

## TERMS OF TOKEN SALE

PLEASE READ THESE TERMS OF TOKEN SALE CAREFULLY. NOTE THAT SECTION 14 CONTAINS A BINDING ARBITRATION CLAUSE AND CLASS ACTION WAIVER, WHICH, IF APPLICABLE TO YOU, AFFECT YOUR LEGAL RIGHTS. IF YOU DO NOT AGREE TO THESE TERMS OF SALE, DO NOT PURCHASE TOKENS.

Your purchase of Sapien Tokens (“SPNs”) during the SPN Pre-Sale Period (“Pre-Sale Period”) or the first Sale Period (“Sale Phase #1”) from Sapien Network Ltd., a Cayman Island exempted Company (“Company,” “we,” or “us”) and a wholly owned subsidiary of Sapien Network, Inc., a Delaware corporation (“Parent”) is subject to these Terms of Sale (“Terms”). Each of you and Company is a “Party,” and together the “Parties.” The Pre-Sale Period and the Sale Phase #1 are sometimes referred to herein as a “Sale Period.”

By purchasing SPNs from us during the Pre-Sale Period or Sale Phase #1 and/or using SPNs in connection with the Sapien Platform (as defined below), you will be bound by these Terms and all terms incorporated herein by reference. If you have any questions regarding these Terms, please contact us at [team@sapien.network](mailto:team@sapien.network).

You and Company agree as follows:

### **1. Purpose and Use of SPNs in Connection with the Sapien Platform**

SPNs are intended to function as a means to reward users, purchase exclusive physical and virtual items, and purchase premium content on Sapien’s social networking platform (the “Sapien Platform”). Important additional details regarding the Sapien Platform are provided in [Exhibit A](#).

Ownership of SPNs carries no rights, express or implied, other than for use on the Sapien Platform. In particular, you understand and accept that SPNs do not represent or confer any ownership right or stake, share or security or equivalent rights, or any right to receive future revenue shares, intellectual property rights or any other form of participation in or relating to the Company or its corporate affiliates or the Company’s property, other than rights relating to participation on the Sapien Platform, subject to limitations and conditions in these Terms and applicable Sapien Terms and Policies (as defined below). SPNs are not intended to be a security, commodity or any other kind of financial instrument.

### **2. Scope of Terms**

Unless otherwise stated herein, these Terms govern only your purchase of SPNs from us during the Pre-Sale Period and Sale Phase #1.

The use of SPNs in connection with the Sapien Platform may be governed by other applicable terms and policies (collectively, the “Sapien Terms and Policies”). Any Sapien

Terms and Policies we promulgate will be available at <https://www.sapien.network/about/terms>. We may add terms or policies to the Sapien Terms and Policies in our sole discretion, and may update each of the Sapien Terms and Policies from time to time according to modification procedures set forth therein. To the extent of any conflict with these Terms, the Sapien Terms and Policies shall control with respect to any issues relating to the use of SPNs on the Sapien Platform.

### **3. Cancellation; Refusal of Purchase Requests**

Your purchase of SPNs from us during the Pre-Sale Period and Sale Phase #1 is final, and there are no refunds or cancellations, except (a) if the Activation Threshold is not reached, pursuant to applicable procedures set forth in Exhibit B or (b) as may be required by applicable law or regulation as determined by the Company in its sole discretion. We reserve the right to refuse or cancel SPN purchase requests at any time in our sole discretion.

### **4. SPN Sale Procedures and Specifications**

Important information about the procedures and material specifications of our SPN sale is provided in Exhibit B, including, but not limited to, details regarding the timing and pricing of the SPN sale, the amount of SPN we may sell, and our anticipated use of the SPN sale proceeds. By purchasing SPNs, you acknowledge that you understand and have no objection to these procedures and material specifications.

### **5. Acknowledgment and Assumption of Risks**

You acknowledge and agree that there are risks associated with purchasing SPNs, holding SPNs, and using SPNs on the Sapien Platform, as disclosed and explained in Exhibit C. Our business, financial condition, operating results and cash flows could be materially and adversely affected by any of these risks. If you have any questions regarding these risks, please contact us at [team@sapien.network](mailto:team@sapien.network). BY PURCHASING SPNs, YOU EXPRESSLY ACKNOWLEDGE AND ASSUME THESE RISKS.

### **6. Security**

You are responsible for implementing reasonable measures for securing the wallet, vault or other storage mechanism you use to receive and hold SPNs you purchase from us, including any requisite private key(s) or other credentials necessary to access such storage mechanism(s). If your private key(s) or other access credentials are lost or stolen, you may lose access to your SPNs. We are not responsible for any such losses.

### **7. Personal Information**

We may determine, in our sole discretion, that it is necessary to obtain certain information about you in order to comply with applicable laws or regulations in connection with selling SPNs to you. You agree to provide us such information promptly upon request, and you acknowledge that we may refuse to sell SPNs to you until you provide such requested information and we have determined that it is permissible to sell you SPNs under applicable laws or regulations.

