

YOUNOW, INC.**Confidential Private Placement Offering Memorandum*****Purchase Rights for Tokens pursuant to
Simple Agreement for Future Tokens***

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) DECEMBER 18, 2017, UNLESS EXTENDED BY UP TO 30 DAYS IN THE DISCRETION OF THE COMPANY.

This Confidential Private Placement Offering Memorandum (this “*Memorandum*”) has been prepared by YouNow, Inc. for use by accredited investors to whom YouNow, Inc. 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 PROPS tokens to be developed, produced and offered by YouNow (“*PROPS*”, the “*Token*” or the “*Tokens*”). For purposes of this Memorandum, the “*Maximum Placement Amount*” means the maximum amount that may be sold pursuant to this Offering, as determined by the Company in its sole discretion, which in no event shall exceed \$25,000,000.00 in the aggregate. Unless the context requires otherwise, in this Memorandum the terms “*YouNow*,” “*the Company*,” “*we*,” “*us*” and “*our*” refer to YouNow, Inc. 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 PROPS tokens pursuant to a Simple Agreement for Future Tokens (“*SAFT*”) to be issued by YouNow, Inc. (the “*Company*”) with respect to certain units of PROPS of 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) YouNow 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 Regulation D promulgated of 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 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 USD, or ETH or BTC 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 PROPS 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.

YOUNOW, INC.
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

Overview of YouNow, Inc.

YouNow Inc., a Delaware Corporation, with headquarters in New York City, is a company specializing in mobile live streaming, developing and operating consumer facing mass market participatory video experiences, apps, and economies.

YouNow is a popular live mobile video platform in the U.S., and created a microtransaction-driven, two-sided economy within the context of video entertainment. In YouNow’s business model, users exchange fiat currency for digital assets in order to boost content, engage in virtual gifting, access unique features, gain status and reward other users. Qualifying YouNow creators, in turn, receive fiat payments for their work in engaging and retaining users.

With this two-sided economy, YouNow has generated over \$50 million in virtual goods sales and has shared the majority of its earnings with many of its content contributors. In launching the PROPS Ecosystem, the YouNow team continues to pioneer video networks via an open video platform and an ecosystem with a decentralized economy.

Summary of PROPS

PROPS is a cryptocurrency that facilitates more equitable and transparent social participation in digital media. Contributors to the PROPS Ecosystem are rewarded with PROPS Tokens that unlock functionality, value and status within the community. As a decentralized and transferable ERC-20 token with fixed supply, the PROPS Token, and PROPS Ecosystem are set to grow in proportion to PROPS’ utilization by users.

Why PROPS?

Mainstream digital media users utilize apps that are free, fast, available on their smartphones and have easy access to in-app purchases. Today, this requires a certain degree of central coordination. We believe that the next crop of successful digital networks is likely to come from networks enabled through decentralized, economically progressive and open source methods. Our motivation is to create a more balanced and equitable digital media ecosystem that is not controlled by a few key actors.

We believe that we can achieve this through tokenization and decentralization of the digital media economy while exploiting the distribution efficiencies of tightly managed mobile apps that enable participation by mainstream users. We anticipate that PROPS will enable us to do this.

The PROPS Ecosystem

PROPS will power a decentralized ecosystem for video applications. Launching in tandem with PROPS, and seeded with YouNow's community of users, we believe that our mobile app, Rize, will popularize the PROPS cryptocurrency. Rize will serve as the initial member of the PROPS Ecosystem, which will be a group of applications and platforms powered by PROPS that fairly and transparently reward participants in proportion to their contributions to the network.

We plan to have half of the PROPS supply governed by a non-profit foundation that will distribute them across the ecosystem, which will ideally incentivize third-party application developers, content contributors and users to join the PROPS Ecosystem in order to build a user-focused alternative for today's highly centralized digital media landscape, while continuing to enjoy the advantages of prevailing mass market mobile distribution channels.

