



Confidential Private Placement Memorandum • Security Token Offering (STO) Regulation D Rule 506(c) • ZIYEN, INC

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## Confidential Private Placement Offering Memorandum Dated July 16, 2019

THIS DOCUMENT INCLUDES IMPORTANT INFORMATION THAT REPLACES, AND IS IN ADDITION TO, THE INFORMATION PREVIOUSLY AVAILABLE TO YOU – YOU SHOULD READ THIS DOCUMENT CAREFULLY

THE OFFERING PERIOD OF THE PRIVATE 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 WITH RESPECT TO SUCH APPLICABLE HAS BEEN CONSUMMATED OR (II) MARCH 25, 2020, UNLESS EXTENDED OR EARLIER TERMINATED, IN EACH CASE, IN THE SOLE DISCRETION OF THE COMPANY (SUCH DATE, AS THE SAME MAY BE EXTENDED OR EARLIER TERMINATED, THE “EXPIRATION DATE”)



## ZIYENCOIN

**Maximum Tokens Offered:** 500,000,000 (\$5,000,000)

**Price Per Token:** \$0.01

**Minimum Investment:** No Minimum



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Accredited Investors Only

Ziyen, Inc. (the “Company” or “Ziyen”), a Wyoming “C” Corporation, is offering a a maximum of 500,000,000 Equity Based Tokens (the “Tokens” OR “ZiyenCoins”), for \$0.01 per token. The offering price per token has been arbitrarily determined by the Company. This Memorandum has been prepared by ZIYEN for use by certain qualified potential purchasers to whom the Company is offering (the “Offering”) the opportunity to purchase the right to acquire, ZIYEN Tokens, that the Company will use its commercially reasonable efforts to develop and issue. The Company may issue up to \$5 million of Tokens, subject to increase as described in this Memorandum.

An investment in this Offering is highly speculative which involves a high degree of risk, and you should only invest if you are prepared to lose your entire investment.

The Securities have not been, and will not be, registered under the Securities Act of 1933, as amended (the “Securities Act”) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Securities are being offered and sold only (1) to “accredited investors” (as defined in Rule 501 of Regulation D under the Securities Act) in compliance with Rule 506(c) of Regulation D under the Securities Act and (2) in offshore transactions to persons other than “U.S. persons” (as defined in Regulation S under the Securities Act) in reliance upon Regulation S under the Securities Act. None of the Securities and Exchange Commission (the “SEC”), any state securities commission, any foreign securities authority or any other federal, state or foreign regulatory authority has approved or disapproved of these Securities or determined if this Memorandum is truthful or complete. Any representation to the contrary is unlawful and may be a criminal offense. No action has been taken in any jurisdiction to permit a public offering of the Securities. Investing in the Securities involves a high degree of risk. You should carefully consider the risks summarized under “Risk Factors” and “Offering Price” of this Memorandum for a discussion of important factors you should consider before purchasing Securities.

	Sale Price	Selling Commissions (2)	Proceeds to Company (3)
Per Token	\$0.01	\$0	\$0.01
Maximum	\$5,000,000	\$0	\$5,000,000

Investing in the ZiyenCoins ”Tokens” is speculative and involves substantial risks. You should purchase the ZiyenCoins ”Tokens”



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only if you can afford a complete loss of your investment. See “*Risk Factors*” beginning on page 19 to read about the more significant risks you should consider before buying our ZiyenCoins ”Tokens”

Initially, ZiyenCoins will not trade on a stock exchange, securities exchange, crypto asset exchange, or other trading market. This means that it may be difficult to sell your ZiyenCoins

The Date of this Memorandum is July 16th, 2019

- (1) The Offering is not underwritten. The Tokens are offered on a “best efforts” basis by the Company through its officers and directors. The Company has set a zero minimum offering amount. All proceeds from the sale of Tokens up to \$5,000,000 will be deposited directly to the Company’s corporate account and be available for use by the Company at its discretion.
- (2) The Offering will terminate on the earliest of: (a) the date the Company, in its discretion, elects to terminate, or (b) the date upon which all Tokens have been sold, or (c) July 15th, 2020, or such date as may be extended from time to time by the Company, but not later than 180 days thereafter (the “Offering Period”).

**THIS OFFERING IS NOT UNDERWRITTEN. THE OFFERING PRICE HAS BEEN ARBITRARILY SET BY THE MANAGEMENT OF THE COMPANY. THERE CAN BE NO ASSURANCE THAT ANY OF THE SECURITIES WILL BE SOLD.**

THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES AGENCY, NOR HAS ANY SUCH REGULATORY BODY REVIEWED THIS OFFERING MEMORANDUM FOR ACCURACY OR COMPLETENESS. BECAUSE THESE SECURITIES HAVE NOT BEEN SO REGISTERED, THERE MAY BE RESTRICTIONS ON THEIR TRANSFERABILITY OR RESALE BY AN INVESTOR. EACH PROSPECTIVE INVESTOR SHOULD PROCEED ON THE ASSUMPTION THAT HE MUST BEAR THE ECONOMIC RISKS OF THE INVESTMENT FOR AN INDEFINITE PERIOD, SINCE THE SECURITIES MAY NOT BE SOLD UNLESS, AMONG OTHER THINGS, THEY ARE SUBSEQUENTLY REGISTERED UNDER THE APPLICABLE SECURITIES ACTS OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.

THERE IS NO TRADING MARKET FOR THE COMPANY’S TOKENS AND THERE CAN BE NO ASSURANCE THAT ANY MARKET WILL DEVELOP IN THE FUTURE OR THAT THE TOKENS WILL BE ACCEPTED FOR INCLUSION ON NASDAQ, ALTERNATIVE TRADING SYSTEM (ATS) OR ANY OTHER TRADING EXCHANGE AT ANY TIME IN THE FUTURE. THE COMPANY IS NOT OBLIGATED TO REGISTER FOR SALE UNDER EITHER FEDERAL OR STATE



SECURITIES LAWS THE TOKENS PURCHASED PURSUANT HERETO, AND THE ISSUANCE OF THE TOKENS IS BEING UNDERTAKEN PURSUANT TO RULE 506 OF REGULATION D UNDER THE SECURITIES ACT. ACCORDINGLY, THE SALE, TRANSFER, OR OTHER DISPOSITION OF ANY OF THE TOKENS, WHICH ARE PURCHASED PURSUANT HERETO, MAY BE RESTRICTED BY APPLICABLE FEDERAL OR STATE SECURITIES LAWS (DEPENDING ON THE RESIDENCY OF THE INVESTOR) AND BY THE PROVISIONS OF THE SUBSCRIPTION AGREEMENT REFERRED TO HEREIN. THE OFFERING PRICE OF THE SECURITIES TO WHICH THE CONFIDENTIAL TERM SHEET RELATES HAS BEEN ARBITRARILY ESTABLISHED BY THE COMPANY AND DOES NOT NECESSARILY BEAR ANY SPECIFIC RELATION TO THE ASSETS, BOOK VALUE OR POTENTIAL EARNINGS OF THE COMPANY OR ANY OTHER RECOGNIZED CRITERIA OF VALUE.

No person is authorized to give any information or make any representation not contained in the Memorandum and any information or representation not contained herein must not be relied upon. Nothing in this Memorandum should be construed as legal or tax advice. The Management of the Company has provided all of the information stated herein. The Company makes no express or implied representation or warranty as to the completeness of this information or, in the case of projections, estimates, future plans, or forward looking assumptions or statements, as to their attainability or the accuracy and completeness of the assumptions from which they are derived, and it is expected that each prospective investor will pursue his, her, or its own independent investigation. It must be recognized that estimates of the Company's performance are necessarily subject to a high degree of uncertainty and may vary materially from actual results.

Other than the Company's Management, no one has been authorized to give any information or to make any representation with respect to the Company or the Tokens that is not contained in this Memorandum. Prospective investors should not rely on any information not contained in this Memorandum. This Memorandum does not constitute an offer to sell or a solicitation of an offer to buy to anyone in any jurisdiction in which such offer or solicitation would be unlawful or is not authorized or in which the person making such offer or solicitation is not qualified to do so. This Memorandum does not constitute an offer if the prospective investor is not qualified under applicable securities laws.

This offering is made subject to withdrawal, cancellation, or modification by the Company without notice and solely at the Company's discretion. The Company reserves the right to reject any subscription or to allot to any prospective investor less than the number of Tokens subscribed for by such prospective investor. This Memorandum has been prepared solely for the information of



the person to whom it has been delivered by or on behalf of the Company. Distribution of this Memorandum to any person other than the prospective investor to whom this Memorandum is delivered by the Company and those persons retained to advise them with respect thereto is unauthorized. Any reproduction of this Memorandum, in whole or in part, or the divulgence of any of the contents without the prior written consent of the Company is strictly prohibited. Each prospective investor, by accepting delivery of this Memorandum, agrees to return it and all other documents received by them to the Company if the prospective investor's subscription is not accepted or if the Offering is terminated.

Investing in ZiyenCoins is speculative and involves substantial risks. You should purchase the ZiyenCoins only if you can afford a complete loss of your investment. See “*Risk Factors*” beginning on page 19 to read about the more significant risks you should consider before buying our ZiyenCoins.

By acceptance of this Memorandum, prospective investors recognize and accept the need to conduct their own thorough investigation and due diligence before considering a purchase of the Tokens. The contents of this Memorandum should not be considered to be investment, tax, or legal advice and each prospective investor should consult with their own counsel and advisors as to all matters concerning an investment in this Offering.



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## **ITEM 1 - SUMMARY OF THE OFFERING**

The following material is intended to summarize information contained elsewhere in this Limited Offering Memorandum (the “Memorandum”). This summary is qualified in its entirety by express reference to this Memorandum and the materials referred to and contained herein. Each prospective subscriber should carefully review the entire Memorandum and all materials referred to herein and conduct his or her own due diligence before subscribing for the Tokens.

Ziyen Inc. was incorporated in the state of Wyoming, U.S.A. in April 2016.

Ziyen Inc. Business Address (30 N Gould St Ste R Sheridan, WY 82801) is a mail forwarding address and not the principal executive office.

Ziyen Inc. Corporate/Mailing address (PO Box 1500, Bonita, CA 91908)

Ziyen Inc. Registered Agent address in the state of Indiana (5534 Saint Joe Road, Fort Wayne, IN 46835)

The Company operates three divisions – Ziyen Intelligence, Ziyen Energy and ZiyenCoin. (Full background details are available in ITEM 8 - Description of Ziyen Inc. Business)

Each division will be developed into a subsidiary of Ziyen Inc., and it is the development of a Ziyen Inc. as a start-up oil and energy company which has created the opportunity for Ziyen Inc. to become the first company in the world to tokenize the energy assets of the company and they will be deployed on the Ethereum Blockchain.

ZiyenCoin is a new division created by Ziyen Inc., which will focus on Oil Blockchain and work with leading industry players to develop new technology to cut oil and energy costs. Given the data-intensive opportunities available through the growth and expansion of the Internet, the Oil Industry sees blockchain as an important vessel to carry the industry’s data transformation forward.







Tokenize Energy Assets Deployed on Ethereum Blockchain for Ziyen Inc. and ZiyenCoin to become Market Leader

ZiyenCoin is the first Oil & Energy Security Token Offering (STO) to be compliant by the U.S. Securities and Exchange Commission (SEC).

The short-term goal will be for ZiyenCoin, is to develop an equity-based token backed by Ziyen Inc's portfolio energy assets, which includes oil reserves, renewable energy, rare minerals and energy sources.