## **8. Taxes**

The purchase price that you pay for SPNs is exclusive of all applicable taxes. You are responsible for determining what, if any, taxes apply to your purchase of SPNs, including, for example, sales, use, value added, and similar taxes. It is also your responsibility to withhold, collect, report and remit the correct taxes to the appropriate tax authorities. We are not responsible for withholding, collecting, reporting, or remitting any sales, use, value added, or similar tax arising from your purchase of SPNs.

## **9. Representations and Warranties**

By transferring Ether or any other cryptocurrencies to the Sapien wallets (“Sapien Wallets”, as explained in [Exhibit B](#)) to purchase SPNs from us, you represent and warrant that:

- You have read and understand these Terms (including all Exhibits);
- You have read and understood the Sapien White Paper;
- You have a sufficient understanding of the functionality, usage, storage, transmission mechanisms and other material characteristics of cryptographic tokens like Bitcoin and Ether, token storage mechanisms (such as token wallets), blockchain technology and blockchain-based software systems to understand these Terms and to appreciate the risks and implications of purchasing SPNs;
- You have carefully reviewed the code of the Sapien Wallets located on the Ethereum blockchain at the address set forth in [Exhibit B](#) and fully understand and accept the functions implemented therein;
- You have obtained sufficient information about SPNs to make an informed decision regarding purchasing SPNs;
- You understand the restrictions and risks associated with the creation of SPNs by the Sapien Wallets as set forth herein, and acknowledge and assume all such risks;

- You understand, acknowledge and assume the risks associated with the purchase, holding and use of SPNs in connection with the Sapien Platform, as explained and disclosed in Section 5 and Exhibit C;
- You understand that SPNs confer only the right to use such SPNs on the Sapien Platform, and confer no other rights of any form with respect to the Company or its corporate affiliates or property, including, but not limited to, any voting, distribution, redemption, liquidation, proprietary (including all forms of intellectual property), or other financial or legal rights;
- You are purchasing SPNs solely for the purpose of using such SPNs on the Sapien Platform and supporting the development, testing, deployment and operation of the Sapien Platform, being aware of the commercial risks associated with the Company and the Sapien Platform. You are not purchasing SPNs for any other purposes, including, but not limited to, any investment, speculative or other financial purposes;
- Your purchase of SPNs complies with applicable law and regulation in your jurisdiction, including, but not limited to, (i) legal capacity and any other applicable legal requirements in your jurisdiction for purchasing SPNs, using SPNs, and entering into contracts with us, (ii) any foreign exchange or regulatory restrictions applicable to such purchase, and (iii) any governmental or other consents that may need to be obtained;
- You will comply with any applicable tax obligations in your jurisdiction arising from your purchase of SPNs;
- If you are purchasing SPNs on behalf of any entity, you are authorized to accept these Terms on such entity's behalf and that such entity will be responsible for breach of these Terms by you or any other employee or agent of such entity (references to "you" in these Terms refer to you and such entity, jointly);
- You are not resident or domiciled in New York State or purchasing SPNs from a location in New York State; and
- You are not, nor are you an agent of, (i) a citizen or resident of a country or territory in which access to or use of the SPNs or the Sapien Platform is prohibited by applicable law, decree, regulation, treaty, or administrative act, (ii) a citizen or resident of, or located in, a country or territory that is subject to sanctions or embargoes imposed by the United States, the United Kingdom or any other country, the United Nations or the European Council for Common Foreign and Security Policy or any other country, or (iii) an individual or entity, nor an individual or entity employed by, acting on behalf of, or affiliated with an entity, identified on the U.S. Department of Commerce's Denied Persons or Entity List, the U.S. Department of Treasury's Specially Designated Nationals and Blocked Persons Lists, or the U.S. Department

of State's Debarred Parties List or the European Unions Consolidated Financial Sanctions List (collectively, "Restricted Party Lists"). You further agree that you will not use the SPN or Sapien Platform in connection with transactions (i) in any country or territory that is subject to U.S., UK, EU, UN or other sanctions or embargoes, (ii) with any individual or entity that is identified on the Restricted Party Lists, nor (iii) otherwise prohibited by U.S. sanctions and export control laws and regulations including the sanctions regulations administered by the U.S. Department of the Treasury Office of Foreign Assets Control, 31 C.F.R. §§ 500-599, and the Export Administration Regulations, 15 C.F.R. §§ 730-774. You agree that if your country of residence or any other circumstances change such that the above representations are no longer accurate, then you will immediately cease using the Sapien Platform and notify the Company. If you are registering to use the Sapien Platform on behalf of a legal entity, you further represent and warrant that (i) such legal entity is duly organized and validly existing under the applicable laws of the jurisdiction of its organization, and (ii) you are duly authorized by such legal entity to act on its behalf.

