCRIPTION AGREEMENT. AN INVESTOR WHO RECEIVES COMPANY ASSETS IN EXCHANGE FOR ITS RIGHTS UNDER THE SUBSCRIPTION AGREEMENT GENERALLY SHOULD RECOGNIZE TAXABLE GAIN OR LOSS IN AN AMOUNT EQUAL TO THE DIFFERENCE BETWEEN THE FAIR MARKET VALUE OF THE ASSETS THE INVESTOR RECEIVES AND ITS ADJUSTED TAX BASIS IN ITS SUBSCRIPTION AGREEMENT (WHICH WILL GENERALLY EQUAL THE AMOUNT OF CASH IT ADVANCED UNDER THE SUBSCRIPTION AGREEMENT).

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## **COMPANY OVERVIEW**

### **Overview of PDX Advisors LLC**

PDX Advisors LLC is a Delaware limited liability company, and is a wholly-owned subsidiary of PDX Global Pte. Ltd., based in Singapore. Our goal is to build a world class technologically advanced global consumer and corporate banking and financial services company. Founded in 2006, PDXA is a financial services and investment firm.

Projects or companies led, or managed, by PDX Advisors include PDX Energy, Inc., and PDX Coin, a decentralized blockchain-based network and protocol coin. PDX Global implements its protocols, systems, and tools based on open-source technologies and systems and generally publishes its works via white papers.

### **Summary of PDX**

The PDX utility coin is the world's first true regulatory-compliant digital currency associated with independently certified energy reserves. PDX enables individuals and organizations to utilize a transparent peer-to-peer exchanged digital currency that can derive intrinsic value from the value of energy assets.

Each of the total number of PDX Coin Tokens that can ever be created will be initially associated with the Company's value of a minimum of 0.5 projected recoverable reserve barrels of crude oil or its natural gas equivalent, and adding to the prospective intrinsic value of the Tokens is a basket of oil and gas assets including physical oil and natural gas, oil and gas futures or derivatives, and interests in oil producing properties with an aggregate initial value approximating the aggregate value of all PDX Tokens in circulation. PDX has been structured with a view towards becoming the world's leading safe-haven tokenized store of value. By associating each PDX coin to existing and verified real world assets, PDX enables holders of digital and fiat currencies seeking to preserve wealth, lock in gain and/or avoid loss to acquire, hold and transfer intrinsic value in digital coin form. In order to meet increased demand over time, the number of PDX in circulation and their associated oil and gas reserves are able to expand in tandem to maintain an approximate equilibrium between the USD price of a single PDX coin and a single barrel of oil, or its natural gas equivalent, on global markets without diluting the interests of existing PDX holders.

The embodiment of PDX's store of value in a transferable digital coin will enable holders to preserve wealth and engage in commercial and consumer transactions while avoiding the level of volatility, inflation and devaluations associated with other digital currencies. PDX is founded and coordinated by a fully transparent, experienced and highly reputable team who will manage the operations and development of PDX and act to ensure compliance with applicable laws of the U.S. and other jurisdictions, globally. PDX will be issued in accordance with the relevant laws in applicable jurisdictions. Transfers of PDX will be subject to compliance with all applicable laws. The maintenance of PDX's associated oil and gas reserves will be compliant with laws governing transactions in commodities, likely including the U.S. Commodity Exchange Act.

Financial statements related to PDX and the underlying oil reserves will be prepared in accordance with U.S. generally accepted accounting principles or similar standards as may apply in other jurisdictions, and may be subject to audit by a leading global accounting firm. PDX will comply with all applicable tax

laws in relevant jurisdictions and will support record keeping and transparency to allow all holders, purchasers and sellers of PDX to comply with their applicable tax reporting obligations as and where required. Unlike PDX, U.S. based oil exchange traded funds (ETFs) presently subject holders to annual tax and tax reporting obligations due to allocations of income related to the ETFs' oil holdings. In contrast to ETFs, but like other digital Tokens, PDX is expected to be *treated as a currency* in its relevant jurisdiction(s) for income tax purposes and as a consequence of this structure, holders of PDX are not expected to be subject to annual income tax but instead will be taxed only upon any gains (or losses) from their sale of PDX.