Initial Launch of PROPS and the Network

At the time of the public token distribution, YouNow's goal is for the PROPS Ecosystem to have the following functionality (the "***Minimum Viable Product***"):

- PROPS ERC-20 Token deployed to Ethereum Main Net;
- Rize app available to all token distribution participants;
- Ability to use PROPS within Rize, to show status and influence who is trending;
- Rize Daily Rewards system in operation, which distributes PROPS to users who create interesting content and drive activity;
- Ability to send PROPS earned in Rize to an external wallet;
- Ability to prove ownership of externally held PROPS, in order unlock benefits or status on Rize.

PROPS will be issued by either YouNow directly or an affiliated entity. As used in this memorandum, the term "***Network***" shall refer to the PROPS cryptocurrency blockchain upon which the PROPS Ecosystem and Minimum Viable Product are built, and the term "***Network Launch***" shall refer to the public launch of the Minimum Viable Product.

The YouNow Team

The YouNow team consists of 36 full-time employees, the vast majority of which are working out of the company's headquarters in New York, New York.

For over six years, YouNow's team of experienced media professionals, engineers, virtual economy and social gaming experts has been popularizing the live streaming business in the United States, designing real-time video experiences built on a sustainable model of content creator revenue sharing. Today, YouNow's social video application boasts over 40 million registered users.

We believe that the YouNow team is strongly positioned to continue its mission of delivering mass market social video experiences and empowering participatory media activities. By building PROPS and Rize, we believe that YouNow's team is further innovating and pioneering a next-generation extensible platform that leverages the combined power of cryptoeconomics and real-time participation.

DIRECTORS AND MANAGEMENT

Oren Zeev, Chairman

Oren Zeev is a Founding Partner of Orens Capital and is focused on the internet and mobile internet spaces. Oren currently serves on the boards of Chegg, Infolinks (Chairman), Duda Mobile (Chairman), Houzz, Crossrider, Tipalti, YouNow and until recently Wibiya (acquired by Conduit). Oren is also a significant investor in Celltick and GT Nexus, and an early investor in Gogobot, Capriza, Spreecast and Bonobos. He was the lead investor in Audible (Nasdaq:ADBL, acquired by AMZN) and a significant investor in Cramster (acquired by Chegg). Oren holds an MBA with Distinction from INSEAD and a BSc in Electrical Engineering from the Technion.

Andy Weissman, Board Member

Andy Weissman is a partner at Union Square Ventures. Andy began his career in the Internet in the mid-90s. Prior to joining USV, in 2007 he co-founded betaworks, which both created and invested in social, real-time applications and services. Andy was born in New York City and has a BA from Wesleyan University and a JD from Georgetown.

Shaival Shah, Board Member

Shaival Shah has 18 years of operating, VC/PE investing and deal experience across early to growth-stage technology startups, with a particular expertise in developing and commercializing online products, business & product strategy, monetization, corporate development, business development and growth. Shaival particularly focuses on utilizing technology, product design and native business models to disrupt existing, incumbent industries by understanding industry structures, money flow and product inefficiencies/gaps. Shaival has served these roles at start-ups and growth-stage companies where he's built & managed teams of various sizes.

David Pakman, Board Member

David Pakman has been a Partner at Venrock since 2008 and focuses on early stage consumer and enterprise internet companies. Before Venrock, he spent 12 years as an internet entrepreneur. David was the CEO of eMusic, the world's leading digital retailer of independent music, second only to iTunes in number of downloads sold. Prior to joining eMusic, David co-founded Myplay in 1999 in Redwood City, CA, which introduced the "digital music locker" and pioneered the locker category. In 2001, Myplay was sold to Bertelsmann's ecommerce Group. Before Myplay, he was Vice President at N2K Entertainment, which created the first digital music download service. He also was the co-creator of Apple's Music Group and worked at Apple for five years.

Adi Sideman, Board Member, Founder and CEO

Adi Sideman is the Founder and CEO of YouNow, and is an entrepreneur in participatory media, with more than 20 years of experience creating apps and companies in the user-generated video space. Prior to YouNow, Adi produced the first-ever animated ads on AOL and created more than 30 online games for major-studio franchises. In 1999, he founded the interactive media technology firm Oddcast, which continues to develop interactive media apps such as "Elf Yourself". In 2005 Adi co-founded KSolo, the first online karaoke service (acquired by Fox Interactive/MySpace) and, in 2006, Adi co-founded audio ad network TargetSpot, a joint venture with CBS (acquired by Radionomy). He holds an MPS degree from the Interactive Telecommunications Program at NYU's Tisch School of the Arts and an undergraduate degree from NYU Film School.