## **10. Indemnification**

To the fullest extent permitted by applicable law, you will indemnify, defend and hold harmless the Company and our respective past, present and future employees, officers, directors, contractors, consultants, equity holders, suppliers, vendors, service providers, parent companies, subsidiaries, affiliates, agents, representatives, predecessors, successors and assigns (collectively, the "Company Parties") from and against all claims, demands, actions, damages, losses, costs and expenses (including attorneys' fees) that arise from or relate to: (i) your purchase or use of SPNs, (ii) your responsibilities or obligations under these Terms, (iii) your violation of these Terms, or (iv) your violation of any rights of any other person or entity.

The Company reserves the right to exercise sole control over the defense, at your expense, of any claim subject to indemnification under this Section 10. This indemnity is in addition to, and not in lieu of, any other indemnities set forth in a written agreement between you and the Company.

## **11. Disclaimers**

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW AND EXCEPT AS OTHERWISE SPECIFIED IN A WRITING BY US, (A) SPNS ARE SOLD ON AN "AS IS" AND "AS AVAILABLE" BASIS WITHOUT WARRANTIES OF ANY KIND, AND WE EXPRESSLY DISCLAIM ALL IMPLIED WARRANTIES AS TO SPNS, INCLUDING, WITHOUT LIMITATION, IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE AND NON-INFRINGEMENT; (B) WE DO NOT REPRESENT OR WARRANT THAT SPNS ARE RELIABLE, CURRENT OR ERROR-FREE, MEET YOUR REQUIREMENTS, OR THAT DEFECTS IN SPNS WILL BE CORRECTED; AND (C) WE CANNOT AND DO NOT REPRESENT OR WARRANT

THAT SPNS OR THE DELIVERY MECHANISM FOR SPNS ARE FREE OF VIRUSES OR OTHER HARMFUL COMPONENTS.

Some jurisdictions do not allow the exclusion of certain warranties or disclaimer of implied terms in contracts with consumers, so some or all of the exclusions of warranties and disclaimers in this section may not apply to you.

## **12. Limitation of Liability**

(A) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW: (I) IN NO EVENT WILL THE COMPANY OR ANY OF THE COMPANY PARTIES BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, OR EXEMPLARY DAMAGES OF ANY KIND (INCLUDING, BUT NOT LIMITED TO, WHERE RELATED TO LOSS OF REVENUE, INCOME OR PROFITS, LOSS OF USE OR DATA, OR DAMAGES FOR BUSINESS INTERRUPTION) ARISING OUT OF OR IN ANY WAY RELATED TO THE SALE OR USE OF SPNS OR OTHERWISE RELATED TO THESE TERMS, REGARDLESS OF THE FORM OF ACTION, WHETHER BASED IN CONTRACT, TORT (INCLUDING, BUT NOT LIMITED TO, SIMPLE NEGLIGENCE, WHETHER ACTIVE, PASSIVE OR IMPUTED), OR ANY OTHER LEGAL OR EQUITABLE THEORY (EVEN IF THE PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND REGARDLESS OF WHETHER SUCH DAMAGES WERE FORESEEABLE); AND (II) IN NO EVENT WILL THE AGGREGATE LIABILITY OF THE COMPANY AND THE COMPANY PARTIES (JOINTLY), WHETHER IN CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE, WHETHER ACTIVE, PASSIVE OR IMPUTED), OR OTHER THEORY, ARISING OUT OF OR RELATING TO THESE TERMS OR THE USE OF OR INABILITY TO USE SPNS, EXCEED THE AMOUNT YOU PAY TO US FOR SPNS.

(B) THE LIMITATIONS SET FORTH IN SECTION 12(A) WILL NOT LIMIT OR EXCLUDE LIABILITY FOR THE GROSS NEGLIGENCE, FRAUD OR INTENTIONAL, WILLFUL OR RECKLESS MISCONDUCT OF THE COMPANY.

(C) Some jurisdictions do not allow the limitation or exclusion of liability for incidental or consequential damages. Accordingly, some of the limitations of this section may not apply to you.

## **13. Release**

To the fullest extent permitted by applicable law, you release the Company and the other Company Parties from responsibility, liability, claims, demands and/or damages (actual and consequential) of every kind and nature, known and unknown (including, but not limited to, claims of negligence), arising out of or related to disputes between users and the acts or omissions of third parties. You expressly waive any rights you may have under California Civil Code §1542 as well as any other statute or common law principles that

would otherwise limit the coverage of this release to include only those claims which you may know or suspect to exist in your favor at the time of agreeing to this release. California Civil Code §1542 provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

#### **14. Dispute Resolution; Arbitration**

PLEASE READ THE FOLLOWING SECTION CAREFULLY BECAUSE IT CONTAINS ADDITIONAL PROVISIONS APPLICABLE ONLY TO INDIVIDUALS LOCATED, RESIDENT, OR DOMICILED IN THE UNITED STATES. IF YOU ARE LOCATED, RESIDENT, OR DOMICILED IN THE UNITED STATES, THIS SECTION REQUIRES YOU TO ARBITRATE CERTAIN DISPUTES AND CLAIMS WITH COMPANY AND LIMITS THE MANNER IN WHICH YOU CAN SEEK RELIEF FROM US.