By separating the tax attributes of PDX from the tax attributes of its supporting energy reserves, PDX represents the creation of a new and unique digital asset with potentially favorable tax treatment and return profile for U.S. and non-U.S. investors alike. PDX is driven by Ethereum-enabled blockchain technology, which provides a robust and decentralized method of verification, tracking and exchange. The Ethereum blockchain provides an auditable and cryptographically secured global ledger and will facilitate transactions with other familiar currencies (both fiat as well as crypto) and assets. At its core, PDX represents the peer-to-peer transferability of digitized commodity value. PDX's unique structure, verified intrinsic value and expected much lower volatility will provide meaningful economic benefits to its holders, purchasers and sellers. In particular, the Company expects from its technology: (i) PDX will be a reliable store of value, medium of exchange and unit of account, (ii) PDX will enable holders of other digital or national currencies to lock in gains and/or protect against ruinous declines in value due to inflation, volatility or currency devaluation, and (iii) PDX will be an effective and tax advantaged economic proxy for investments in oil, and to the extent of their positive correlation with oil, other commodities.

These characteristics, together with a continuous focus on transparency and regulatory compliance, position PDX to be the leading digital reserve currency capable of appealing to global investors and consumers.

PDX Coin is hard-capped at five hundred million tokens, all of which have been created. Of these, some 450 million Tokens are expected to be retained by the issuer and its affiliates, after a series of planned Private and Public Sales, for future issuances and sales for either of cash, cash equivalents, and or hard assets with clearly verifiable values (i.e. real estate), including but not limited to in exchange for additional proved and probable oil and gas reserves. Up to 2 million may be issued to, or in connection with, an affiliated oil and gas company, which will sell Tokens in a public sale, and beyond, in order to raise money for the development of the energy assets and reserves backing PDX, as well as for possible future issuances to acquire additional operating energy assets, including renewable energy assets and other forms of energy production.

## **Why PDX?**

### **1.1 • PDX is associated with Substantial Intrinsic Value**

Almost all fiat and digital currencies lack the support of any tangible asset. Fiat currencies are too frequently short-lived, are highly vulnerable to the oft-repeated cycle of inflationary pressures followed



by dramatic revaluations, are exposed to political control, monetary policy management and adverse political or economic events, and are supported solely by the full faith and credit of the issuing nation. Similarly, many digital currencies are highly vulnerable to volatility or a collapse in value due to adverse supply and demand dynamics and, at best, merely represent an interest in the future business prospects of the issuer or the users of the currency. In contrast, each PDX Coin is a digital asset which aims to reflect in its value of energy assets and power generating capacity thereby reducing the external risk of government fiscal policy intervention that typically affects the valuation of fiat currencies or the extreme volatility faced by digital currencies due to rapidly changing supply and demand dynamics. PDX offers the advantages historically associated with blockchain enabled digital currencies while providing a fully verifiable asset reserve with reduced volatility as a leading medium of exchange. Many government regulators and detractors of digital currencies have pointed to their lack of intrinsic value as an indication of fraud or harbinger of collapse. By pioneering the first compliant, petroleum-supported digital currency, PDX will open the use of digital currencies to a significant portion of the global trade and financial markets that have previously shied away from full-scale adoption. PDX fully supports the use of a public blockchain as a means to facilitate private exchange and fundamentally believes that blockchain technology will permeate the transfer of data and value over the coming years and decades. PDX is committed to working with domestic and global governmental agencies, financial institutions, traders and users of commodities to develop protocols to help facilitate PDX's adoption as the leading digital reserve currency.