The leading global oil operators including Shell, Saudi Aramco, Chevron, Equinor, ConocoPhillips, ADNOC, Marathon Oil, Wood and ExxonMobil are now all investing in developing the Oil Blockchain but at this stage it is on pilot projects focused on projects sharing seismic data and utilizing smart contracts for the trucking industry for fracking. The industry leaders are developing these pilot projects on private Ethereum based blockchains.

Ziyen Inc. is ahead of the curve in our aspirations of being the first company to deploy oil assets on the Ethereum blockchain, and once successfully creating the model and proof of concept then this will be rolled out across the entire industry.

Through acquisitions, Ziyen Energy is building a portfolio of oil and energy assets with a strategy to drive down oil production costs whilst utilizing the latest in renewable energy and enhance oil recovery techniques. Over the last 18 months, Ziyen Energy acquired 18 oil and gas leases in the Illinois Basin, covering over 1650 acres, Ziyen Inc. was classified as an Operator by the Indiana Department of Natural Resources in October 2018, with the first group of wells bonded in the company's name.

In order to achieve our goals of tokenizing oil, and then providing a vehicle for other oil operators to follow suit, Ziyen will create the Ziyen Energy Trading Platform, which will be set up as a subsidiary of Ziyen Inc. and ZiyenCoin.

We need to create a subsidiary as we are tokenizing oil assets, we need to have an entity set up specifically for this process. Also, the type of ERC Ethereum Token required for this project is in a different structure to that of ZiyenCoin ERC20 equity backed tokens.

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In the current market, investments in oil and gas projects by operators—or those with a working interest in the project—are essentially immovable and restricted to that specific project.

By tokenizing the producing assets on a trading platform which will allow investors and companies to easily trade these tokens, a new level liquidity will be introduced across the industry.

The energy trading platform will utilize an energy utility token; it will be available to both small and large operators who can benefit in listing their producing asset to trade these tokens based on a project-by-project basis on the blockchain.

For example, Shell will trade Shell Energy tokens, BP will trade BP Energy Tokens, Exxon will trade Exxon Energy Tokens, but we are creating the Energy Trading Platform for the smaller operators in the US and only through development of additional features to the Ziyen Energy Trading Platform



**Fig 1 – ZiyenCoin will be the first company to deploy energy assets on an Ethereum Blockchain**



## **ITEM 2 – BACKGROUND TO OIL BLOCKCHAIN INDUSTRY DEVELOPMENTS**

### Transactions in the Global Energy Market

The world spends over an estimated \$5 trillion dollars per year on oil and energy. Global energy is the single largest and most actively traded commodity market in the world and is larger than the annual GDP of all but the 5 largest countries. Energy is over 50 times the size of the generally accepted gold reserve market and is larger than all metal commodity markets combined.

And whereas gold and metal commodity markets are largely static in nature and have limited ability to drive global economic growth, energy as a consumable is the single most critical commodity for the continuous and effective functionality of the global economy. Energy in all its forms is the true lifeblood of the global economy. Without energy, the entire world would quickly come to a grinding halt.

### Blockchain Technology Integration

The blockchain is a decentralized ledger, which tracks and records all transactions, or contracts maintained in decentralized form across different locations and people, eliminating the need for a central authority to keep a record of everything.

The blockchain network operates a distributed ledger technology but executes it more securely, efficiently and cheaper than all legacy systems.

### Integrating with the Oil Blockchain Industry

The oil and gas industry is the largest global energy industry, made up of operators, drilling companies, service companies, government regulatory bodies and countless other companies in the supply chain.



The largest volume of productivity in the industry is for oil and gasoline used to propel vehicles, heat buildings and to produce electricity.

In the industrial sector, the petrochemical industry uses petroleum as the raw material for many chemical products, including pharmaceuticals, solvents, fertilizers, pesticides, synthetic fragrances, plastic and hundreds of other intermediate and end-user goods.

The oil blockchain will provide a decentralized ledger to provide all of the companies and stakeholders involved opportunities to revolutionize the entire industry through efficiency and transparency.

Blockchain enjoys huge cost savings through efficient optimization of supply chain contracting. Supply chain is often a good place to start in assessing practical value of Oil Blockchain. Companies could forge better agreements with producers, suppliers, financial experts, record-keeping departments, and third-party vendors, potentially leading to reduced costs, streamlined management and a clearer understanding of the assignments and expectations of each player on the field. Innovation isn't just about influencing existing business models in a positive and productive way. It's also about how to monetize new ideas.

Oil and gas companies have struggled to evolve under the challenges of price volatility in recent years which creates the uncertainty that often leads to massive cost-cutting efforts, reduced exploration, and layoffs. This has forced oil and gas companies to drastically rethink how they operate and identify innovative ways to improve efficiencies.

## Smart Contracts

Smart Contracts in the oil Industry is another key benefit of integrating with the blockchain. The huge volume of contracts and transactions to execute in oil capital projects have caused significant reconciliation and tracking issues across the supply chain.



The key objectives accomplished by smart contract technology is cost savings due to removing supervisory intermediaries; smart contracts can track costs, organize and track supply logistics, change purchase orders, receipts and other trade-related documentation, data inventory, and enhance mutual trust among counter-parties.

Contract compliance terms will take the shape of mathematical algorithms using a source code to describe all delivery service conditions. Smart contracts will include new tracking, bookkeeping and automation metadata which will in turn create a more seamless supply chain as well as improved capital efficiencies and simplified contractual obligations.

Currently the development of Smart Contracts in the Oil and Gas Industry is in its infancy, blockchain was the mechanism that tracked cryptocurrencies such as Bitcoin. However, as the technology evolved, variations such as private, permissioned, and consortium blockchains have emerged. Ultimately, blockchain technology can facilitate many types of business transactions. Currently no end-to-end use of smart contracts has been completed for entire projects or fields by operators, but there is currently a huge investment by the major operators in the industry and ZiyenCoin is being developed to be a key driver in the change behind the application of blockchain technologies across the globe in the oil and gas industry with innovation in the digital infrastructure of companies evolving towards Smart Contracts. This is largely due to the more efficient, accurate, cost-effective transaction processes which enable less contract disputes as well as minimal human error and intervention; all of which are possible with the adoption of Smart Contracts.

The implementation of blockchain technology in the oil and gas commodity marketplace has the ability to reduce the costs associated with maintaining, updating, and securing a proprietary trading system. Additionally, and perhaps more significantly it can reduce the costs associated with labor, data management, data visibility, settlement delays, dispute resolution, and inter-system communication—all without compromising proprietary data, information sources, or trading methods that currently give companies competitive edge.

With such a momentous change about to happen in the Oil and Gas Sector, it is the intention of ZiyenCoin to become a fundamental player in this change.





Alastair Caithness, CEO, has already been a keynote speaker at the Blockchain Oil and Gas Summit - <https://blockchainoilgassummit.com/>

Programme detailing Blockchain Oil and Gas Summit - Information Filed at Ziyen Inc. SEC Filings [https://www.sec.gov/Archives/edgar/data/1680101/000114420419012168/tv514688\\_ex6-9.htm](https://www.sec.gov/Archives/edgar/data/1680101/000114420419012168/tv514688_ex6-9.htm)

The Blockchain Oil & Gas Summit offered a strategic understanding of how Blockchain Technology can make your energy business more secure, compliant, efficient and profitable. Fortune 500 executives alongside the creative technologists driving Blockchain adoption will share specific tactics for how to incorporate Blockchain into your enterprise transformation.

- Other Speakers include
- CHAIR - Dr. Claudio Lima, Ph.D., Blockchain Engineering Council Co-founder
- Ziyen - Alastair Caithness, CEO of Ziyen Inc. and Co-founder of ZiyenCoin
- BP - Balaji Ramakrishnan, Director Procurement & Supply Chain
- Chevron - Raquel B Clement, Global Operations and Maintenance Manager
- ExxonMobil - Ken Ebest, Application Architect
- Halliburton - Dr. Satyam Priyadarshy, MBA, Ph.D, Chief Data Scientist
- Department of US Homeland Security Customs and Border Protection - Vincent Annunziato, Director, Business Transformation & Innovation
- Halliburton - Dr. Robello Samuel, Chief Technical Advisor and Technology Fellow
- Weatherford - Melissa Bohannon, Director of Trade Compliance
- Breakthrough Fuel - Jeff Lang, Vice President Digital Transformation
- Proline Energy Resources Inc. - Vikrant Lakhanpal, Petroleum Engineer



Ziyen Inc. CEO was also invited to participate in the upcoming leading conference for Oil and Gas Smart Contracts in Houston on the 15th of May. Alastair Caithness will be the moderator of the panel joining leading C Level Executives from Shell, Chevron and Saudi Aramco to discuss

“The Future of Smart Contracts for the Oil Industry,” which will dive into the following concepts: how companies can utilize and interact with Blockchain, Decentralized Ledger Technologies and using Smart Contracts to create efficient systems of operation.

More details for the recent and ZiyenCoin’s involvement is available at the following links:.

- [MarketWatch Feature - Ziyen Inc. To Participate in Leading Oil and Gas Smart Contracts Conference](#)
- [Oil and Gas Smart Contracts - 15th-16th May 2019, Houston Texas](#)

## Equity Token backed by Ziyen Inc’s Energy Portfolio

The formal definition of a commodity is a standardized, basic good that is used in commerce and is interchangeable in nature in terms of its physical attributes. While, in principle, this is the notion underlying the oil commodities market, there are nevertheless shades of grey in reality.

Currently oil is primarily priced against two pricing points, West Texas Intermediate and Brent, but in reality, there are multiple grades which vary by location of extraction, density and other important differentiators. Nevertheless, it is widely considered interchangeable despite these inherent subtleties.

According to current estimates 82% of the world's proven oil reserves are located in OPEC (Organization of the Petroleum Exporting Countries) Member Countries. Therefore, OPEC countries can ramp production up or down when prices rise or fall, with profitability shrinking when prices are low and margins expanding during times of high prices.



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The short-term goal will be for ZiyenCoin, to be set up as an equity-based token backed by Ziyen Inc's portfolio energy assets, which includes oil reserves, renewable energy and other minerals and energy sources.

Over the last 18 months, Ziyen Energy acquired 18 oil and gas leases in the Illinois Basin, which is a small midwest region that spans 60,000 miles in southern Illinois, Indiana and Kentucky. The current leases provide the company with a strategic footprint covering over 1650 acres. Ziyen Inc. was classified as an Operator by the Indiana Department of Natural Resources in October 2018, with the first group of wells bonded in the company's name.





## **ITEM 3 – TOKENIZATION OF ZIYEN INC. SHARES AND ASSETS ON THE ETHERUUM BLOCKCHAIN**

The Security Tokens in this Offering are tokenized shares of stock in the Company. A token is a digital asset that is tracked in a blockchain. The Company’s Security Tokens will be deployed on the Ethereum blockchain and will utilize a smart contract that follows the ERC20 standard but adds certain features of traditional securities such as restricting transfers of the tokens based on the exemption from registration under which the Security Token was sold. Each ERC20 Security Token sold by the Company in this Offering will have certain rules defined and enforced in a smart contract that is immutable once it is deployed to the Ethereum blockchain.

The Company’s Security Tokens will be created prior to the first closing will be issued to all investors who have had their subscription approved and their trade cleared at each closing.

### Smart Contracts, Wallets and Whitelists

The Security Tokens offered in this Offering will be issued to an Ethereum wallet capable of supporting the ERC20 standard. Security Token holders will be required to establish an Ethereum ERC20 compatible wallet that provides each Security Token holder with ownership of the private key, so that it can interact with smart contract functions and have the ability to transfer and receive the Security Tokens, through interactions with the Company’s transfer agent. This Ethereum ERC20 compatible wallet will be investor held and not a crypto exchange wallet. Investors will not be able to transfer the Company’s Security Tokens to others except with the consent and assistance of the Company’s transfer agent.