**Binding Arbitration.** Except for any disputes, claims, suits, actions, causes of action, demands or proceedings (collectively, “Disputes”) in which either Party seeks injunctive or other equitable relief for the alleged unlawful use of intellectual property, including, without limitation, copyrights, trademarks, trade names, logos, trade secrets or patents, you and Company (i) waive your and Company’s respective rights to have any and all Disputes arising from or related to these Terms resolved in a court, and (ii) waive your and Company’s respective rights to a jury trial. Instead, you and Company will arbitrate Disputes through binding arbitration (which is the referral of a Dispute to one or more persons charged with reviewing the Dispute and making a final and binding determination to resolve it instead of having the Dispute decided by a judge or jury in court).

**No Class Arbitrations, Class Actions or Representative Actions.** Any Dispute arising out of or related to these Terms is personal to you and the Company and will be resolved solely through individual arbitration and will not be brought as a class arbitration, class action or any other type of representative proceeding. There will be no class arbitration or arbitration in which an individual attempts to resolve a Dispute as a representative of another individual or group of individuals. Further, a Dispute cannot be brought as a class or other type of representative action, whether within or outside of arbitration, or on behalf of any other individual or group of individuals.

**Federal Arbitration Act.** The enforceability of this Section 14 will be both substantively and procedurally governed by and construed and enforced in accordance with the Federal Arbitration Act, 9 U.S.C. § 1 et seq. (the “FAA”), to the maximum extent permitted by applicable law.

Notice; Informal Dispute Resolution. Each Party will notify the other Party in writing of any Dispute within thirty (30) days of the date it arises, so that the Parties can attempt in good faith to resolve the Dispute informally. Notice to Company shall be sent by e-mail to Company at [team@sapien.network](mailto:team@sapien.network). Notice to you shall be by email to the then-current email address in your account. Your notice must include (i) your name, postal address, email address and telephone number, (ii) a description in reasonable detail of the nature or basis of the Dispute, and (iii) the specific relief that you are seeking. If you and Company cannot agree how to resolve the Dispute within thirty (30) days after the date notice is received by the applicable Party, then either you or the Company may, as appropriate and in accordance with this Section 14, commence an arbitration proceeding or, to the extent specifically provided for in this Section 14, file a claim in court.

Any arbitration will occur in Alameda County, California. Arbitration will be conducted confidentially by a single arbitrator in accordance with the rules of the Judicial Arbitration and Mediation Services (“JAMS”), which are hereby incorporated by reference. The state and federal courts located in Alameda County, California will have exclusive jurisdiction over any appeals and the enforcement of an arbitration award. You may also litigate a Dispute in the small claims court located in the county where you reside if the Dispute meets the requirements to be heard in small claims court.

Authority of Arbitrator. As limited by the FAA, these Terms and the applicable JAMS rules, the arbitrator will have (i) the exclusive authority and jurisdiction to make all procedural and substantive decisions regarding a Dispute, including the determination of whether a Dispute is arbitrable, and (ii) the authority to grant any remedy that would otherwise be available in court; provided, however, that the arbitrator does not have the authority to conduct a class arbitration or a representative action, which is prohibited by these Terms. The arbitrator may only conduct an individual arbitration and may not consolidate more than one individual’s claims, preside over any type of class or representative proceeding or preside over any proceeding involving more than one individual.

Severability of Dispute Resolution; Arbitration. If any term, clause or provision of this Section 14 is held invalid or unenforceable, it will be so held to the minimum extent required by law, and all other terms, clauses and provisions of this Section 14 will remain valid and enforceable. Further, the waivers set forth in Section this 14 are severable from the other provisions of these Terms and will remain valid and enforceable, except as prohibited by applicable law.

## **15. Governing Law and Venue**

These Terms will be governed by and construed and enforced in accordance with the laws of the State of Delaware, without regard to conflict of law rules that would cause the application of the laws of any other jurisdiction.

## **16. Severability**



If any term, clause or provision of these Terms is held unlawful, void or unenforceable, then that term, clause or provision will be severable from these Terms and will not affect the validity or enforceability of any remaining part of that term, clause or provision, or any other term, clause or provision of these Terms.