## **1.2 The PDX Team is Fully Transparent and Committed to Legal Compliance**

Digital currencies are frequently praised for providing a number of significant advantages compared to the current financial system. These include (i) ownership and peer-to-peer exchange based on cryptographic proof rather than efforts of "trusted third parties", (ii) immunity from governmental interference and regulatory compliance, and (iii) anonymous, borderless transferability of value and free convertibility to other assets. Even casual observation of the state-of-play in the current global cryptocurrency markets leads to the conclusion that these laudable ideals have not yet been realized. In particular:

**2.1** Virtually all digital currencies have been backed, designed, built and managed by an individual or small team (not always identified), and leading digital currencies are frequently transferred via exchanges rather than directly peer-to-peer. In other words, there is a "trusted third party". However, the principals behind those third parties and their motivations are often wholly or partly unknown, and in most instances have not been subject to governmental or private scrutiny. Cryptographic proof of existence and exchange provides assurances of existence and exchange, but nothing more. Rather than abide by the fiction that there is no trusted third party necessary to facilitate trade in digital currencies, *PDX recognizes that current digital currencies could not exist without trusted third parties, and therefore will actively seek to foster that trust by providing transparent leadership and complying with applicable financial, tax, and currency regulations.*

**2.2.2** Issuers, buyers and sellers of digital currencies have long acted as though they are immune from governmental regulation, and have executed strategies to preserve secrecy and avoid governmental disclosure and legal compliance. While this may be an acceptable risk for individual digital currency speculators and digital currency miners, particularly those residing in jurisdictions with limited regulation and law enforcement, global financial institutions and individuals with the need or desire to comply with laws will increasingly move to digital currency platforms that they believe are trustworthy and help insulate them from the adverse consequence of shifting government enforcement of laws and regulations. PDX is committed to legal compliance for itself, the exchanges on which it trades and its holders, buyers and sellers.

**2.2.3** Many early adopters and current users of digital currencies have been attracted to the perceived anonymity of transferring value in an undetectable manner. While legal enforcement to date has been sporadic, inconsistent and in some instances unpredictable, the exponential growth of digital currency assets can lead to one conclusion only: increased governmental regulation and enforcement for the protection of the holders of digital currencies and society at large. A combination of regulatory regimes is likely to make it increasingly difficult to anonymously transfer substantial cryptographic stores of value. While PDX is committed to facilitating pseudonymous peer-to-peer exchange of value, it will do so in compliance with applicable regulations governing such transfers. PDX believes that transparency goes far beyond verification of the number of outstanding or available Tokens or Tokens. By providing the fair and accurate disclosures required under applicable laws (and being subject to civil and criminal liability for any failure to do so) PDX is positioned to become a global leader in setting the standards for transparency and disclosure for digital currencies, thereby accelerating PDX's use in worldwide commerce.

- **Decentralization can create better networks.** PDX uses a peer-to-peer hypermedia protocol. Each file will have a unique fingerprint called a cryptographic hash. Indexing files by hash allows us to find and distribute high volumes of data with high efficiency, and fault tolerance. The peer-to-peer network can rebalance and recover in response to events, which can keep data safe and flowing.

- ***PDX Coin is a coin associated with fundamental value.*** The PDX coin will be an ERC20-compliant coin on the Ethereum blockchain network. The goal is for PDX Tokens to be stored in cryptocurrency wallets and freely transacted as users see fit.

## **The PDX Coin Ecosystem**

PDX Advisors' and PDX Global's goal is to engage key PDX Coin ecosystem (the "***PDX Ecosystem***") stakeholders by offering certain benefits to clients, partners and vendors.

The PDX Ecosystem is broadly defined as that combination of the PDX blockchain and technology and payments platform; the PDeX cryptocurrency exchange platform, all PDX Coin coin holders; the PDX physical and virtual global banking infrastructure and branch network and related support systems; third party vendors; apps developers; the corporate and administrative platform, and the underlying energy assets and related corporate structure and management and technical teams that underpin the value of the PDX Coin Tokens.

**PDX is made possible with new research breakthroughs from PDX Advisors / PDX Global and its Blockchain research and development team**

PDX is based upon an array of proprietary and complementary protocols across a variety of end-utilites and delivery platforms, including mobile.