A “wallet” is a software program that stores private and public keys and interacts with various blockchains to enable users to send and receive digital assets or currencies and to monitor their balances. Wallets store the private keys that authorize the transfer of a token from one wallet to another. There are three groups of wallets that may be involved in the Company’s Security Token lifecycle: Issuer Wallets, Investor Wallets, and eventually, Exchange Wallets.

When the Company’s Security Tokens are created, they will be transferred to the Issuer Wallet. The Issuer’s Wallet will be managed by the Company’s registered transfer agent. For all investors whose purchase of Security Tokens will be transferred by The Transfer



Agent to the Investor's Wallet. Transfers of the Company's Security Tokens to the investors will occur, as noted above, at each closing held by the Company in this Offering.

If the Company, at a later date, lists the Security Tokens on a national securities exchange or Alternative Trading System ("ATS"), then an Exchange Wallet will become involved. When investors trade tokens on an exchange or ATS, their tokens will be transferred from their Investor Wallet to the Exchange Wallet and the transfer will be recorded on the blockchain, and in the transfer agent's records. When the Security Tokens are in the Exchange Wallet, the exchange or ATS (and/or the transfer agent, to the extent required by the Securities and Exchange Commission, and by federal and state law) will be responsible for managing the investor's token account balances and facilitating the transfers. When the Security Tokens are transferred to the wallet for the person or entity who bought the Security Tokens on the exchange or ATS, the blockchain records the transaction and updates the seller's wallet, the Exchange Wallet and the purchaser's wallet to reflect the transfer, and the transfer agent also keeps a record of the transfer. Each transaction is recorded in real time as it occurs and is validated by the blockchain.

The Company's Security Tokens in each wallet will be tracked in the Ethereum blockchain based on their smart contracts which will have a token address on the blockchain. Using that address, anyone can navigate to that smart contract on a website such as Etherscan.io and see all of the transactions, source code, and other contract details related to that Security Token.

Security Token holders will initially have a private key that is necessary to transfer their tokens to another individual, an exchange, or any other wallet. These transfers are managed on the blockchain through the use of "whitelists." A whitelist is a separate smart contract that resides on the blockchain that provides a set of rules for the transfer of Security Tokens, based on its interactions with the smart contract in each Security Token. For example, a whitelist may list additional wallet addresses that have been cleared by the transfer agent and/or through other legally required compliance to which the Security Tokens may be transferred. This list of additional wallet addresses would be created, maintained (including meeting periodic updated AML/KYC requirements) and updated by the transfer agent or another "Authorized Validator" who has permission to do so under existing securities regulations, and pursuant to the restrictions of the Company's Security Tokens.

For the Company's Security Tokens, the Authorized Validators may include national exchanges or alternative trading systems and others who may be required for regulatory/compliance purposes. These will be the only entities given access to add or update the Ethereum addresses on the whitelist that are allowed to be a destination for the Company's Security Tokens. The Company's smart



contract will consult the whitelist prior to executing any transfer to any wallet, and only those transactions allowed by the Security Token smart contract, and the whitelist smart contract, and the transfer agent, will be validated and allowed to take place, moving a Security Token from one wallet to another. AML/KYC status of the transferee of the Security Tokens will be performed by the whitelist smart contract.

In addition, in order to perform certain duties imposed upon it by law as a registered transfer agent, The Transfer Agent will be involved as the transfer agent in every transfer of the Security Tokens, and will also have the ability to perform operations on behalf of the Security Token holders in special cases (such as the death of a token holder or the replacement of Security Tokens due to loss of a private key) or to manage securities-related rights such as liquidation rights, where appropriate, through the smart contracts.

### How the Security Tokens Are Created through Polymath's Security Token Platform?

The Company's ERC20 Security Tokens will be created by Polymath. Founded in 2017, Polymath gives issuers of financial products access to the blockchain, smart contracts, and token creation technology. Polymath's platform lowers the barriers to entry for businesses looking to create tokenized securities and investors looking to gain exposure to regulated, asset-backed tokens.

Polymath's stated mission is to guide venture capital firms, investment funds, and public companies through the complex technological and legal processes of a successful token creation.

Polymath have created a security token protocol which embeds regulatory requirements into the tokens themselves, which are then only available to verified and authorized participants.

The Polymath protocol verifies each cryptocurrency wallet address to ensure only authorized investors that meet the criteria for each particular security offering are able to transact with that security token.



With this baked-in restriction, decentralized and anonymously run exchanges will be able to facilitate trading with these tokens, because the tokens can only go to authorized participants. Additionally, these restrictions provide issuers assurance that their tokens will only be held by authorized participants.

Polymath's security token protocol aims to emerge as the standard for blockchain-based securities tokens.

In Polymath's world, equity, LP shares, and share units will become programmable tokens that are more accessible, liquid and secure than traditional forms of asset ownership.

For more information on Polymath, visit their website at <https://polymath.network/>

The first ZiyenCoins were minted on the 23<sup>rd</sup> of July 2019. The following link on the Etherscan website shows ZiyenCoins on the blockchain.

<https://etherscan.io/token/0x4a54057bc028d71d4291946d73f5494e8b663bae>

The follow press article goes into more detail the official minting of our first ZiyenCoins

[Ziyen Inc, First Stages of ZiyenCoin Mint Now Complete – Medium Press Article Feature](#)

### Additional Technical Information on the ERC20 Token

The parameters of the Company's Security Token smart contracts are coded in the Solidity programming language and then published to the Ethereum blockchain. Solidity is a contract-oriented, high-level programming language for implementing smart contracts. It was influenced by C++, Python and JavaScript and is designed to target the Ethereum Virtual Machine (EVM). Each node on the Ethereum blockchain is a computer or cluster of computers that have downloaded the EVM and have agreed to perform the functions of a node on the blockchain. Currently there are approximately more than 14,000 nodes on the EVM. Once a smart contract is

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deployed (when the Security Token is created), the Ethereum blockchain undertakes the process whereby it clones the smart contract on each node of the Ethereum network. The process for encoding and deploying the whitelist smart contract is the same.

The Security Tokens will have the rights of the Company's Class A security holders as set out in this Offering Memorandum, the Company's Certificate of Incorporation, and the Company's Bylaws embedded in each Security Token's smart contract. These rights will be transferred along with the Security Token in any secondary trading.

Typically, when an ERC20 security token's smart contract is defined and deployed, the issuer may decide whether fractional tokens can be issued and traded. In this Offering, the Company's Security Tokens will not allow for fractional tokens to be issued or traded.

The Company will troubleshoot the functionality of the Security Tokens on the Ethereum distributed ledger prior to issuance. There are several Solidity smart contract code libraries that are used as the basis for most security tokens by a very active developer community. While the developers will use well-tested smart contracts as the base of code of the Security Tokens, once the Company's smart contract is complete, it will be deployed on one of the Ethereum test networks where it will be audited by a third party professional services team to ensure that the smart contract does not have any vulnerabilities.

### How the Security Tokens Are Issued?

When a potential investor submits an application to invest in this Offering and makes payment as set out in the offering documents, the application and potential investors are reviewed and vetted by Prime Trust KYC services as would take place with any securities transaction, with all requirements of state, federal and/or other securities laws being applied to the transaction.

Once the potential investor, as well as the funds and the trade, are cleared by Prime Trust, the Company will be free to close on each trade, under the parameters set out in the Offering documents. When such a closing occurs, funds will be released from the TD Bank account to the Company, the Security Tokens will be issued, and the investor will receive the Security Tokens. The transfer agent will maintain all required records of the Security Tokens for the Company, as they would in any sale of traditional securities. At that time, the process of issuing the Security Tokens to investors will be as follows:



Prime Trust will notify the transfer agent of the closing of any investments and will transmit all required investors' information to the transfer agent for investors involved in that closing. The transfer agent will, following state and federal law related to their duties as a registered transfer agent, issue the Security Tokens and keep records of who owns each Security Token, how those tokens are held, and how many tokens each investor owns.

The Transfer Agent will, for each Security Token sold, cause the smart contract to be deployed on the Ethereum blockchain and create a record in the transfer agent system according to their existing processes including but not limited to the name, address, social security number, and Ethereum wallet address of each investor. Once this information is captured in The Transfer Agent's system, they initiate the process to issue the Security Tokens that are created using one of several methods:

- When Prime Trust has completed its trade review and cleared the sale of an investor's Security Tokens, then Prime Trust will relay instructions to The Transfer Agent who will (i) add each investor's Ethereum wallet address to the appropriate whitelist and (ii) from within The Transfer Agent's applications, execute an action that calls the function in the smart contract to issue the Security Tokens to each and every investor from the particular closing.
- As the Security Tokens are issued, both the Ethereum blockchain and The Transfer Agent applications will record the number of tokens in each Ethereum wallet.

The smart contract of each Security Token has parameters encoded that defines the total number of Security Tokens that may be issued following in this Offering. Once deployed, the value in this parameter cannot be changed. Once the total number of Security Tokens is issued, the smart contract is "flagged" and it is no longer possible to issue additional Security Tokens.

### How the Security Tokens Are Cleared, Before Being Issued?

As noted above, when a potential investor submits an application to invest in this Offering and makes payment, the application and investor are reviewed in the same manner as would take place with any traditional securities transaction, by applying the requirements of applicable securities laws. This process includes, but it not limited to, Prime Trust LLC reviewing all documents, written or electronic, related to the transaction for completeness and validity, complying with KYC/AML requirements and clearing any AML



exceptions that occur, and otherwise performing the compliance duties required. Once the compliance processes are complete, the sale or trade of the Security Tokens is cleared.

## The Distributed Ledger

A distributed ledger (also known as a “blockchain”) is a distributed database that is not owned by a central authority. Instead, there are nodes all over the world that, using cryptographic proofs, validate transactions and keep the ledger current on each independent node. No individual or entity can arbitrarily change a distributed ledger.

All transactions involving the Company's Security Tokens will occur on the Ethereum blockchain/distributed ledger. Once the Security Tokens are issued, any movement of the tokens on the distributed ledger from one wallet to another is restricted by (a) the transfer agent and (b) the smart contracts based on the rules relating to the type of securities sold and the exemption from registration in effect. Any such transfer of tokens will be limited to those approved by the rules in the smart contract and will occur only through the transfer agent. Each such transfer is published to the Ethereum blockchain and validated by every Ethereum network node. Each node executes and records the same transactions, which are grouped into blocks. Only one block can be added at a time, and every block contains a mathematical proof that verifies that it follows in sequence from the previous block. In this way, the distributed ledger is kept in consensus across the whole network.

In order for any transaction to be successfully processed on the distributed ledger, at least 12 more blocks must confirm the transaction after the transaction was initially confirmed by the first block. This normally occurs approximately 3 minutes after the transaction has been successfully processed by the first block. By waiting for 12 confirmation blocks, invalid transactions are prevented, a primary security feature of distributed ledger technology.

The smart contract, which exists on every node in the network, keeps track of the balance of tokens in each Ethereum wallet. This information is stored in the blockchain and is accessible via the issuer and transfer agent systems.

Smart contracts emit “events” when a transaction is performed. These events contain all the information associated with a transaction and are logged in the blockchain. They are public and can be queried at any time to check what transactions have been made. All



events related to the Security Tokens will also be automatically captured in the transfer agent application to simplify the management of transactions, reporting, and investor communications.