## **17. Miscellaneous**

These Terms constitute the entire agreement between you and us relating to your purchase of SPNs from us. We may make changes to these Terms from time to time as reasonably required to comply with applicable law or regulation or otherwise. If we make changes, we will post the amended Terms at <https://www.sapien.network> and update the “Last Updated” date above. We may also attempt to notify you through the SPNs website at <https://www.sapien.network>. The amended Terms will be effective immediately. We may assign our rights and obligations under these Terms. Our failure to exercise or enforce any right or provision of these Terms will not operate as a waiver of such right or provision. We will not be liable for any delay or failure to perform any obligation under these Terms where the delay or failure results from any cause beyond our reasonable control. Purchasing SPNs from us does not create any form of partnership, joint venture or any other similar relationship between you and us. Except as otherwise provided in herein, these Terms are intended solely for the benefit of you and us and are not intended to confer third-party beneficiary rights upon any other person or entity. You agree and acknowledge that all agreements, notices, disclosures, and other communications that we provide to you, including these Terms, will be provided in electronic form.

### **EXHIBIT A**

Description of Company, the Sapien Platform, and SPNs:

#### **1. Overview of Company**

The Company is an exempted company incorporated in the Cayman Islands and will have primary responsibility for administering the development of the Sapien Platform.

#### **2. Overview of the Sapien Platform and SPNs Functionality**

The Sapien Platform aims to be a highly customizable, democratized social news platform capable of rewarding millions of digital content creators and curators without any centralized intermediaries, built with a simple user experience that requires minimal crypto knowledge from its users.

The Sapien Platform will use SPNs as a “proof of value” mechanism to promote quality contributions and reward users accordingly. Users will accumulate a score that reflects

their reputations on the Sapien Platform. This Reputation will mitigate trolling and reduce the spread of fake news.

We believe that a wide variety of users will use the Sapien Platform ecosystem and may be rewarded with SPNs for their contributions, including:

- Creators – users who submit original digital content
- Curators – trusted guides for various communities within the Sapien Platform
- Freelancers – individuals who would like to provide services to other users
- Developers – decentralized app developers who wish to contribute to the Sapien Platform or build third-party applications, integrations and features
- Small Businesses – businesses can build their brand and sell goods on services on the Sapien Platform, powered by SPNs
- Media Companies – media publications can partner with us to set up independent publishing, set individual prices, create a sustainable business model, and build reputation with users

Further details regarding the proof of value mechanism, the Sapien Platform and SPNs are described in the Sapien Token White Paper (the “White Paper”), which is available at: <https://www.sapien.network>. The information contained in the White Paper and Sapien’s website are of descriptive nature only, and do not, unless explicitly incorporated herein, form part of the Terms.

Although Company intends to develop the Sapien Platform in the manner generally described above, it reserves the right to modify features, functionalities or development plans in its sole and absolute discretion.

## **EXHIBIT B**

### **Token Sale Procedures and Specifications**

#### **1. Total Number of SPNs to be Created and Sold**

The Company has created up to 500,000,000 SPNs through the Sapien Wallets. Of the total pool of SPNs created, a pool of 100,000,000 SPNs (20%) have been pre-allocated to the Company and its team members and advisors. 225,000,000 SPNs have been created by the Sapien Wallets for sale by the Company to purchasers during the Pre-Sale Period and Sale Phase #1 (45%). Up to 25,000,000 SPNs have been created by the Sapien Wallets and are reserved to be distributed as Bounties (5%). Phase #1 of the Bounty program can be read here: <https://blog.sapien.network/bounty-program-phase-one-telegram-d433e515e7e4>. 150,000,000 SPNs have been created by the Sapien Wallets and will be reserved by the Company for the platform reserve (30%). All SPNs will be of equal value and functionality.

## **2. Commencement and Duration of Token Pre-Sale**

The Company's initial sale of SPNs will begin at approximately 12:01 AM PST on January 31, 2018. The sale will run for approximately 16 days and will end at the earlier of approximately 11:59 PM PST on February 15, 2018 or such time as the cap of 225,000,000 SPNs have been sold (the "Pre-Sale Period"). The Company reserves the right to refund any amount of a contribution at the end of the Pre-Sale Period.

## **3. SPNs Price for Token Pre-Sale**

The base rate for the Pre-Sale Period is 1 Ether equaling 7,200 SPN (the "Pre-Sale Base Rate"). Only Ether will be accepted. The Pre-Sale will operate on a tiered investment structure. Investments under \$10,000 shall result in a distribution of SPNs at the Pre-Sale Base Rate. Investments greater than or equal to \$10,000 will result in an SPN bonus in the following tiered amounts:

- Investments above \$250,000 – 25% bonus – 1 Ether equals 10,440 SPN
- Investments above \$100,000 – 15% bonus – 1 Ether equals 8,280 SPN
- Investments above \$50,000 – 7% bonus – 1 Ether equals 9,144 SPN
- Investments above \$10,000 – 3% bonus – 1 Ether equals 8,856 SPN

There is no sale price for the SPNs that were created by the Sapien Wallets and pre-allocated to the Company and/or relevant team members and stockholders.