**PDX Advisors / PDX Global Team and Community**

The PDX Advisors and PDX core team holds deep collective expertise in distributed systems, cryptography, networks, blockchains, security, fintech, economics, software engineering, open source, commercial and investment banking, corporate administration, petroleum engineering, development, production, and petroleum economics

**Legal Proceedings**

From time to time and in the normal course of business, PDXA and or its parent, PDX Global, 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 PDXA's or PDX's business or the development of the PDX Network because of defense and settlement costs, diversion of resources and other factors.

**Complaints for Patent Infringement**

From time to time, the Company could potentially be the target of patent infringement suits, typically brought by so-called non-practicing entities (as known as patent trolls). Although these suits must be taken seriously, and PDXA / PDX Global will defend themselves vigorously in suits alleging patent infringement, suits involving non-practicing entities often involve non-material monetary settlements

## TERMS OF THE PURCHASE AND THE SUBSCRIPTION AGREEMENTS

*The summary below describes the principal terms of the SUBSCRIPTION AGREEMENTs and the rights to purchase Token Units 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 SUBSCRIPTION AGREEMENT, available from the Company. The summary below is qualified in its entirety by reference to the actual text of the form of SUBSCRIPTION AGREEMENT.*

**Company:** PDX Advisors LLC

**Securities:** 1,500,000 Rights to purchase in the future certain units of PDX Coin (the “Coin” or “PDX Coin”) pursuant to a Simple Agreement for Future Tokens (each a “SUBSCRIPTION AGREEMENT” and together the “SUBSCRIPTION AGREEMENTs”) issued to investors (each, an “Investor”). Each Investor: (a) if in the United States, or a U.S. Person (as defined in Regulation S under U.S. Securities Act of 1933, as amended (the “Securities Act”)), must be an accredited investor, as defined in Regulation D under the Securities Act or (b) if in Canada, such Investor must be an accredited investor as defined under applicable Canadian securities laws, or (c) if outside of the United States, must be a non-U.S. Person who is not purchasing for the account or benefit of a U.S. Person as defined under Regulation S of the Securities Act.

**Minimum Subscription:** The minimum *first-time* subscription amount, unless otherwise waived, is for PDX Coin Tokens and attaching one-for-one free options at a price, in US\$ or US\$ exchange-rate equivalents as defined herein of the prevailing market price per coin, and in absolute dollars US\$25,000, and in multiples of US\$5,000 thereafter.

**Form of Payment for SUBSCRIPTION AGREEMENT:** United States dollars, English Pounds Sterling, Euros, Yen, or Yuan, in addition to Bitcoin, Ether, or Litecoin shall be valued in U.S. dollars at an exchange ratio equivalent to the volume-weighted average hourly price of Bitcoin, Ether, Litecoin, or Ripple across exchanges in the one hour preceding the entry into this SUBSCRIPTION AGREEMENT; *provided, however*, that in the event that such exchanges experience technical issues in such period that affect the accuracy of the volume-weighted average price, the Company will use its reasonable best efforts to determine the volume-weighted average price of Bitcoin, Ether, Litecoin, or Ripple for such period.

**Use of Proceeds:** A significant portion of the proceeds of the Offering will be used by the Company to achieve the Minimum Viable Product and subsequently to buildout a decentralized storage network, powered by a blockchain and the PDX protocol coin. A portion of the proceeds of this Offering may also be allocated towards the pre-public offering working capital needs of PDX Energy, Inc.

**Termination:** The SUBSCRIPTION AGREEMENT shall terminate upon the earlier of (i) the Network Launch; (ii) July 1, 2024, if the Network Launch has not occurred by such date, provided that, the Company shall have the right to extend by sixty (60) days, in its sole discretion, or (iii) the payment or setting aside of payment of amounts due to the Investor upon a Dissolution Event, which shall include (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, 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 SUBSCRIPTION AGREEMENT, 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.