Yonatan Sela, SVP of Business Development & Product Strategy

Yonatan Sela is the SVP of Business Development & Product Strategy at YouNow. Yonatan is an

entrepreneur & digital media executive, and was a founding team member of the video platform Tvinci (acquired in 2014), where he spent 5 years as VP Marketing and Product Strategy. Prior to YouNow, he was a VC at Venrock where he focused on the digital media and blockchain verticals. Yonatan is an Air Force Captain and holds an MBA from The Wharton School.

Eran Kalmanson, CTO

Eran Kalmanson is the CTO at YouNow. Eran was founding employee at SundaySky, an industry leader in the mass generation of dynamic video, where he was a release manager and an audio and video engineer. Eran also served 6 years in the Israeli intelligence corps' elite technological unit, where he was a software development team lead. Eran also holds a BA in Computer Science from The Open University and a BA in Gastronomic Science from l'università di Scienze Gastronomiche.

Ben Perper, Director of Product and Business Intelligence

As the Director of Product and Business Intelligence at YouNow, Ben Perper drives the company's product ideation, roadmap execution and business analysis. Before YouNow, Ben was a Senior PM at Zynga, launching new titles, and running game operations reaching hundreds of millions of users. On Zynga Poker, Ben focused on growth and retention initiatives. Ben then served as Product Lead for Looney Tunes Dash! which was selected as Editor's Choice and reached #1 App Store ranking in 67 countries. Ben holds an MBA from NYU Stern and an undergraduate degree from University of Virginia.

Peter Watts, Platform Lead

Peter Watts is the Platform Lead at YouNow, running all blockchain integrations and how they relate to the platform's ecosystem. Since joining in 2014 Peter has led many platform initiatives, such as the development of YouNow's web app and spearheading YouNow's growth team. Peter is a self-taught software engineer who previously built apps for bands and music venues. In 2011, he co-founded Swarm.fm, a music discovery company and early partner on the Spotify App Platform.

Candice Reeves, VP of Community Operations

Candice is the VP of Community Operations at YouNow. At YouNow, Candice has developed the trust & Safety team, building a safe and welcoming community for the platform's 40 million users. Candice also currently oversees fraud prevention, customer service, and general operations. She holds a BA in English Literature and Environmental Studies from the State University of New York at Geneseo.

Jake Branzburg, Head of Marketing

Jake Branzburg is the Head of Marketing at YouNow. Prior to YouNow, Jake spent years managing teams at Uber Technologies, where he set marketing strategy and led execution for everything from grassroots political efforts to major business development opportunities. Previously, Jake spent multi-year stints in finance at Goldman Sachs and youth development at Summer Search, where he managed the non-profit's national growth strategy. Jake holds a BA from Yale University and an MBA from The Wharton School.

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.

<i>Company:</i>	YouNow, Inc.
<i>Securities:</i>	Right to purchase in the future certain units of PROPS of the Company (the “ Token ” or “ PROPS ”) pursuant to a Simple Agreement for Future Tokens (each a “ SAFT ” and together the “ SAFTs ”) issued to investors (each, an “ Investor ”). Each Investor, 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.
<i>Form of Payment for SAFT:</i>	USD , ETH, or BTC. The SAFTs shall be deemed in U.S. dollars, and payments in ETH or BTC shall be valued in U.S. dollars at an exchange ratio equivalent to the volume-weighted average hourly price of ETH or BTC across exchanges in the one hour period preceding the entry into the SAFT.
<i>Use of Proceeds:</i>	A significant portion of the proceeds of the Offering will be used by the Company to build-out the PROPS Ecosystem, powered by a blockchain and the PROPS protocol token and deliver a Minimum Viable Product.
<i>Automatic Conversion:</i>	The bona fide transaction or series of transactions, pursuant to which the Company, either directly or through an affiliated entity, releases Tokens to the general public in a publicized product launch.
<i>Conversion Price:</i>	The Conversion Price will be set immediately prior to the Network Launch and will vary depending on the demand for the PROPs Tokens, with the expectation that YouNow will not raise more than \$25,000,000 in the aggregate pursuant to the sale of SAFTs and PROPS Token distribution.
<i>Vesting and Discount:</i>	In the event an investor chooses a vesting and discount option: 20% of the Tokens acquired