## **4. Commencement and Duration of Sale Phase #1**

The Company's sale of SPNs in Sale Phase #1 will begin at approximately 12:01 AM PST on March 3, 2018. The sale will run for approximately 31 days and will end at the earlier of approximately 11:59 PM PST on April 3, 2018 or such time as 225,000,000 SPNs have been sold (the "Sale Phase #1").

If fewer than 50,000,000 SPNs have been sold by the Company during Sale Phase #1 prior to 11:59 PM PST on April 3, 2018 (the "Activation Threshold"), each purchaser will have the respective amount of Ether or other cryptocurrencies submitted to the Sapien Wallets from the Sapien Wallets' address back to the address used by that purchaser to transfer Ether or other cryptocurrencies to the Sapien Wallets.

## **5. SPNs Price for Sale Phase #1**

The base rate for the Sale Phase #1 is 1 Ether equaling 6,000 SPN (the "Sale Phase #1 Base Rate"). Ether will be natively supported. Bitcoin will not be natively supported, but payment in Bitcoin may be generated and bound to the Ethereum address specified by the user, resulting in SPN being sent to the Ethereum address specified. Cryptocurrencies other than Ether or Bitcoin will be supported via <https://shapeshift.io>.

Sale Phase #1 will operate on a time-based tiered incentive structure. Investments following the second week of Sale Phase #1 will result in a distribution of SPNs at the Sale Phase #1 Base Rate. Investments during the first two weeks of Sale Phase #1 will result in a bonus in the following tiered amounts:

- Investments from March 3, 2018 12:00AM PST – March 5, 2018 11:59PM PST – 18% bonus – 1 Ether equals 7,080 SPN
- Investments from March 6, 2018 12:00AM PST – March 8, 2018 11:59PM PST – 15% bonus – 1 Ether equals 6,900 SPN
- Investments from March 9, 2018 12:00AM PST – March 11, 2018 11:59PM PST – 12% bonus – 1 Ether equals 6,720 SPN
- Investments from March 12, 2018 12:00AM PST – March 14, 2018 11:59PM PST – 9% bonus – 1 Ether equals 6,540 SPN
- Investments from March 15, 2018 12:00AM PST – March 17, 2018 11:59PM PST – 6% bonus – 1 Ether equals 6,360 SPN
- Investments from March 18, 2018 12:00AM PST – March 20, 2018 11:59PM PST – 3% bonus – 1 Ether equals 6,180 SPN
- Investments from March 21, 2018 12:00AM PST – April 3, 2018 11:59PM PST – 0% bonus – 1 Ether equals 6,000 SPN

## **6. Procedures for Buying and Receiving SPNs**

In order to purchase SPNs during the Pre-Sale Period or Sale Phase #1, and to receive the SPNs that you purchase, you must have an Ethereum wallet that supports the ERC20 token standard. The Company reserves the right to prescribe additional wallet requirements.

To initiate a purchase of SPNs during the Pre-Sale Period, you must send an amount of Ether to an Ethereum address (the “SPNs Token Address”) and you must agree to these Terms. To initiate a purchase of SPNs during the Sale Phase #1, you must send an amount of Ether (or Bitcoin or another cryptocurrency bound to an Ethereum address) to SPNs Token Address and agree to these terms. Sending Ether to the SPNs Token Address during the Pre-Sale Period or Sale Phase #1 triggers a smart contract operation, pursuant to which the Sapien Wallets will automatically create and prepare to deliver SPNs to the ERC20 wallet address from which the Ether or other cryptocurrencies (as applicable) were sent. Following Sale Phase #1, the Company will send SPNs to wallet addresses that hold SPNs in accordance with an exchange rate based on the amount Ether or other cryptocurrencies (as applicable) held by the Sapien Wallet.

Ether (in the case of the Pre-Sale Period or Ether, Bitcoin or other cryptocurrencies (in the case of the Sale Phase #1) must be sent to the SPNs Token Address during the Pre-Sale Period or Sale Phase #1 in order to purchase and receive SPNs. Sending Ether, Bitcoin or any other cryptocurrencies to any other address may result in loss of Ether,

Bitcoin or such other cryptocurrencies. Attempted transactions to purchase SPNs will be rejected if Ether, Bitcoin or any other cryptocurrencies are sent to the SPNs Token Address at any time before the Pre-Sale Period or after Sale Phase #1.

## **7. Company SPNs; Reserved Pool**

100,000,000 SPNs will be used for compensating employees, advisors and contractors, and for other internal purposes in connection with the deployment and development of the Sapien Platform.

150,000,000 SPNs will be reserved for future token sales, or to incentivize the use of the Sapien Platform (the "Reserved Pool"). The use of the Reserved Pool to reward users of the Sapien Platform will be determined in the sole discretion of the Company.

The Company reserves the right to adjust the allocation of Company SPNs.