**Unit:** The term "Unit" as referenced herein means one PDX Coin token and one option to purchase an additional PDX Coin token at the same price at any time in the future until one hundred and eighty days after the commencement of open-market trading of PDX Coin tokens on one or more approved cryptocurrency exchanges, or one hundred and eighty days after purchase in the event that the PDX Coin tokens are already listed and trading on a cryptocurrency exchange at the time of purchase of the Units.

## **RISK FACTORS:**

*An investment in the PDX Coin Placement through the Series 4 SUBSCRIPTION AGREEMENT involves a high degree of risk. You should consider carefully the risks described below, together with all of the other information contained in this Document and the SUBSCRIPTION AGREEMENT, 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 SUBSCRIPTION AGREEMENT**

***PDX may not successfully develop, market and launch the Minimum Viable Product and Investors may not receive Tokens.***

The PDX Platform has now been developed by the Company but will require significant ongoing capital funding, expertise of the Company's management, time and effort in order to develop and successfully launch the full PDX Platform. The Company may have to make changes to the specifications of the PDX Platform or Tokens for any number of legitimate reasons or the Company may be unable to develop the PDX Platform in a way that realizes those specifications or any form of a functioning Platform. It is possible that the PDX Platform may not ever be released or that the Platform Launch will not occur. The PDX Platform, 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 PDX Platform and subsequently to develop and maintain the PDX Platform, it is still possible that the PDX Platform will experience malfunctions or otherwise fail to be adequately developed or maintained, which may negatively impact the PDX Platform and Tokens.

The Company will use part of the proceeds of this Offering to make significant investments to develop and launch a viable PDX Platform and subsequently to build a fulsome Platform upon which users can realize utility and value. The Company may not have or may not be able to obtain the technical skills and expertise needed to successfully develop the PDX Platform and progress it to a successful Platform 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 PDX Coin and the PDX Platform. If the Company is not successful in its efforts to demonstrate to users the utility and value of the PDX Platform, there may not be sufficient demand for the Tokens for the Company to proceed with the Platform Launch. As a result, or if the Platform Launch does not occur, Investors may lose all of their investment. ***"Platform Launch"*** means the release of software that allows buyers and sellers to exchange storage, using the technologies and market incentives described above in *Company Overview*.

***Investments of this nature involve a high degree of risk. Investments in token presales including this offering may involve an even higher degree of risk.***

Financial and operating risks confronting startups are significant: PDX is not immune to these. The startup market in which PDX 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.

***PDX 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 Minimum Viable Product or the Tokens' utility, 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 SUBSCRIPTION AGREEMENTs may not be transferred.***

The terms of the SUBSCRIPTION AGREEMENT prohibit transfer of the SUBSCRIPTION AGREEMENT. As a result, Investors will be required to hold their SUBSCRIPTION AGREEMENT until the earlier of an exchange listing of PDX Coin and the delivery of all of the Tokens, or the termination of the SUBSCRIPTION AGREEMENT pursuant to the provisions set forth therein. Consequently, Investors must be prepared to bear the risk of an investment in the SUBSCRIPTION AGREEMENT until the termination of the SUBSCRIPTION AGREEMENT pursuant to the terms set forth therein.

***The tax treatment of the SUBSCRIPTION AGREEMENT, 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 SUBSCRIPTION AGREEMENT and the Tokens is uncertain, and each Investor must seek its own tax advice in connection with an investment in the SUBSCRIPTION AGREEMENT. An investment pursuant to the SUBSCRIPTION AGREEMENT 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 SUBSCRIPTION AGREEMENT and the purchase rights contained therein.

**Risks associated with the Tokens and the PDX Platform**

***The PDX Platform may not be widely adopted and may have limited users.***

It is possible that the PDX Platform 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 PDX Platform) more generally or distributed applications to be used on the PDX Platform. Such a lack of use or interest could negatively impact the development of the PDX Platform and therefore the potential utility of Tokens.

***Alternative Platforms may be established that compete with or are more widely used than the PDX Platform.***

It is possible that alternative Platforms could be established that utilize the same or similar open source code and protocol underlying the PDX Platform and attempt to facilitate services that are materially

similar to the PDX Platform's services. The PDX Platform may compete with these alternative Platforms, which could negatively impact the PDX Platform and the Tokens.