pursuant to the SAFT shall be issued by either the Company or an affiliated entity on or about the Network Launch (and in any event within 30 days of the Network Launch). The remaining 80% of the Tokens will vest (i.e., be distributed) linearly, by block, until all of the Tokens are distributed on the last day of the 12th month from the date of the Network Launch.

The 20% discount will be applied to the Conversion Price at the Network Launch in connection with the conversion of the SAFT into the PROPS Tokens.

Termination:

The SAFT shall terminate upon the earlier of (i) the Network Launch; (ii) ninety (90) days from the issuance of the SAFT, provided that, the Company shall have the right to extend by thirty (30) 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 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.

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

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

The Minimum Viable Product has not yet been completed 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 Network. Although the Company intends for the Minimum Viable Product, Tokens and PROPS Ecosystem to follow the specifications described in this Memorandum, and intends to take commercially reasonable steps toward those ends, the Company may have to make changes to the specifications of the Minimum Viable Product, Tokens or PROPS Ecosystem for any number of legitimate reasons or the Company may be unable to develop the Minimum Viable Product and progress the development of the PROPS Ecosystem in a way that realizes those specifications or any form of a functioning network. It is possible that the Tokens and the Minimum Viable Product may not ever be released and there may never be an operational Token, Minimum Viable Product or that the Network Launch will not occur. The Minimum Viable Product, Network, Tokens and overall PROPS Ecosystem, 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 Minimum Viable Product and subsequently to develop and maintain the Network and PROPS Ecosystem, it is still possible that the Network will experience malfunctions or otherwise fail to be adequately developed or maintained, which may negatively impact the Network, the PROPS Ecosystem and Tokens.

The Company will use the proceeds of this Offering to make significant investments to develop and launch a viable Network and subsequently to build a fulsome PROPS Ecosystem 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 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 the PROPS Ecosystem, the Tokens and the Network. If the Company is not successful in its efforts to demonstrate to users the utility and value of the PROPS Ecosystem and 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. "**Network Launch**" means the launch of the functional Network, using the technologies and market incentives described above in *Company Overview*.

Investments in startups including YouNow involve a high degree of risk. Investments in token pre-sales including the Offering may involve an even higher degree of risk.

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

YouNow 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.

If there is not a Network Launch or if there is a Dissolution Event, Investors will only be entitled to receive the Purchase Amount, and may lose all of their investment.

If the Network Launch does not occur or if there is a Dissolution Event, Investors will only be repaid the Purchase Amount under the SAFTs. In addition, 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 payment to the Investors of their respective Purchase Amounts, Investors may lose all of their investment.

The SAFTs and Tokens 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 later of the ending of the vesting period Network Launch and the delivery of all of the Tokens, or the termination of the SAFT pursuant to the provisions set forth therein. Furthermore, once the Investors acquire the Tokens pursuant to the SAFTs, the Tokens will continue to be subject to a prohibition on transfers for the time period specified in the SAFTs. Consequently, Investors must be prepared to bear the risk of an investment in the SAFT and Tokens until the termination of the SAFT pursuant to the terms set forth therein or until the termination of the transfer restriction, in the case of the Tokens acquired pursuant to the SAFT.

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, the PROPS Ecosystem and the Network

The PROPS Ecosystem may not be widely adopted and may have limited users.

It is possible that the PROPS Ecosystem 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 PROPS Ecosystem) more generally or distributed applications to be used on the PROPS Ecosystem. If the Company is not successful in its efforts to demonstrate to content providers and potential users the utility and value of the PROPS Ecosystem, there may not be sufficient demand for

the Tokens. Such a lack of use or interest could negatively impact the development of the PROPS Ecosystem and therefore the potential utility and value of Tokens.