## **8. Use of Proceeds from SPNs Token Sale**

The Ether that Company receives for SPNs sold to purchasers during the Pre-Sale Period will be used to cover legal costs, fund the marketing campaign, pay for the development of the SPNs, and to address other administrative and unforeseen costs.

The following is an estimated, illustrative allocation of budget items for funds received by the Company following the Pre-Sale Period, which the Company reserves the right to modify in its sole and absolute discretion:

*Research and Development (estimated 55% of proceeds).*

This includes the development of the SPN token, hiring core team members and community developers. Funds will be liquidated as the Company's milestones are met.

*Administrative (estimated 15% of proceeds).*

This involves various miscellaneous expenses that the Company could incur, as well as administering the Company's workforce.

*Marketing (estimated 15% of proceeds).*

Marketing expenses will include various kinds of marketing and advertising used to acquire market share for the Sapien platform.

*Security Audits (estimated 10% of proceeds).*

A separate budget has been allocated for continually auditing any new smart contracts our team develops, both for the SPN token and the Sapien Platform.

*Legal (estimated 5% of proceeds).*

A budget has been allocated to ensure compliance with the requirements of the Securities and Exchange Commission and other regulatory entities. Our budget is allocated to cover existing and any new laws and regulations applicable to SPN.

## **EXHIBIT C**

### **Certain Risks Relating to Purchase, Sale and Use of SPNs**

Important Note: As noted elsewhere in these Terms, the SPNs are not being structured or sold as securities or any other form of investment product. Accordingly, none of the information presented in this Exhibit C is intended to form the basis for any investment decision, and no specific recommendations are intended. The Company expressly disclaims any and all responsibility for any direct or consequential loss or damage of any kind whatsoever arising directly or indirectly from: (i) reliance on any information contained in this Exhibit C, (ii) any error, omission or inaccuracy in any such information or (iii) any action resulting from such information.

By purchasing, holding and using SPNs, you expressly acknowledge and assume the following risks:

#### **1. Risk of Losing Access to SPNs Due to Loss of Private Key(s), Custodial Error or Purchaser Error**

A private key, or a combination of private keys, is necessary to control and dispose of SPNs stored in your digital wallet or vault. Accordingly, loss of requisite private key(s) associated with your digital wallet or vault storing SPNs will result in loss of such SPNs. Moreover, any third party that gains access to such private key(s), including by gaining access to login credentials of a digital wallet or vault service you use, may be able to misappropriate your SPNs. Any errors or malfunctions caused by or otherwise related to the digital wallet or vault you choose to receive and store SPNs, including your own failure to properly maintain or use such digital wallet or vault, may also result in the loss of your SPNs. Additionally, your failure to follow precisely the procedures set forth in Section 4 of Exhibit B for buying and receiving SPNs, including, for instance, if you provide the wrong address for receiving SPNs, may result in the loss of your SPNs.

#### **2. Risks Associated with the Ethereum Protocol**

Because SPNs and the Sapien Platform are based on the Ethereum protocol, any malfunction, breakdown or abandonment of the Ethereum protocol may have a material

adverse effect on the Sapien Platform or SPNs. Moreover, advances in cryptography, or technical advances such as the development of quantum computing, could present risks to SPNs and the Sapien Platform, including the utility of SPNs for obtaining any physical or virtual items on the Sapien Platform, by rendering ineffective the cryptographic consensus mechanism that underpins the Ethereum protocol.

### **3. Risk of Mining Attacks**

As with other decentralized cryptographic tokens based on the Ethereum protocol, SPNs are susceptible to attacks by miners in the course of validating SPNs transactions on the Ethereum blockchain, including, but not limited to, double-spend attacks, majority mining power attacks, and selfish-mining attacks. Any successful attacks present a risk to the Sapien Platform and SPNs, including, but not limited to, accurate execution and recording of transactions involving SPNs.

### **4. Risk of Hacking and Security Weaknesses**

Hackers or other malicious groups or organizations may attempt to interfere with the Sapien Platform or SPNs in a variety of ways, including, but not limited to, malware attacks, denial of service attacks, consensus-based attacks, Sybil attacks, smurfing and spoofing.

### **5. Risks Associated with Markets for SPNs**

There could be illiquidity risk with respect to SPNs you hold. Secondary trading of SPNs may be facilitated by third-party exchanges, but such exchanges may be relatively new and subject to little or no regulatory oversight, making them more susceptible to market-related risks. Furthermore, to the extent that third-parties do ascribe an external exchange value to SPNs (e.g., as denominated in a digital or fiat currency), such value may be extremely volatile and diminish to zero.

### **6. Risk of Uninsured Losses**

Unlike bank accounts or accounts at some other financial institutions, SPNs are uninsured unless you specifically obtain private insurance to insure them. Thus, in the event of loss or loss of utility value, there is no public insurer, such as the Federal Deposit Insurance Corporation, or private insurance arranged by us, to offer recourse to you.