***The PDX Platform 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 PDX Platform's security is compromised or if the PDX Platform is subjected to attacks that frustrate or thwart our users' ability to access the PDX Platform, their Tokens or the PDX Platform products and services, users may cut back on or stop using the PDX Platform altogether, which could seriously curtail the utilization of the Tokens and cause a decline in the market price of the Tokens.***

#### **Risks related to blockchain technologies and digital assets**

***The regulatory regime governing the blockchain technologies, cryptocurrencies, Tokens and coin offerings such as PDX Platform and the Tokens is uncertain, and new regulations or policies may materially adversely affect the development of the PDX Platform and the utility of the Tokens.***

Regulation of Tokens (including PDX) and coin 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 PDX Platform and the adoption and utility of the Tokens. Failure by the Company or certain users of the PDX Platform 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 Platforms 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 Platform or asset, the PDX Platform and the Tokens may be materially and adversely affected.



Blockchain Platforms 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 PDX Platform. 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 PDX Platform 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 PDX Foundation, 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 PDX Coin May Constitute the Issuance of a “Security” Under U.S. Federal Securities Laws***

The Company expects its PDX Coin to act as a medium of exchange that contains intrinsic value due to its association with certain petroleum assets. Due to the nature of PDX Coin, we do not think it should be considered a “security” as that term is defined in the Act.

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>

After reviewing the Report, we believe that PDX Coin is substantially different from DAO Tokens, and should not be considered a “security” under U.S. federal securities laws. Nevertheless, as noted by the Commission, the issuance of Tokens represents a new paradigm and the application of the federal securities laws to this new paradigm is very fact specific. If the PDX Coin were deemed to be a security under U.S. federal securities laws then, prior to the issuance of PDX Coin pursuant to the SUBSCRIPTION AGREEMENT, we may be required to register to such issuance under the Securities Act. The registration of PDX under the Securities Act would result in significant delay in the issuance of PDX Coin and would require us to incur substantial additional expense.

***There may be occasions when certain individuals involved in the development and launch of the PDX Platform may encounter potential conflicts of interest in connection with the Platform Launch, such that said party may avoid a loss, or even realize a gain, when other Investors in the Presale or in PDX Coin are suffering losses.***

There may be occasions when certain individuals involved in the development and launch of the PDX Platform or PDX Coin may encounter potential conflicts of interest in connection with this Offering and

the Platform Launch, such that said party may avoid a loss, or even realize a gain, when other Investors in the are suffering losses. Investors in SUBSCRIPTION AGREEMENTs may also have conflicting investment, tax, and other interests with respect to SUBSCRIPTION AGREEMENT investments, which may arise from the terms of the SUBSCRIPTION AGREEMENT, the PDX code, the PDX Platform, the timing of the Platform Launch or other coin pre-sales, or other factors. Decisions made by the key employees of PDX 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 PDX, PDX Coin, or the PDX Platform, 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 PDX 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 PDX Platform.

***PDX Coin has limited history.***

PDX Coin is a newly formed coin and has limited history. Each SUBSCRIPTION AGREEMENT should be evaluated on the basis that PDX or any third party's assessment of the prospects of the PDX Platform may not prove accurate, and that PDX Coin will not achieve its investment objective. Past performance of PDX Coin, or any similar coin or SUBSCRIPTION AGREEMENT, is not predictive of future results.

***If the PDX Platform 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 PDX Platform'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 PDX Platform.

***The further development and acceptance of blockchain Platforms, including the PDX Platform, 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 Platforms and blockchain assets would have an adverse material effect on the successful development and adoption of the PDX Platform and the Tokens.***

The growth of the blockchain industry in general, as well as the blockchain Platforms with which the PDX Platform 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 Platforms, 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 Platforms or similar systems;
- The maintenance and development of the open-source software protocol of the Bitcoin Platforms;

- 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 Platforms;
- 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 Platforms and blockchain assets may deter or delay the acceptance and adoption of the PDX Platform and the Tokens.