## The Smart Contracts

Each Company Security Token has a smart contract that has the following features encoded and deployed on the Ethereum blockchain:

- Records the issue date of each Security Token,
- Enforces restrictions on trade, total number of investors (such as in this Offering, to prevent the sale of more Security Tokens than are being offered), and accredited investor status, and other restrictions related to the exemption under which the Security Token is issued,
- Tracks the balance of Security Tokens in each wallet address,
- Supports token issuance during the initial offering,
- Executes the transfer of tokens from a source Ethereum address to a destination Ethereum address, with all requirements for transfers validated by the smart contract,
- Legal requirements for KYC/AML are governed by the smart contract, which communicates with a separate whitelist smart contract to ensure that jurisdiction-specific securities regulations are followed in these processes,
- Manages lock-up periods,
- Manages forced transfers for the transfer agent (such as upon the death of a token holder),
- Records events when transfers are executed, and
- Any other legal or compliance-related requirements of the securities as set out in the Company's Certificate of Incorporation and Bylaws.

Each feature is defined in a module which is added to the token while it is in draft status. These modules add each of the features necessary to ensure regulatory and operational compliance under existing regulations. Once the token is released, no modules can be added or removed. As such, the smart contract is not subject to change at that point by anyone.





## How the Security Tokens and Transactions on the Ethereum Blockchain Will Be Validated

A blockchain is a distributed computing architecture where every network node executes and records the same transactions, which are grouped into blocks. Only one block can be added at a time, and every block contains a mathematical proof that verifies that it follows in sequence from the previous block. In this way, the blockchain’s “distributed database” is kept in consensus across the whole network. Individual user interactions with the ledger (transactions) are secured by strong cryptography. Nodes that maintain and verify the network are incentivized by mathematically enforced economic incentives coded into the protocol.

Transactions in the Ethereum blockchain are validated by every node in the network. At the time this Offering Memorandum was drafted, there were approximately 14,000 nodes in the Ethereum network. Users of the Ethereum blockchain must pay small transaction fees to the network. This protects the Ethereum blockchain from frivolous or malicious computational tasks, like DDoS attacks or infinite loops. The sender of a transaction must pay for each step of the “program” they activated, including computation and memory storage. These fees are paid in amounts of Ethereum’s native value-token, Ether.

These transaction fees are collected by the nodes that validate the network. These “miners” are nodes in the Ethereum network that receive, propagate, verify, and execute transactions. The miners then group the transactions – which include many updates to the “state” of accounts in the Ethereum blockchain – into what are called “blocks,” and miners then compete with one another for their block to be the next one to be added to the blockchain. Miners are rewarded with Ether for each successful block they mine. This provides the economic incentive for people to dedicate hardware and electricity to the Ethereum network.

## Subsequent Token Transfers

After they are initially issued, the Company’s Security Tokens will be subject to transfer to another token holder only if compliance is met with all regulations surrounding the exemption under which the Security Token was issued. These compliance restrictions are built into each Security Token’s smart contract to prevent the unauthorized transfer of such Security Tokens.



When a Security Token holder or other entity submits a transfer to the blockchain, the Security Token's smart contract will run the logic embedded in the smart contract to mark the transaction as valid. The logic to perform this validation will include:

- Checking the whitelist to see that the destination address is on the whitelist of allowable Ethereum addresses.
- Check that the jurisdictions involved in the transfer allows the transaction by checking a whitelist to ensure that the jurisdiction associated with the purchaser's Ethereum address is authorized to receive the Security Token.
- Verify securities-related rights and restrictions and restrictions based on the exemption under which the Security Token was issued such as lock-up periods.
- Check any other restrictions built into the smart contract.

Additional compliance functions may be accomplished by deploying additional smart contracts or whitelists that are published to the blockchain and referenced by the Security Token smart contracts when transactions are initiated. Changes to the whitelists are secured by the provisions in the smart contract and may include security steps that involve multiple parties such as the transfer agent, or issuer.

In all circumstances with the Company's Security Tokens, the transfer agent will control the process. For example, the transfer agent will evaluate, select and manage any third parties who wish to publish additions to the whitelists. These third parties may include exchanges or KYC/AML providers who are engaged to ensure that whitelists are updated and accurate.

In order to transfer the Security Tokens, the token holder will initiate a transaction in their wallet to designate the recipient wallet for the transfer. When the token holder initiates a transfer, the smart contract will determine (a) whether the transfer is restricted through the rules programmed in the smart contract and (b) whether the destination wallet address is an approved address on the whitelist. If both conditions are met, and the transfer agent finds the transaction meets its legal criteria, the token will be transferred from the transferor's wallet address to the transferee's wallet address, and the transaction will be recognized and recorded in The Transfer Agent's system and on the blockchain. If the destination wallet is not on the whitelist, the transferee will be required to contact The Transfer Agent to deliver the required documentation to execute a KYC/AML process or any other required process on the designation wallet before the transfer will be authorized. In all cases, if the destination wallet is not on the whitelist or added to the whitelist by The Transfer Agent or another authorized party, the transfer will fail.



If the Security Tokens are added to an exchange or ATS, The Transfer Agent will add the exchange or ATS wallet to the whitelist. Once the Security Token is at the exchange or ATS, the exchange or ATS will be responsible to conduct the appropriate KYC/AML, adding wallet addresses to the whitelist and managing any trading restrictions that might exist, along with any additional duties of the transfer agent. When an investor chooses to move their Security Tokens from the exchange or ATS to their individual wallet, the exchange or ATS will deliver appropriate KYC/AML approvals so that The Transfer Agent may update their system and any whitelist with any new and approved wallet address, as needed.

In addition to secondary market transfers made through an exchange or ATS, the transfer agent will be able to execute at least two types of Security Token transfers on behalf of issuers:

- (a) The Company may issue tokens for later release to employees and others, such as through an Employee Security Token Option Plan. In this case, the Company would give the transfer agent the designation wallets of the token recipients. Using an issuer designed security process, the transfer agent would execute a transaction with a multi-signature wallet (which includes designated individuals who must approve the transaction) or a master key that can execute the transfer unilaterally.
- (b) Forced transfers may be executed by the transfer agent after compliance with existing verification and validation processes for purposes of transfer on death, divorce, and to manage liquidation rights, voting rights, rights of first refusal and any other rights that apply to the Security Tokens. Each of these transactions will be entered in the transfer agent system and subsequently validated and posted to the distributed ledger.

In addition, as stated above, the Company and the transfer agent will implement securities law compliant systems that allow a Security Token holder who has lost his or her private key, or otherwise no longer has access to their Security Tokens, to have those missing or lost Security Tokens burned and replaced, with all smart contracts, ledgers and other records updated to reflect the new Security Tokens as replacements for the lost or missing Security Tokens. The process will be similar to that presently used by issuers and transfer agents to replace lost stock certificates in certificated securities offerings. However, rather than replacing a lost stock certificate, the Company will replace a lost Security Token, after appropriately proof, identification and other regulatory and legal requirements are met by the Security Token holder.



# ZIYEN INC.

Confidential Private Placement Memorandum • Security Token Offering (STO) Regulation D Rule 506(c) • ZIYEN, INC

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## **ITEM 4 - DEVELOPMENT OF ZIYEN ENERGY TRADING PLATFORM**

### Background

The world spends over an estimated \$5 trillion dollars per year on oil and energy. Global energy is the single largest and most actively traded commodity market in the world and is larger than the annual GDP of all but the 5 largest countries. Energy is over 50 times the size of the generally accepted gold reserve market and is larger than all metal commodity markets combined. And whereas gold and metal commodity markets are largely static in nature and have limited ability to drive global economic growth, energy as a consumable is the single most critical commodity for the continuous and effective functionality of the global economy. Energy in all its forms is the true lifeblood of the global economy. Without energy, the entire world would quickly come to a grinding halt.

The growth of digital currencies, like bitcoin, have been growing rapidly, there is still limited mainstream adoption as it is still in its infancy and lack of government regulations and insufficient understanding of the blockchain technology have meant that traditional investors are reluctant to invest. But the market place is rapidly changing and with the introduction of SEC compliant Security Token Offerings, then adoption will increase quickly.

### What is a Fiat Currency?

Fiat money is currency that a government has declared to be legal tender, but it is not backed by a physical commodity. The value of fiat money is derived from the relationship between supply and demand rather than the value of the material from which the money is made. While financial institutions accept fiat currency as payment for assets and services, many have refused or are unable to engage in transactions involving digital currencies. Fiat currencies and digital currencies are not benchmarked against a commodity, and vulnerable to the cycle of inflation, political control and economic events.



## How to tokenize oil through a ZIYEN Energy Trading Platform?

The energy trading platform will be set up as a subsidiary of Ziyen Inc. and ZiyenCoin.

We need to create a subsidiary as we are tokenizing oil assets, we need to have an entity set up specifically for this process. Also the type of ERC Ethereum Token required for this project is in a different structure to that of ZiyenCoin ERC20 equity backed tokens.

In the current market, investments in oil and gas projects by operators—or those with a working interest in the project—are essentially immovable and restricted to that specific project.

By tokenizing the producing assets on a trading platform which will allow investors and companies to easily trade these tokens, a new level liquidity will be introduced across the industry.

The energy trading platform will utilize an energy utility token; it will be available to both small and large operators who can benefit in listing their producing asset to trade these tokens based on a project-by-project basis on the blockchain.

For example, Shell will trade Shell Energy tokens, BP will trade BP Energy Tokens, Exxon will trade Exxon Energy Tokens, but we are creating the Energy Trading Platform for the smaller operators in the US and only through development of additional features to the Ziyen Energy Trading Platform

## Ziyen Energy – Potts Lease to be first asset of oil to be tokenized

The first customer to use the energy trading platform will be Ziyen Energy. We are fortunate to be in a position to place our own oil assets onto the energy trading platform. Once the process is refined, it will be available to operators who can begin utilizing the platform in order to tokenize their own assets and ultimately trade them.

How big can the platform grow? Under the current structure, the platform can be scaled out to operate with as little as one or as many as thousands of projects located around the globe.



The oil industry is currently worth over \$5 trillion per year, and to put that in perspective – Bitcoin would have to rise to \$250,000/Bitcoin in order to have the same industry valuation.

This comparison measures the magnitude and potential of the oil and energy industry. By creating an energy trading platform – which will provide fixed cost savings from an operational perspective and provide a system to unlock billions of dollars – new level liquidity will emerge for the oil and energy industry and therefore, the global economy.

### Why we are using the Ethereum blockchain for the tokenization programme?

Although commonly associated with Bitcoin, blockchain technology has many other applications that go way beyond digital currencies. In fact, Bitcoin is only one of several hundred applications that use blockchain technology today.

Blockchain is to Bitcoin, what the internet is to email. A big electronic system, on top of which you can build applications. Currency is just one.

Ethereum is a global, decentralized platform for money and new kinds of applications. On Ethereum, you can write code to build applications accessible anywhere in the world, this is why we are using Ethereum.

### Type of token to be used for the Energy Trading Platform - ERC Token 1410: Partially Fungible Tokens

There are many types of securities which, although they represent the same underlying asset, need to have differentiating data tied to them.

This additional metadata implicitly renders these securities non-fungible, but in practice this data is usually applied to a subset of the security rather than an individual security. The ability to partition a token holder's balance into partitions, each with separate metadata is addressed in the Partially Fungible Token section.

For example, a token holder's balance may be split in two: those tokens issued during the primary issuance, and those received through secondary trading.



Security token contracts can reference this metadata in order to apply additional logic to determine whether or not a transfer is valid and determine the metadata that should be associated with the tokens once transferred into the receiver's balance.

Alternatively, a security token can use this mechanism simply to be able to transparently display to investors how different subsets of their tokens will behave with respect to transfer restrictions. In this case, the balances could be determined programmatically.

### Timeline for development of the Ziyen Energy Trading Platform

We are targeting to have the first oil project oil tokenized by October of this year and the platform to be launched on January 1, 2020.