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

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

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

The Network may operate based on an open-source protocol maintained by YouNow and other contributors. As an open source project, the Network may not be represented, maintained or monitored by an official organization or authority. The open-source nature of the Network protocol means that it may be difficult for the Company or contributors maintain or develop the PROPS Network and the Company may not have adequate resources to address emerging issues or malicious programs that develop within the 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 PROPS Network and open-source code which may negatively impact the Network. Such events may result in a loss of trust in the security and operation of the Network and a decline in user activity and could negatively impact the market price of the Tokens. Further, the Ethereum network also operates based on an open-source protocol and may also be susceptible to developments by users or contributors that could damage the Ethereum network, which could also adversely affect the operation of the Network.

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

The Network structural foundation, the open-source protocol, the software application and other interfaces or applications built upon the Network are still in an early development stage and are unproven, and there can be no assurances that the 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 Network. Further, the Network may also be the target of malicious attacks seeking to identify and exploit weaknesses in the software or the Network which may result in the loss or theft of Tokens. For example, if PROPS and the 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 Network. In any such event, if the Network Launch does not occur or if the Network is not widely adopted, Investors may lose all of their investment.

The Ethereum blockchain network on which YouNow operates utilizes code that is subject to change at any time. These changes may have unintended consequences for the PROPS Ecosystem, the Network and the Tokens.

The Tokens are built as an ERC-20 token on top of the Ethereum blockchain. In addition to the aforementioned risks regarding development and acceptance of blockchain networks or the price of blockchain assets that may negatively affect the Ethereum network, other changes such as upgrades to Ethereum's blockchain, a hard fork in Ethereum, or a change in how transactions are confirmed on the Ethereum blockchain may have unintended, adverse effects on all blockchains utilizing using the ERC-20 standard, including the Network. These changes may occur at any time prior to the Network Launch and may cause delays in development or may completely foreclose the Company's ability to launch the Network.

The PROPS Ecosystem will rely on third-party platforms such as the Apple App Store and the Google Play Store to distribute the Rize app, or other applications through which users will access the PROPS Ecosystem. If the PROPS Ecosystem is unable to maintain a good relationship with such platform providers, if their terms and conditions or pricing change, if we violate or cannot comply with, or if a platform provider believes that we have violated, the terms and conditions of its platform, or if any of these platforms loses market share or falls out of favor or is unavailable for a prolonged period of time, access to and utilization of the PROPS Ecosystem and the Tokens will suffer.

A significant portion of YouNow's users access the YouNow chat application on the Apple App Store and the Google Play Store, and it is expected that this will also be the case for accessing the PROPS Ecosystem. The application through which users access the PROPS Ecosystem will be subject to the standard policies and terms of service of third party platforms, which govern the promotion, distribution and operation generally of applications on the platform. Each platform provider has broad discretion to change and interpret its terms of service and other policies with respect to the PROPS Ecosystem and other applications, and those changes may be unfavorable. A platform provider may also change its fee structure, add fees associated with access to and use of its platform, change how the personal information of its users is made available to application developers on the platform or restrict how users can share information with other users on its platform or across platforms.

Such changes may decrease the visibility or availability of the PROPS Ecosystem, limit distribution capabilities, prevent access to the PROPS Ecosystem, increase the costs to operate on these platforms or result in the exclusion or limitation of the PROPS Ecosystem application on such platforms which could negatively impact the PROPS Ecosystem and the Tokens.

If the PROPS Ecosystem application violates, or a platform provider believes it has violated its terms of service (or if there is any change or deterioration in YouNow's or the PROPS Ecosystem's relationship with these platform providers), that platform provider could limit or discontinue YouNow or the PROPS Ecosystem's access to the platform. Any limit of, or discontinuation to, PROPS or the PROPS Ecosystem's access to any platform could adversely affect access to and utilization of the PROPS Ecosystem and the Tokens.