***The prices of blockchain assets are extremely volatile. Fluctuations in the price of digital assets could materially and adversely affect our business, and the Tokens may also be subject to significant price volatility.***

The prices of blockchain assets such as Bitcoin have historically been subject to dramatic fluctuations and are highly volatile, and the market price of the Tokens may also be highly volatile. Several factors may influence the market price of the Tokens, including, but not limited to:

- Global blockchain asset supply;
- Global blockchain asset demand, which can be influenced by the growth of retail merchants' and commercial businesses' acceptance of blockchain assets like cryptocurrencies 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;
- Investors' expectations with respect to the rate of inflation;
- Changes in the software, software requirements or hardware requirements underlying the PDX Platform;
- Changes in the rights, obligations, incentives, or rewards for the various participants in the PDX Platform;
- Interest rates;
- Currency exchange rates, including the rates at which digital assets may be exchanged for fiat currencies;
- Fiat currency withdrawal and deposit policies of blockchain asset exchanges on which the Tokens may be traded and liquidity on such exchanges;
- Interruptions in service from or failures of major blockchain asset exchanges on which the Tokens may be traded;
- Investment and trading activities of large investors, including private and registered funds, that may directly or indirectly invest in the PDX Platform or Tokens or other blockchain assets;

- Monetary policies of governments, trade restrictions, currency devaluations and revaluations;
- Regulatory measures, if any, that affect the use of blockchain assets such as the Tokens;
- The maintenance and development of the open-source software protocol of the PDX Platform;
- Global or regional political, economic or financial events and situations; or
- Expectations among PDX Platform or other blockchain assets participants that the value of the Tokens or other blockchain assets will soon change.

A decrease in the price of a single blockchain assets may cause volatility in the entire blockchain asset industry and may affect other blockchain assets including the Tokens. For example, a security breach that affects investor or user confidence in Bitcoin may affect the industry as a whole and may also cause the price of the Tokens and other blockchain assets to fluctuate.

## **USE OF PROCEEDS**

PDX expects that a substantial majority of all of the proceeds of the Offering will be used by the Company to originate and subsequently to progress the development of the PDX Beam; PDX Network, and the PDX Ecosystem, and the marketing and other pre-Public Offering expenses of the PDX Coin launch including but not limited to general corporate overhead expenses, hiring expenses, marketing expenses, and research and development expenses.

As currently configured, one hundred percent (100%) of the net proceeds after selling expenses, of funds raised in this Series 5 Token sale, as promulgated herein, are allocated to the startup and operational expenses of PDX, including but not limited to Blockchain development and salaries, corporate and legal structure, legal fees, banking licenses, technology license fees to third parties, marketing and public relations, set up of audit and compliance services and procedures, and fees to exchanges, in addition to certain working capital and other funding needs of affiliated PDX Energy, Inc.

Further, and depending upon investor demand, the Issuer reserves the right to sell up to an additional 500,000 Tokens in this offering at the same or higher pricing. The proceeds of any such additional coin sales, after selling expenses, would be allocated equally or substantially equally between the oil and gas business, and PDX, for additional marketing, technical, and developmental expenditures.

## 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 SUBSCRIPTION AGREEMENT offered hereby because: (i) an investment in the SUBSCRIPTION AGREEMENTs involves a number of significant risks (See "Risk Factors"); and (ii) no market for the SUBSCRIPTION AGREEMENTs 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 SUBSCRIPTION AGREEMENT for your own account and not for the account of others and not with a view to resell or distribute such securities.

**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 individuals 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 Placement Agent 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 and the Placement Agent should you become aware of any change in the information set forth in any of these representations. You are advised that, by law, the Placement Agent 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 Placement Agent may also be required to report such action and to disclose such investor’s identity to the OFAC;
- (ii) (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 figure<sup>1</sup>, or any immediate family member or<sup>2</sup> close associate<sup>4</sup> of a senior foreign political figure, as such terms are defined in the footnotes below; and
  - (iii) (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 and the Placement Agent 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.