The first oil asset from Ziyen Energy will be tokenized on the platform.

Then we are targeting to make an acquisition of a producing asset by November and tokenize the asset on the platform. We have signed an LOI for a producing asset, which will generate revenue for Ziyen Energy of about \$530K per annum.

The current operator has owned this asset for 8 years, but the field has been producing for over 40 years in the Illinois Basin. The asset currently produces between 25-30 barrels per day, and in addition to the operator and land owner, there are over 80 small investors who own a working interest in the project and receive a monthly royalty check from the refinery company.

The additional revenue would also of course provide Ziyen Energy with credibility and leverage to acquire a number of other valuable assets, but it is the ability to tokenize the asset, will now provide liquidity to all the small investors to sell their working interest, which currently they can't execute.

This will provide the first example of Ziyen Energy Trading Platform in operation and will encourage other small operators to start using the service.





We will then look to make further acquisitions and list those oil assets on the platform.

By the end of the middle of 2020 we will have the platform open for US Operators to also list their producing assets on the platform. We envisage small to medium sized oil companies who operate in the peripheral basins in America, including Illinois, Wyoming and Oklahoma will start listing on the platform.

Once we have the platform operating at its full potential, we will open up to operators in the Permian in Q4 of 2020, before launching it globally.

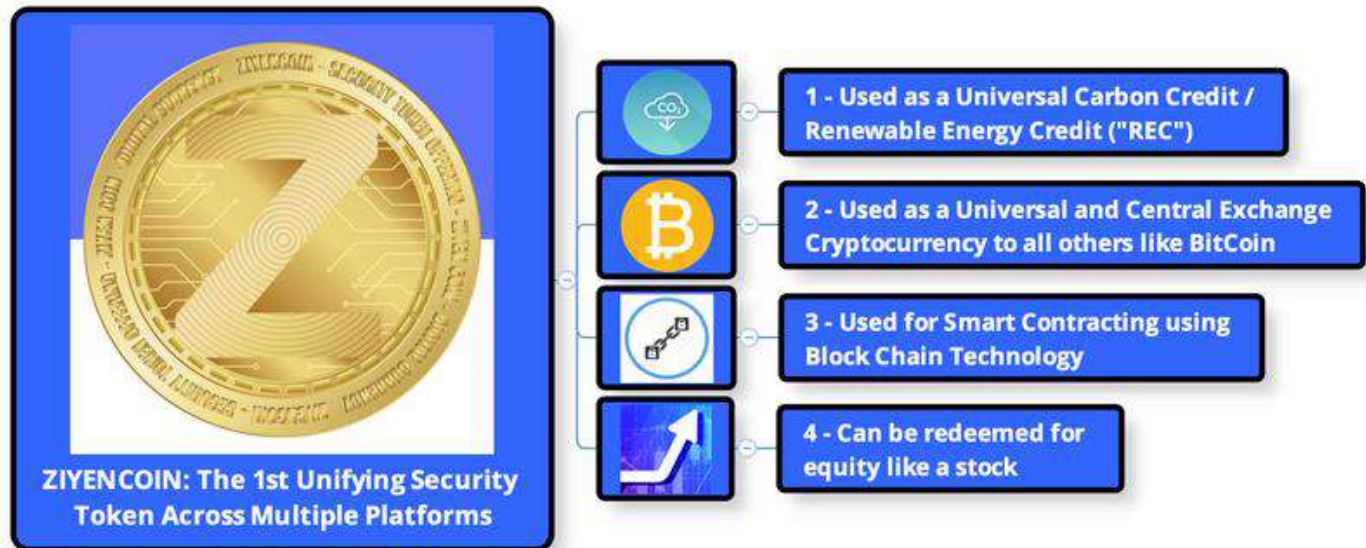
I envisage in 24 months from now having in excess of 1000 independent oil projects tokenized on the trading platform, which will prove to be one of the best use cases of the Blockchain since the invention of Bitcoin.

### Development of Ziyen Energy Trading Platform to incorporate Carbon Sequestration Mining

A key development of Ziyen Energy Trading Platform is to use a portion of the proceeds raised in this offering, to further develop and implement Carbon Sequestration Mining as a key aspect of the platform. Scientific evidence increasingly shows that the causes and effects of global climate change are interconnected and cross physical and political boundaries. Likewise, real solutions to climate change require independence from political instability and manipulation going on around the globe. The breakdown of the Kyoto Protocol is just one example of climate change solutions being controlled by politics instead of by real scientific and economic drivers. ZiyenCoin was founded by the founders of Ziyen, Inc., an energy company. Therefore Ziyen Inc. takes the position that fossil fuels are needed as the world gradually transitions towards renewables based on economic factors, and that developing a Ziyen Energy Trading Platform will serve to increase those economic incentives by rewarding both fossil and renewable energy based companies for activities that benefit their bottom line while benefiting the health of our shared planet.



Ziyen Energy Trading Platform will serve as a solution to climate change by serving as a universal carbon credit. Just as country-controlled (fiat) currencies are subject to political instability and inefficiencies of cross-border transactional charges, the global carbon credit market is inefficient and under-regulated. Ziyen did not invent the carbon credit market, but ZiyenCoin intends to disrupt and unify it under ZiyenCoin.



### Is there a current trading platform for ZiyenCoin Equity Token?

As of the date of the offering, we are not aware of any national securities exchange or exchange registered with the SEC or approved by FINRA that lists the tokens for trading. We cannot guarantee that this will change, although several companies have announced plans to launch platforms for trading of security tokens.



However, we have not independently confirmed the veracity of these news reports, there is no guarantee that any of these potential exchanges will become functional and increased regulatory attention may result in these exchanges failing to obtain approval or being forced to cease trading once it commences. We also expect that each of these exchanges may also develop its own criteria with respect to which crypto assets it lists for trading, which may include criteria we are unable or unwilling to meet. For example, exchanges may only allow the listing of crypto assets that use certain blockchains (for example, Bitcoin), as integration of each new blockchain into a platform will require additional engineering work and add to the technical complexity of its operation. In addition, these exchanges may form partnerships or alliances with issuers or financial backers of crypto assets other than ZiyenCoins, which may lead them to exclude the ZiyenCoins or Tokens or other crypto assets from listing as a potential competitor.

Prior to this offering, no public market for ZiyenCoins existed, and a liquid trading market for ZiyenCoins may not develop or be sustained after this offering. Ziyen Inc. will continue with the company strategy to IPO the company on the NASDAQ Small Caps Market or alternative exchange, and holders of ZiyenCoins or tokens may wish to transfer these ZiyenCoins to Ziyen Inc. shares if a trading platform for ZiyenCoins has not been established prior to the company's intended IPO, providing ZiyenCoin holders an alternative route will be required to make their own determination as to whether such transfer is in compliance with state and foreign securities laws.



## **ITEM 5 - SUMMARY OF RISK FACTORS**

An investment in the Tokens involves various risks. These include risks that are widespread and associated with any form of business and specific risks associated with the Company's business and its involvement in the insurance and tech market generally. Prospective investors should carefully consider the following risk factors, in addition to the other information presented in this Offering Circular, before making an investment decision. An investment in the Tokens is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of the investment. You should carefully consider the matters discussed before you decide whether to invest in the Tokens. Some of the risks include the following:

- \* The domestic and global supply and demand for oil and natural gas, creating a volatile oil price market.
  
- \* The new or changing government regulations, including those relating to environmental matters, permitting or other aspects which will effect of our operations;
  
- \* The Regulatory and legislative changes in the Oil Industry and increased cost of compliance can have a significant risk on the Ziyen Inc. business. Following the BP Deepwater Horizon oil spill in the Gulf of Mexico, tighter safety and environmental guidelines are requiring massive investment on the industry's part.
  
- \* Natural disasters and extreme weather conditions including the impact of hurricanes and tropical storms are a high-risk factor that Ziyen Inc. has no control, and can become a major concern for the company.



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- \* The willingness and ability of the Organization of Petroleum Exporting Countries (“OPEC”) to set and maintain oil price and production.
  
- \* Company's limited history: The Company is in the early stage of development and must be considered a startup. As such, the Company is subject to many risks common to such enterprises, including under capitalization, cash shortages, limitations with respect to personnel, financial and other resources and the lack of revenues.
  
- \* Company's negative operating cash flow: The Company currently has limited revenues from its operations and may use the proceeds of the Offering to fund any negative operating cash flow.
  
- \* Future financing requirements: The Company will need additional financing to continue in business and there can be no assurance that such financing will be available or, if available, will be on reasonable terms.
  
- \* Other key risk factors out of the Company’s control include how suppliers are invited to bid on contracts, updates to government procurement legislation and changes in the structure of tender documents. The effect of these factors cannot be accurately predicted.
  
- \* Governmental and regulatory requirements: Government approvals and permits are currently, and may in the future be, required in connection with the Company's operations. Where required, obtaining necessary permits and licenses can be a complex, time consuming process and the Company cannot assure that required permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits



and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from proceeding with the development of an exploration project or the operation.

- \* Limited public trading market: The Company's Securities, Shares and Tokens are currently not listed on a public market in the United States.
  
- \* Dividends: Payment of any future dividends will be at the discretion of the Board of Directors after taking into account many factors, including the Company's operating results, financial condition and current and anticipated cash needs.

### Risk Factor - The Company's Limited History

The Company is in the early stages of development and must be considered a start-up. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on Tokenholders' investment and the likelihood of success must be considered in light of its early stage of operations. The Company has limited financial resources has no source of operating cash flow and there is no assurance that additional funding will be available to it for further exploration and development of the Company's properties or to fulfill its obligations under any applicable agreements. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's sole property.



## Risk Factor - Negative Operating Cash Flow

The Company currently has minimal revenues from its operations and may use the proceeds of the Memorandum to fund any negative operating cash flow.

## Risk Factor - Going Concern Risk

The business of developing and marketing technological properties involves a high degree of risk and, therefore, there is no assurance that current marketing programs will result in profitable operations. The Company cannot guarantee that the service will be used by companies in multiple industry sectors. or the Oil and Energy Division, the company cannot guarantee the political risk due to the changes in regulations and government regulations.

The geological risk with difficulty of extraction and the possibility that the accessible reserves in any deposit will be smaller than estimated

Other major risks affecting Ziyen Inc. include, the risk with the volatile fluctuations in the price of oil, supply and demand risks and operational costs. The more onerous the regulation and the more difficult the drill, the more expensive a project becomes. Investors should not invest any funds in the Memorandum unless they can afford to lose their entire investment.

## Risk Factor - Development and Operations Risks

The development and marketing of technological applications involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate.



Technology operations generally involve a high degree of risk. Such operations are subject to worldwide market/developer activity, even some such activities that may enjoy sovereign government support.

The Company's long-term profitability depends on cost effective acquisition and development of new reserves; if the Company is unsuccessful, its results of operations and financial condition would be materially and adversely affected.

A significant portion of the Company's revenues and the majority of its operating results will be derived from the sale of oil and gas that the Company extracts from underground reserves developed as part of its Exploration & Production activities. The development of oil and gas fields, the construction of facilities and the drilling of production or injection wells is capital intensive and requires advanced technology. Due to constantly changing market conditions and difficult environmental challenges, cost projections can be uncertain.

#### Risk Factor - Future Financing Requirements

The Company will need additional financing to continue in business and there can be no assurance that such financing will be available or, if available, will be on reasonable terms. If financing is obtained by issuing Tokens from treasury, control of the Company may change and investors under the Memorandum may suffer additional dilution. To the extent financing is not available, programmer commitments, advertising payments, and retailer payments, if any, may not be satisfied and could result in a loss of earning opportunities by the Company.