Risks related to blockchain technologies and digital assets

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

Regulation of tokens (including PROPS) 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 Network and the adoption and utility of the Tokens. Failure by the Company, the PROPS Foundation or certain users of the 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 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 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 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 PROPS 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 PROPS May Constitute the Issuance of a “Security” Under U.S. Federal Securities Laws

PROPS is a utility token that has a specific consumptive use – i.e. to obtain, unlock functionality, and other value in the PROPS Ecosystem. Due to the nature of PROPS, 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 PROPS 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 PROPS were deemed to be a security under U.S. federal securities laws then, prior to the issuance of PROPS pursuant to the SAFT, we may be required to register to such issuance under the Securities Act. The registration of PROPS under the Securities Act would result in significant delay in the issuance of PROPS and would require us to incur substantial additional expense.

The Offering may be subject to registration under the Securities Exchange Act of 1934 if the Company has assets above \$10 million and more than 2,000 Investors participate in the Offering

Companies with total assets above \$10 million and more than 2,000 holders of record of its equity securities, or 500 holders of record of its equity securities who are not accredited investors, must register that class of equity securities with the SEC under the Exchange Act. With the capital raised from the Offering, YouNow may surpass \$10 million in assets as it builds out the Network. Furthermore, the SAFTs are likely considered securities under U.S. securities law and because there is the possibility that this Offering may surpass 2,000 Investors, YouNow may have more than 2,000 holders of record of its equity securities following the Offering. It is possible that the SAFT is not an equity security even if it is a security. If these two conditions are met then YouNow will have to register this Offering with the SEC, which will be a laborious and expensive process. If such registration takes place, much of the information regarding this Offering will be available to the public. YouNow would have the ability to avoid registration in such a scenario if the SAFTs convert into the Tokens prior to the last day of YouNow's fiscal year, but, due to the unpredictable nature of complex software development such as the Network, there is no guarantee that the Network will have launched by such a date.

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

PROPS 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 PROPS and the 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 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 PROPS are suffering losses.

There may be occasions when certain individuals involved in the development and launch of the Network

or PROPS 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 Token's code, the Network, the timing of the Network Launch or other token pre-sales, or other factors. Decisions made by the key employees of YouNow 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 YouNow, PROPS, or the 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 YouNow 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 Network.

PROPS has no history.

PROPS will be a newly formed token and has no operating history. Each SAFT should be evaluated on the basis that YouNow or any third party's assessment of the prospects of the Network may not prove accurate, and that YouNow will not achieve its investment objective. Past performance of YouNow, or any similar token or SAFT, is not predictive of future results.

If the 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 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 Network.

The further development and acceptance of blockchain networks, including the 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 Network and the Tokens.

The growth of the blockchain industry in general, as well as the blockchain networks with which the 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, Ether and other blockchain technologies;
- Government and quasi-government regulation of Bitcoin, Ether 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 or Ethereum 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, Ethereum 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 Network 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 and Ether 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 Network;
- Changes in the rights, obligations, incentives, or rewards for the various participants in the Network;
- 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 Network 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 Network and the Ethereum network;
- Global or regional political, economic or financial events and situations; or
- Expectations among Network 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 Ether or 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

YouNow expects that a substantial amount of all of the proceeds of the Offering will be used by the Company to originate and subsequently to progress the development of the PROPS Network and the PROPS Ecosystem.

The proceeds of the Offering will be initially used by the Company to launch the PROPS-powered mobile app, Rize, which is ideally expected to demonstrate key use cases for many-to-many video, and establish an economy and community of PROPS users and adopters.

As a first step, the proceeds will be used in the development, launch, and management of the Minimum Viable Product, which will include:

- PROPS ERC-20 Token deployed to Ethereum Main Net;
- Rize app available to all token distribution participants;
- Ability to use PROPS within Rize, to show status and influence content surfacing;
- Rize Daily Rewards system in operation, which distributes PROPS to users who create interesting content and drive activity;
- Ability to send PROPS earned in Rize to an external wallet;
- Ability to prove ownership of externally held PROPS, in order unlock benefits on Rize.

The proceeds of the Offering are then expected to be used to facilitate additional use cases of the PROPS Token, to demonstrate the flexibility and usability of many-to-many video and PROPS in various contexts, and to expand upon the PROPS Ecosystem.

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 Placement Agent wants to provide you with some information about money laundering and the Placement Agent’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?	
<p>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.</p>	<p>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.</p>

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 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) 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 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 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

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.

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.

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 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.

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 SAFT.

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. 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.