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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.

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.



## **How to Subscribe**

To invest in the Offering, Investors will need to review certain materials concerning this offering, including but not limited to this PPM and the attendant Subscription Agreement. Evidence of accreditation status pursuant to Section 506(d) of the Securities Act standards is required to invest. This can be satisfied by submitting evidence proving asset worth, **or** providing the contact information for their lawyer or CPA to attest on the investor's behalf. Additionally, investors will need to provide investment entity information such as address and social security number or tax ID number to pass applicable KYC (Know Your Customer) and AML (Anti Money Laundering) checks.

Once accreditation and KYC/AML steps are complete, Investors confirm their investment, and make payment to finalize the transaction.

### ***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 45106) (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 45106; 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 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 SUBSCRIPTION AGREEMENTs 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

Set forth below is a discussion, in summary form, of certain United States federal income tax consequences relating to an investment through the SUBSCRIPTION AGREEMENT and the acquisition, ownership and disposition of Tokens issued pursuant to a SUBSCRIPTION AGREEMENT. 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 through the SUBSCRIPTION AGREEMENT or in Tokens. In particular, foreign investors, financial institutions, insurance companies, tax-exempt entities, investors subject to the alternative minimum tax and other investors of special status must consult with their own professional tax advisors regarding a prospective investment in the Fund. This summary is by nature general in nature and should not be construed as tax advice to any prospective investor. No ruling has been or will be requested from the Internal Revenue Service (the “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 Investor will acquire 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 investors who are “United States Persons” within the meaning of the Code.

**Each prospective Investor 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 through the SUBSCRIPTION AGREEMENT in the Tokens. No formal or legal tax advice is hereby given to any prospective Investor.**

**Transactions involving a SUBSCRIPTION AGREEMENT and similar instruments, as well as Coin transactions, are relatively new and it is more than likely that the IRS will issue guidance, possibly with retroactive effect, impacting the taxation of investors in a SUBSCRIPTION AGREEMENT, participants in a public sale, and holders of Tokens. Future tax guidance from the IRS (or guidance resulting from future judicial decisions) could negatively impact investors in the SUBSCRIPTION AGREEMENT and holders of Tokens.**

- *Tax Treatment of SUBSCRIPTION AGREEMENT*

The Company intends to treat the execution of the SUBSCRIPTION AGREEMENT as the execution of a contract for the purchase of Tokens, to be delivered to an Investor upon Network Launch, as more fully described in the SUBSCRIPTION AGREEMENT. The SUBSCRIPTION AGREEMENT will not constitute either an equity or debt interest in the Company.

- *Treatment of Coin Sale*

The Company shall issue Tokens to each holder of a SUBSCRIPTION AGREEMENT pursuant to the terms of the applicable SUBSCRIPTION AGREEMENT. The issuance of Tokens to an investor under a SUBSCRIPTION AGREEMENT will be treated as a taxable sale of property by the Company to the investor.

An investor should not be taxed upon the acquisition of Tokens pursuant to the SUBSCRIPTION AGREEMENT. An investor should generally have a tax basis for U.S. federal income tax purposes in the Tokens it acquires from the Company equal to the amount of money such investor advanced under the SUBSCRIPTION AGREEMENT. The investor's holding period in the Tokens should begin on the day the Tokens are issued to the investor.

- *Disposition of Tokens*

An investor 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 investor has held its Tokens for more than one year prior to disposition.

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 SUBSCRIPTION AGREEMENT, THE PURCHASE RIGHTS CONTAINED THEREIN AND THE COIN DISTRIBUTION IS UNCERTAIN AND THERE MAY BE ADVERSE TAX CONSEQUENCES FOR INVESTORS UPON CERTAIN FUTURE EVENTS. AN INVESTMENT PURSUANT TO THE SUBSCRIPTION AGREEMENT 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 SUBSCRIPTION AGREEMENT AND THE RIGHTS CONTAINED THEREIN.