#### Risk Factor - The Company May Not Be Able to Obtain Additional Financing

Even if the Company is successful in selling the maximum number of Tokens in the Memorandum, the Company may require additional funds to continue and grow its business. The Company may not be able to obtain additional financing as needed, on acceptable terms, or at all, which would force the Company to delay its plans for growth and implementation of its strategy which





could seriously harm its business, financial condition and results of operations. If the Company needs additional funds, the Company may seek to obtain them primarily through additional equity or debt financing. Those additional financing could result in dilution to the Company's current Tokenholders and to you if you invest in this Memorandum.

Risk Factor - Dependence Upon Key Personnel:

The Company, in order to successfully implement its growth plans, is dependent upon its current Board of Directors which includes Alastair Caithness, CEO. The loss of any party could have a material adverse effect upon the Company's business prospects. The Company will depend heavily on its management team to effectively implement its Business Plan. The success of the Company will be largely dependent upon the performance of its key officers.

Risk Factor - Changes In Employment Laws Or Regulation Could Harm The Company's Performance.

Various federal and state labor laws govern the Company's relationship with our future employees and affect operating costs. These laws may include minimum wage requirements, overtime pay, healthcare reform and the implementation of various federal and state healthcare laws, unemployment tax rates, workers' compensation rates, citizenship requirements, union membership and sales taxes. A number of factors could adversely affect our operating results, including additional government-imposed increases in minimum wages, overtime pay, paid leaves of absence and mandated health benefits, mandated training for employees, changing regulations from the National Labor Relations Board and increased employee litigation including claims relating to the Fair Labor Standards Act.

Risk Factor - You Will Not Have Significant Influence On The Management Of The Company

Substantially all decisions with respect to the management of the Company will be made exclusively by the officers, directors, managers or employees of the Company. You will have a very limited ability, if at all, to vote on issues of Company management and will not have the right or power to take part in the management of the Company and will not be represented on the board of directors



or by the managers of the Company. Accordingly, no person should purchase Tokens unless he or she is willing to entrust all aspects of management to the Company.

### Risk Factor - The Company's Bank Accounts Will Not Be Fully Insured

The Company's regular bank accounts and the escrow account for this Memorandum each have federal insurance that is limited to a certain amount of coverage. It is anticipated that the account balances in each account may exceed those limits at times. In the event that any of Company's banks should fail, the Company may not be able to recover all amounts deposited in these bank accounts.

### Risk Factor - Difficulty of Planned Expansion

The Company plans to continue to expand its level of operations following this memorandum. To manage its growth effectively, the Company must continue to improve and expand its existing resources and production systems. To do so, it must attract, train and motivate qualified managerial, financial, sales and marketing personnel. There can be no assurance, however, that the Company will be able to successfully achieve these goals.

### Risk Factor - The Company's Business Plan Is Speculative

The Company's present business and planned business are speculative and subject to numerous risks and uncertainties. There is no assurance that the Company will generate significant revenues or profits.

### Risk Factor - The Company's Expenses Could Increase Without a Corresponding Increase in Revenues



The Company's operating and other expenses could increase without a corresponding increase in revenues, which could have a material adverse effect on the Company's consolidated financial results and on your investment. Factors which could increase operating and other expenses include, but are not limited to (1) increases in the rate of inflation, (2) increases in taxes and other statutory charges, (3) changes in laws, regulations or government policies which increase the costs of compliance with such laws, regulations or policies, (4) significant increases in insurance premiums, (5) increases in borrowing costs, and (5) unexpected increases in costs of supplies, goods, materials, construction, equipment or distribution.

Risk Factor - Computer, Website or Information System Breakdown Could Affect the Company's Business

Computer, website and/or information system breakdowns as well as cyber security attacks could impair the Company's ability to service its customers leading to reduced revenue from sales and/or reputational damage, which could have a material adverse effect on the Company's consolidated financial results as well as your investment.

Risk Factor - Additional Financing May Be Necessary for The Implementation Of Our Growth Strategy

The Company may require additional debt and/or equity financing to pursue our growth and business strategies. These include but are not limited to enhancing our operating infrastructure and otherwise respond to competitive pressures. Given our limited operating history and existing losses, there can be no assurance that additional financing will be available, or, if available, that the terms will be acceptable to us. Lack of additional funding could force us to curtail substantially our growth plans. Furthermore, the issuance by us of any additional securities pursuant to any future fundraising activities undertaken by us would dilute the ownership of existing Tokenholders and may reduce the price of our Tokens.

Risk Factor - Our Operating Plan Relies in Large Part Upon Assumptions And Analyses Developed By The Company. If These Assumptions or Analyses Prove To Be Incorrect, The Company's Actual Operating Results May Be Materially Different From Our Forecasted Results



Whether actual operating results and business developments will be consistent with the Company's expectations and assumptions as reflected in its forecast depends on a number of factors, many of which are outside the Company's control, including, but not limited to:

- whether the Company can obtain sufficient capital to sustain and grow its business
- our ability to manage the Company's growth
- whether the Company can manage relationships with key contractors and suppliers
- the timing and costs of new and existing marketing and promotional efforts
- the Company's ability to retain existing key management, to integrate recent hires and to attract, retain and motivate qualified personnel
- the overall strength and stability of domestic and international economies
- Unexpected US Government Shutdowns affecting operations



- Unfavorable changes in any of these or other factors, most of which are beyond the Company's control, could materially and adversely affect its business, consolidated results of operations and consolidated financial condition.

#### Risk Factor - The Company Needs to Increase Brand Awareness

Due to a variety of factors, the Company's opportunity to achieve and maintain a significant market share may be limited. Developing and maintaining awareness of the Company's brand name, among other factors, is critical. Further, the importance of brand recognition will increase as competition in the Company's market increases. Successfully promoting and positioning the Company's brand, products and services will depend largely on the effectiveness of the Company's marketing efforts. Therefore, the Company may need to increase the Company's financial commitment to creating and maintaining brand awareness. If the Company fails to successfully promote the Company's brand name or if the Company incurs significant expenses promoting and maintaining the Company's brand name, it would have a material adverse effect on the Company's consolidated results of operations.

#### Risk Factor - A Data Security Breach Could Expose the Company To Liability And Protracted And Costly Litigation, And Could Adversely Affect The Company's Reputation And Operating Revenues

To the extent that the Company's activities involve the storage and transmission of confidential information, the Company and/or third-party processors will receive, transmit and store confidential customer and other information. Encryption software and the other technologies used to provide security for storage, processing and transmission of confidential customer and other information may not be effective to protect against data security breaches by third parties. The risk of unauthorized circumvention of such security measures has been heightened by advances in computer capabilities and the increasing sophistication of hackers. Improper access to the Company's or these third parties' systems or databases could result in the theft, publication, deletion or modification of confidential customer and other information. A data security breach of the systems on which sensitive account information is stored could lead to



fraudulent activity involving the Company's products and services, reputational damage, and claims or regulatory actions against us. If the Company is sued in connection with any data security breach, the Company could be involved in protracted and costly litigation. If unsuccessful in defending that litigation, the Company might be forced to pay damages and/or change the Company's business practices or pricing structure, any of which could have a material adverse effect on the Company's operating revenues and profitability. The Company would also likely have to pay fines, penalties and/or other assessments imposed as a result of any data security breach.

Risk Factor - The Company Depends On Third-Party Providers For A Reliable Internet Infrastructure And The Failure Of These Third Parties, Or The Internet In General, For Any Reason Would Significantly Impair The Company's Ability To Conduct Its Business

The Company will outsource some or all of its online presence and data management to third parties who host the actual servers and provide power and security in multiple data centers in each geographic location. These third-party facilities require uninterrupted access to the Internet. If the operation of the servers is interrupted for any reason, including natural disaster, financial insolvency of a third-party provider, or malicious electronic intrusion into the data center, its business would be significantly damaged. As has occurred with many Internet-based businesses, the Company may be subject to 'denial-of-service' attacks in which unknown individuals bombard its computer servers with requests for data, thereby degrading the servers' performance. The Company cannot be certain it will be successful in quickly identifying and neutralizing these attacks. If either a third-party facility failed, or the Company's ability to access the Internet was interfered with because of the failure of Internet equipment in general or if the Company becomes subject to malicious attacks of computer intruders, its business and operating results will be materially adversely affected.

The Company Has Made Assumptions In Its Projections and In Forward-Looking Statements That May Not Be Accurate

The discussions and information in this Offering Circular may contain both historical and "forward- looking statements" which can be identified by the use of forward-looking terminology including the terms "believes," "anticipates," "continues," "expects," "intends," "may," "will," "would," "should," or, in each case, their negative or other variations or comparable terminology. You should not place



undue reliance on forward-looking statements. These forward-looking statements include matters that are not historical facts. Forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements contained in this Offering Circular, based on past trends or activities, should not be taken as a representation that such trends or activities will continue in the future. To the extent that the Offering Circular contains forward-looking statements regarding the financial condition, operating results, business prospects, or any other aspect of the Company's business, please be advised that the Company's actual financial condition, operating results, and business performance may differ materially from that projected or estimated by the Company. The Company has attempted to identify, in context, certain of the factors it currently believes may cause actual future experience and results to differ from its current expectations. The differences may be caused by a variety of factors, including but not limited to adverse economic conditions, lack of market acceptance, reduction of consumer demand, unexpected costs and operating deficits, lower sales and revenues than forecast, default on leases or other indebtedness, loss of suppliers, loss of supply, loss of distribution and service contracts, price increases for capital, supplies and materials, inadequate capital, inability to raise capital or financing, failure to obtain customers, loss of customers and failure to obtain new customers, the risk of litigation and administrative proceedings involving the Company or its employees, loss of government licenses and permits or failure to obtain them, higher than anticipated labor costs, the possible acquisition of new businesses or products that result in operating losses or that do not perform as anticipated, resulting in unanticipated losses, the possible fluctuation and volatility of the Company's operating results and financial condition, adverse publicity and news coverage, inability to carry out marketing and sales plans, loss of key executives, changes in interest rates, inflationary factors, and other specific risks that may be referred to in this Offering Circular or in other reports issued by us or by third-party publishers.



## **ITEM 6. PLAN OF DISTRIBUTION**

No securities are being offered for the account of existing security holders. A maximum of 5,000,000,000 ZiyenCoins or ‘Tokens’ are being offered by the Company on a “best efforts” basis. The Offering will close upon the earlier of (1) the sale of 5,000,000,000 ZiyenCoins or ‘Tokens’, (2) One Year from the date this Offering begins, or (3) a date prior to one year from the date this Offering begins that is so determined by the Company (the “Offering Period”). The Company anticipates that there will be several closings during the course of the Offering.

The Company intends to engage Prime Trust, LLC as escrow agent. Prime Trust is the industry leading provider of escrow services for technology-driven securities offerings. Prime Trust systems process and account for every dollar, while protecting issuers, investors, and others involved in a capital raise.

### Prime Trust Escrow Services Include:

- Unlimited crowd of investors
- All securities types, including Reg A, Reg D, Reg S, Reg CF, EB-5, and more
- For issuance of stock, bonds or tokens ("coins")
- Detailed, real-time accounting & reports





- Systems to keep you in compliance with regulations
- Brokers & portals, tri-party escrow agreements
- Domestic & international investors
- Funds processing via ACH, credit cards, debit cards, wires and checks, Bitcoin and Ethereum
- Optional AML services
- Easy disbursements from escrow
- Integration is easy
- Specialized escrows for ICO's, stablecoins, exchanges, secondary transactions, and other needs

Primetrust Anti-Money Laundering (AML)/ Know Your Customer (KYC) Services

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As a regulated, chartered financial institution Prime Trust is required to maintain a robust, PATRIOT Act compliant AML program that is subject to external audit and periodic examinations by banking regulators and the US Treasury. We employ a CAMS certified chief compliance officer, and maintain detailed policies and procedures which have been vetted by regulatory authorities. We take this responsibility and do this work so our customers can breathe easy. Our systems are built to perform KYC, collect customer data and complete AML background checks. With the collected data we run a rigorous analysis to verify the identity of the customer. We provide this service for both domestic US and international customers.