### **7. Risks Associated with Uncertain Regulations and Enforcement Actions**

The regulatory status of SPNs and distributed ledger technology is unclear or unsettled in many jurisdictions. It is difficult to predict how or whether regulatory agencies may apply existing regulation with respect to such technology and its applications. It is likewise difficult to predict how or whether legislatures or regulatory agencies may implement

changes to the laws and regulations affecting distributed ledger technology and its applications, including the Sapien Platform and SPNs. Regulatory actions could negatively impact the Sapien Platform and SPNs in various ways, including, for purposes of illustration only, through a determination that SPNs are a regulated financial instrument or security that require registration and/or licensing. The Company may cease operations in a jurisdiction in the event that regulatory actions, or changes to laws or regulations, make it (i) illegal to operate in such jurisdiction, (ii) commercially undesirable to obtain the necessary regulatory approval(s) to operate in such jurisdiction or (iii) commercially unreasonable to comply with the regulatory requirements to operate in such jurisdiction.

## **8. Risks Arising from Taxation**

The tax characterization of SPNs is uncertain. You must seek your own tax advice in connection with purchasing SPNs, which may result in adverse tax consequences to you including sales, use, value added, income and similar taxes, and tax reporting requirements.

## **9. Risk of Alternative Platforms**

It is possible that alternative platforms could be established that utilize the same open source code and protocol underlying the Sapien Platform and attempt to facilitate services that are materially similar to those provided by the Sapien Platform. The Sapien Platform may compete with these alternative platforms, which could negatively impact the Sapien Platform and SPNs, including SPNs's utility for obtaining physical or virtual items on the Sapien Platform. The Company may seek to limit such competition through the filing for and use of patents, yet there are risks that the Company will be unsuccessful in doing so.

## **10. Risk of Insufficient Interest in the Sapien Platform or Distributed Applications**

It is possible that the Sapien 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 platforms (such as the Sapien Platform) more generally. Such a lack of use or interest could negatively impact the development of the Sapien Platform and the potential utility of SPNs, including its utility for obtaining physical or virtual items on the Sapien Platform.

## **11. Risks Associated with the Development and Maintenance of the Sapien Platform**

The Sapien Platform is still under development and may undergo significant changes over time. Although we intend for SPNs and the Sapien Platform to follow the specifications set forth in [Exhibit A](#), and will take commercially reasonable steps toward those ends, we may have to make changes to the specifications of SPNs or the Sapien Platform for any number of legitimate reasons. This could create the risk that SPNs or the Sapien Platform,



as further developed and maintained, may not meet your expectations at the time of purchasing SPNs. Furthermore, despite our good faith efforts to develop and maintain the Sapien Platform, it is still possible that the Sapien Platform will experience malfunctions or otherwise fail to be adequately developed or maintained, which may negatively impact the Sapien Platform and the potential utility of SPNs, including its utility for obtaining physical or virtual items on the Sapien Platform.

## **12. Risk of an Unfavorable Fluctuation of Ether and Other Currency Value**

The Company team intends to use the proceeds from selling SPNs to fund the maintenance and development of the Sapien Platform, as described further in Section 8 of Exhibit B. The proceeds of the sale of SPNs will be denominated in Ether, and may, at our discretion, be converted into other cryptographic and fiat currencies. If the value of Ether or other currencies fluctuates unfavorably during or after the applicable Sale Period, the Company team may not be able to fund development, or may not be able to develop or maintain Sapien Platform in the manner that it intended.

## **13. Risk of Dissolution of the Company**

It is possible that, due to any number of reasons, including, but not limited to, an unfavorable fluctuation in the value of Ether (or other cryptographic and fiat currencies), decrease in SPNs's utility (including its utility for obtaining physical or virtual items on the Sapien Platform), the failure of commercial relationships, or intellectual property ownership challenges, Sapien Platform may no longer be viable to operate and the Company may dissolve.

## **14. Risks Arising from Lack of Governance Rights**

Because SPNs confer no governance rights of any kind with respect to the Sapien Platform or the Company, all decisions involving the Sapien Platform or the Company will be made by the Company at its sole discretion, including, but not limited to, decisions to discontinue the Sapien Platform, to sell more SPNs for use in the Sapien Platform, or to sell or liquidate the Company. These decisions could adversely affect the Sapien Platform and the utility of SPNs that you hold, including SPNs's utility for obtaining physical or virtual items on the Sapien Platform.

## **15. Unanticipated Risks**

Cryptographic tokens such as SPNs are a new and untested technology. In addition to the risks included in this [Exhibit C](#), there are other risks associated with your purchase, holding and use of SPNs, including those that the Company cannot anticipate. Such risks may further materialize as unanticipated variations or combinations of the risks discussed in this [Exhibit C](#).