Prime Trust's AML Screening Includes:

- OFAC - Office of Foreign Assets Control (SDN) List
- OFAC - Foreign Sanctions Evaders (FSE) List
- OFAC - Sectoral sanctions Identifications (SSI) List
- OFAC - Palestinian Legislative Council (NS-PLC) List
- OFAC - The List of Foreign Financial Institutions Subject to Part 561 (the Part 561) List



- OFAC - Non-SDN Iranian Sanctions Act (NS-ISA) List
- OFAC Sanctioned Countries List
- Office of the Comptroller of the Currency Alerts
- OSFI - Canada Entities + OSFI - Canada Individuals
- Her Majesty's Treasury's Consolidated List
- US Bureau of Industry and Security - Denied Entity List + Denied Person List + Unverified Entity List
- Commodity Futures Trading Commission, Regulatory and Self-Regulatory Authorities
- Defense Trade Controls (DTC) Debarred Parties



- European Union Designated Terrorist Groups + Individuals
- Foreign Agents Registration Act
- FBI Top Ten Most Wanted
- Financial Crimes Enforcement Network Special Alert List
- Interpol Most Wanted
- Interpol Most Wanted - Red Notice
- Chiefs of State and Foreign Cabinet Members (formerly PEPs (politically exposed persons))
- State Department Foreign Terrorist Organizations + State Department Terrorist Exclusions



- United Nations Named Terrorists
- World Bank Ineligible Firms
- Australia Department Of Foreign Affairs and Trade
- FATF Financial Action Task Force, Deficient Jurisdictions - Countries
- FBI Hijack Suspects
- FBI Seeking Information
- FBI Most Wanted Terrorists
- FBI Most Wanted
- World Bank Ineligible Firms



- Hong Kong Monetary Authority
- Monetary Authority of Singapore
- Offshore Financial Centers
- Primary Money Laundering Concern
- Primary Money Laundering Concern - Jurisdictions

We initially will use our existing website, <http://www.ziyen.com> and <http://www.ziyencoin.io> , to provide notification of the Offering. This Preliminary Offering Circular will be furnished to prospective investors via download 24 hours per day, 7 days per week on the above-referenced websites.

Prospective Investors will generally complete the subscription agreement using the Prime Trust LLC software system or another system from a similar technology provider, or via other means per industry standard. Prospective investors may otherwise send to the Company's office a completed Subscription Agreement and payment of the subscription amount.

As there is no minimum amount to be raised under the Offering, the funds raised under the first and subsequent closings may not be sufficient to complete the activities described below in Item 4 – Use of Proceeds to Issuer, which may increase the risk to prospective



# ZIYEN INC.

Confidential Private Placement Memorandum • Security Token Offering (STO) Regulation D Rule 506(c) • ZIYEN, INC

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investors of participating in the Offering. If any prospective Investors subscription is rejected, all funds received from such Investor will be returned without interest or deduction.

This Offering is made only pursuant to this Offering Circular and prospective Investors must read and rely on the information provided in this Offering Circular in connection with their decision to invest in the ZiyenCoins or ‘Tokens.’ Subject to limitations imposed by applicable securities laws, other materials may be prepared for marketing purposes. The Company may utilize one or more Crowdfunding websites to advertise the Offering to prospective investors. Such websites provide services for posting a profile of the Company. These Crowdfunding websites charge a monthly subscription fee for the services. The Company intends to post the Offering via offering sites (none of which have a relationship to the company, or related parties other than contractual for service and other similar marketing services). The subscription crowdfunding websites do not conduct any diligence or review of companies or deals before parties are permitted to raise funds using the websites. Summary information about the Company and the Offering will be posted on the Crowdfunding sites. Although such materials will not contain information in conflict with the information provided by this Offering Circular and will be prepared with a view to presenting consistent disclosure with respect to the Offering of Shares, these materials will not give a complete understanding of this Offering, the Company or the Shares and are not to be considered part of this Offering Circular.



## ITEM 7 - USE OF PROCEEDS TO ISSUER

### Available Funds

	5,000,000,000 ZiyenCoins Offering \$	2,000,000,000 ZiyenCoins Offering \$	1,000,000,000 ZiyenCoins Offering \$
Amount to be raised by this Offering <sup>(1)</sup>	5,000,000	2,000,000	1,000,000
Fees <sup>(2)</sup>	0	0	0
Estimated offering costs (e.g. crowdfunding, accounting)	50,000	50,000	50,000
Available Funds	4,950,000	1,950,000	950,000

### Notes

- 1 There is no minimum amount required to be raised under this Offering. The table sets forth three scenarios depending on the number of Shares subscribed for by potential investors. If the Offering is not fully subscribed, funds will be used for the priorities listed in the table below under Use of Net Available Funds.
  
- 2 The Company is marketing the Offering on a “best efforts” and does not anticipate paying fees or commissions. Management and directors will not be paid finders’ fees for raising funds under the Offering.





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Use of Available Funds

The principal purposes for which the net proceeds of the Offering are intended to be used is acquire more energy assets, which includes oil reserves and renewable energy projects.

We intend to use the proceeds of this offering for general operations and cash reserves, including but not limited to payment of salaries (including those of directors and officers) and hiring employees and consultants, and payment of federal and state income taxes.

We also intend to use the proceeds of this offering for research and development, specifically for continued development of the ZiyenCoins and the technology developments of integration it with Smart Contracts and the Blockchain, and for that portion of hiring costs and payment of salaries that are allocated to research and development, as well as for marketing and education.

We also want to conduct further work developing the three divisions of the company, ZiyenCoin, Ziyen Intelligence and Ziyen Energy. the service. The following table sets forth the Use of Proceeds for three scenarios for funds raised under the Offering.

The ability of the Company to use funds as set forth in the following table is dependent on the amount of funds raised under this Offering. If less than 5,000,000,000 ZiyenCoins are subscribed for by prospective investors, the Company’s priority for use of funds will be as listed below.

	5,000,000,000 ZiyenCoins	2,000,000,000 ZiyenCoins	1,000,000,000 ZiyenCoins
Description of use of funds listed in order of priority	Offering \$	Offering \$	Offering \$



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Available Funds	4,950,000	1,950,000	950,000
USED FOR			
Oil Lease and Mineral Rights Acquisitions (1)	2,500,000	1,000,000	500,000
Drilling & Engineering Costs (2)	500,000	250,000	100,000
Ziyen Energy Platform Development (3)	250,000	150,000	150,000
Legal, Tokenization and Finance Costs (4)	400,000	150,000	50,000
Advertising, Marketing and Web Development (5)	500,000	150,000	50,000
Invest in Renewable Energy Infrastructure (6)	350,000	80,000	80,000
Cost Total	-4,500,000	-1,780,000	-930,000
Remain Funds (unallocated) (7)	450,000	170,000	20,000

Notes:



- 1 Ziyen Energy will continue with its strategy to acquire more oil assets in the Illinois Basin, Wyoming and other marginal basins
- 2 In addition to drilling costs on each oil asset, other key engineering expenditure includes costs to develop infrastructures, storage and transportation, instrumentation and control, piping and delivering and Safety and Risk Management.
- 3 The Cost of developing the Ziyen Energy Trading Platform
- 4 Legal and Finance costs to investigate and develop the Security Token Offering (STO) for 506c, and listing costs for exchanges.
- 5 Aggressive marketing and advertising campaigns to target multiple markets, plus attend road shows to raise investment.
- 6 As part of the Ziyen Advantage Program, Ziyen Inc. will invest in Renewable Energy and specialist consultants, to implement the program of using renewable energy to reduce the production of oil. Again testing the process to be integrated into the Energy Trading Platform.



7 In the event of a full Offering is not subscribed for, the funds raised will be used to pursue the Company goals as best as possible. If sufficient funds are raised from investors, the Company anticipates using a portion of the funds to pay monthly consulting fees for the services of the key employees. If the full Offering is subscribed for, the remaining funds will be applied to working capital. The Company reserves the right to use the funds obtained from this Offering for other similar purposes not presently contemplated which it deems to be in the best interests of the Company and its token holders in order to address changed circumstances or opportunities. As a result of the foregoing, the success of the Company will be substantially dependent upon the discretion and judgment of Management with respect to application and allocation of the net proceeds of this Offering. Investors for the Tokens offered hereby will be entrusting their funds to the Company's Management, upon whose judgment and discretion the investors must depend.



## **ITEM 8 - DESCRIPTION OF ZIYEN INC. BUSINESS**

Ziyen Inc. was incorporated in the state of Wyoming, U.S.A. in April 2016.

Ziyen Inc. Business Address (30 N Gould St Ste R Sheridan, WY 82801) is a mail forwarding address and not the principal executive office.

Ziyen Inc. Corporate/Mailing address (PO Box 1500, Bonita, CA 91908)

Ziyen Inc. Registered Agent address in the state of Indiana (5534 Saint Joe Road, Fort Wayne, IN 46835)

The Company operates three divisions. The company was originally a software company providing information on the oil, gas, power and energy sectors. Ziyen Intelligence specializes business information, contracts, news and information. Developing cutting edge procurement and supply chain software to provide clients with intelligence on industry specific government and private contracts. Seeing a unique opportunity, the company strategically pivoted and created an Oil and Energy Company securing the first oil asset in 2017. Ziyen Energy was created to capitalize on information and opportunities in the oil and gas marketplace with the intent to produce oil in the U.S. with advanced extraction methods and technology implemented and guided by career experts in the oil and gas industry. Ziyen intends to produce oil by securing and developing smaller, marginal oil fields in the U.S. that have been otherwise overlooked by major oil companies yet still provide multi-million- dollar yield potential. Ziyen Energy currently has 18 oil assets based in the Illinois Basin, which covers Illinois, Indiana and Kentucky. The third division is ZiyenCoin. This new division will focus on Oil Blockchain and work with the leading industry players with the goal of developing new technology to cut costs and push down oil production costs.

As at the date of this Offering Circular, Ziyen has 372 investors in the company with 32,024,377 Common Shares outstanding.



Since the creation of the Company in 2016, its activities have been funded entirely by advances from management and shareholders. It is possible that the Company will not succeed in its financing and there is no assurance that alternative funding will be available. Should adequate funding not be available, the management of the Company will have to make decisions as to how the Company can further on with its business plans.

The Company currently does not have funds to complete its Short-Term Objectives. To implement and complete the steps outlined in this Offering Circular, the Company will need to be successful in its fundraising efforts under this Security Token Offering.

#### Overview of the Services:

Vision Statement: *From Information to Innovation* - Ziyen Inc. has evolved from a software company providing information on oil and energy contracts to a company that is focused on providing innovative engineering solutions that will deliver a new concept of utilizing renewable energy to produce oil at a reduced cost to provide Ziyen Energy with a competitive advantage over all other oil producers in the Midwest marginal oil fields.

ZIYEN Inc. aka Ziyen (<http://www.ziyen.com>) is comprised of three business divisions, Ziyen Energy, Ziyen Intelligence and ZiyenCoin

#### Ziyen Energy Overview

Ziyen Energy has the focus on becoming a leader in the US domestic energy market. Making the shift from fossil fuels to renewable energy is leading global consciousness and is also the reason behind Ziyen Inc.'s innovative approach to oil production. Through acquisitions, Ziyen is building a portfolio of oil assets with a strategy to drive down oil production costs whilst utilizing the latest in renewable energy and enhance oil recovery techniques. The launch of the Ziyen Advantage program offers a more sustainable means



of oil production in which proprietary technology will be used to reduce production costs and improve overall efficiency of a given oil well.

## Ziyen Energy Recent Accomplishments

- Over the last 18 months, Ziyen Energy acquired 18 oil and gas leases in the Illinois Basin.
- Strategic footprint established covering over 1650 acres in the Illinois Basin.
- Ziyen Inc. was classified as an Operator by the Indiana Department of Natural Resources in October 2018, with the first group of wells bonded in the company's name.
- Ziyen started oil production in November 2018.
- Ziyen Advantage Prototype Model developed and should be ready for testing in 2019.

## Ziyen Energy Strategic Plan



Ziyen Inc. is looking to replicate the acquisition strategy similar to that of Talisman, Apache and TAQA in the North Sea off the coast of Scotland in which they purchased assets that were divested by BP and Shell which had passed peak production.

Ziyen Inc. is looking to adopt a similar strategy but in a different regional location focused on the smaller Midwest oil basins.

It is our intention to exploit what can be seen as a very inefficient market. Ziyen Inc. intends to continue to acquire production at very advantageous levels, produce at favorable costs, and enjoy improved cost efficiencies through the Ziyen Advantage program. While, the shale gas play is dominating the US Midwest marketplace, the traditional crude oil market will remain a highly profitable market place.

Ziyen Inc. will also look to create geographic diversification in its portfolio by targeting other operating zones outside of Illinois, with the next target markets being Wyoming and Oklahoma.

### Growing US and Global Market Opportunities

Currently the United States imports approximately 10.1 million barrels per day (MMb/d) of petroleum from approximately 84 countries. Petroleum includes crude oil, natural gas plant liquids, liquefied refinery gases, refined petroleum products such as gasoline and diesel fuel, and biofuels including ethanol and biodiesel. About 79% of gross petroleum imports are crude oil. (Source U.S. Energy Information Administration)

On a global scale during the next five years, the United States will surrender the title of the world's biggest oil importer to China and India. The International Energy Agency (IEA) sees oil production capacity rising by 6.4 million barrels a day to reach 107 million barrels a day. The agency maintained that there's no peak to oil demand in sight, but growth will start slowing down to about 1 million barrels a day by 2023.





Ziyen Inc. is entering a market place where the demand for oil, both domestically and globally, is increasing, therefore utilizing proprietary technology through the Ziyen Advantage program to reduce oil production costs provides the company with a tremendous cost advantage in an already growing market.

## Illinois Basin

For some time, America's top oil producing states have consistently been Texas, North Dakota, Alaska, Oklahoma and California. However, many predict that the next big oil play in North America will be in Illinois—a state that has produced a total of 4 billion barrels of oil and approximately 4Tcf (trillion cubic feet) of natural gas already since the first oil wells were drilled in the early 20<sup>th</sup> century.

The Illinois Basin has experienced flurries of activity and certain periods of stagnancy in the early 20<sup>th</sup> century, yet the region has consistently produced oil for local consumption for extended periods. In a region that spans 60,000 miles in southern Illinois, Indiana and Kentucky, records indicate the region experienced its first drilling in 1853 when explorers were interested in harvesting salt-water in order to preserve foodstuffs.

These first attempts to harvest water and the implementation of well casings to facilitate the management of water led to the accidental discovery of an equally lucrative commercially viable natural resource, oil.

After the first oil boom, technological advances in the field of seismology rendered more exact means to locate oil reservoirs and this steady commodification of oil in the Illinois Basin continued into 1940 with production reaching 147.6 million barrels.

As we have seen in many top OPEC nations, oil production can be greatly disrupted by the geopolitics of war, and the Illinois basin was not spared of this historically damaging phenomenon during WW2.



Yet, the Illinois basin never fully reached its production capacity as the technology used to produce the oil was conventional and oil pools were primarily approached with vertical drilling.

However, the conventional, easily accessed oil pools were likely overspill from a larger source underneath which is called the New Albany Shale—a region that geologists discovered was once a shallow seabed from the Devonian age that dates back 350 million years and covered the eastern region of North America.

A study published by the American Association of Petroleum Geologists poses interesting prospects of immense potential for the region as the article states geology for the New Albany Shale is very similar to other prominent and high yielding basins such as the Williston Basin, the Andarko Basin, the Appalachian Basin, The Michigan Basin. The same 2002 study estimated that New Albany Shale could potentially produce up to 300 billion barrels of oil.

### Acquisition of oil assets

In June 2017, Ziyen Inc. acquired its first oil asset in the Illinois Basin, the *Ross Lease* in Gibson County.

The reserve report indicates 62,265 bbl. of proven oil reserves and 715,000 bbl. of possible oil reserves. Full details of the Petroleum Reserve Report are available at:

Assignment of Oil and Gas Lease to Ziyen Inc - Information Filed at Ziyen Inc. SEC Filings

[https://www.sec.gov/Archives/edgar/data/1680101/000114420417054022/tv477585\\_ex6-1.htm](https://www.sec.gov/Archives/edgar/data/1680101/000114420417054022/tv477585_ex6-1.htm)

Oil and Gas Reserve Evaluation Report - Information Filed at Ziyen Inc. SEC Filings

[https://www.sec.gov/Archives/edgar/data/1680101/000114420417054022/tv477585\\_ex6-2.htm](https://www.sec.gov/Archives/edgar/data/1680101/000114420417054022/tv477585_ex6-2.htm)



Oil Sample Analysis: Ziyen Energy recently enlisted the services of Core Laboratories (UK), Petroleum Services Division in September to perform a compositional analysis of an oil sample sourced from the oil lease in Evansville, Indiana, referenced in Exhibit B - Oil and Gas Reserve Evaluation Report in Supplement No 1, filed on August 7, 2017.

High level points:

The reserve is a nice light crude, lacking any toxic, erosion or corrosion agents which will mean that our topside equipment should be easily maintained with a proper preventative maintenance regime.

The hydrocarbon ranging between C7 and C20 will minimize processing costs (no additional process complexity from H2S, waxes etc.), which means reaching premium as far as an unrefined crude goes.

There is nothing evident to suggest any other issue from the well product that could impact the ability to deliver to sales or flow with high availability: low water cut and minimized C2 - C4's: no hydrate issue, C36+'s are 7% mole weight so not much heavy end sludge (C60+), no amines, negligible benzene mean lower processing costs.

Low density, means that flow rates should be optimal

In summary, the news was exceptional. Ziyen Energy plans to use of the latest oil extraction methods for each well; —for oil which is compositionally of a high-grade light crude which will ensure oil production and output will reach optimal operational levels.

Core Lab Compositional Analysis for Ziyen Inc. - Information Filed at Ziyen Inc. SEC Filings  
[https://www.sec.gov/Archives/edgar/data/1680101/000114420417054022/tv477585\\_ex6-3.htm](https://www.sec.gov/Archives/edgar/data/1680101/000114420417054022/tv477585_ex6-3.htm)





Company policy generation in advance of site operation is underway. Examples of initial policies may be found with this offering and include:

Non-Discrimination Policy - Information Filed at Ziyen Inc. SEC Filings

[https://www.sec.gov/Archives/edgar/data/1680101/000114420417054022/tv477585\\_ex6-4.htm](https://www.sec.gov/Archives/edgar/data/1680101/000114420417054022/tv477585_ex6-4.htm)

Code of Ethics & Compliance Policy - Information Filed at Ziyen Inc. SEC Filings

[https://www.sec.gov/Archives/edgar/data/1680101/000114420417054022/tv477585\\_ex6-5.htm](https://www.sec.gov/Archives/edgar/data/1680101/000114420417054022/tv477585_ex6-5.htm)

HSE Policy Statement - Information Filed at Ziyen Inc. SEC Filings

[https://www.sec.gov/Archives/edgar/data/1680101/000114420417054022/tv477585\\_ex6-6.htm](https://www.sec.gov/Archives/edgar/data/1680101/000114420417054022/tv477585_ex6-6.htm)

Environmental Policy Statement - Information Filed at Ziyen Inc. SEC Filings

[https://www.sec.gov/Archives/edgar/data/1680101/000114420417054022/tv477585\\_ex6-7.htm](https://www.sec.gov/Archives/edgar/data/1680101/000114420417054022/tv477585_ex6-7.htm)

Ziyen Energy then implemented a strategy to acquire additional leases in close proximity to the Ross Lease, allowing the company to increase the overall acreage and to continue to build our strategic footprint in the Basin. By centralizing our operations in one area, this will allow Ziyen Energy to enhance our cost efficiencies.

Since acquiring our first oil asset in the Illinois Basin in June 2017, Ziyen Inc. have acquired a further 17 oil assets with an overall acreage in excess of 1650 acres.

#### Bonding of First Wells and Moving into Production





On the 24th of October 2018, Ziyen Inc. was officially been registered as an Operator by the Indiana Department of Natural Resources, Division of Oil and Gas with the first five wells bonded under the Company's name. The Potts Lease, based in Pike County, Indiana comprised of four producing oil wells and one injection well.

Letter Classifying Ziyen Inc. as an Operator and binding First Wells - Information Filed at Ziyen Inc. SEC Filings  
[https://www.sec.gov/Archives/edgar/data/1680101/000114420419012168/tv514688\\_ex6-8.htm](https://www.sec.gov/Archives/edgar/data/1680101/000114420419012168/tv514688_ex6-8.htm)

The company has moved into production and will look to be selling Ziyen Inc.'s first oil to CountryMark's refinery based in Mount Vernon, Indiana, by the middle of 2019.

CountryMark refinery processes 30,000 barrels of local crude oil per day, operating 24 hours per day, 365 days per year. The CountryMark refinery brings to the market 450 million gallons of finished fuel products per year. CountryMark is proud to be a reliable supplier of market-leading energy products and services for farms, fleets and families in Indiana, Illinois, Michigan, Ohio and Kentucky.

CountryMark sources local crude from the Illinois Basin, which includes southern Illinois, southern Indiana and western Kentucky. Transport trucks and a network of pipelines stretching 400 miles bring local crude oil into the refinery. Local crude oil that is locally refined provides a dependable source of domestic energy, which aides in domestic energy independence and security.

#### Ziyen Advantage Model

Ziyen Advantage Program Phase 1 – Utilizing Renewable Energy Infrastructure to drive oil production costs



The first part of the program is to utilize Renewable Energy Infrastructure to create the electricity to power the pump jack. This will not only drive down production costs but will allow us to operate off the grid. This is a significant technological advancement as the vast majority of systems currently use gas/diesel powered motors.

### Ziyen Advantage Conceptual Design

The Conceptual Design of the Ziyen Advantage Module has been completed.

Renewable energy to power the well jack pump system including PV Photovoltaic technology (solar panels), interfaced with wind turbines and appropriate means of battery storage. This will be built in a bespoke modular container system that will take into consideration the field type and size which will save up to 30% in electricity costs.

The utilization of power generation from the return stroke of pump jacks to feed into the grid where available, will create tertiary revenue.

Provision of control systems and 4G technology will give instant monitoring of the well and pump systems, allowing the company to reduce downtime by being prepared for any issues associated with the well, motors or chemicals.

The Ziyen Advantage will allow for an improved management of chemicals with the implementation of the latest control systems and will result in an optimal and significantly increased production line.

This will enable us to develop fields that are not currently connected to the electrical grid system, instead of using LPG or diesel in remote, off-grid locations.

### IRC 48 Tax Credit - Investment in Renewable Infrastructure



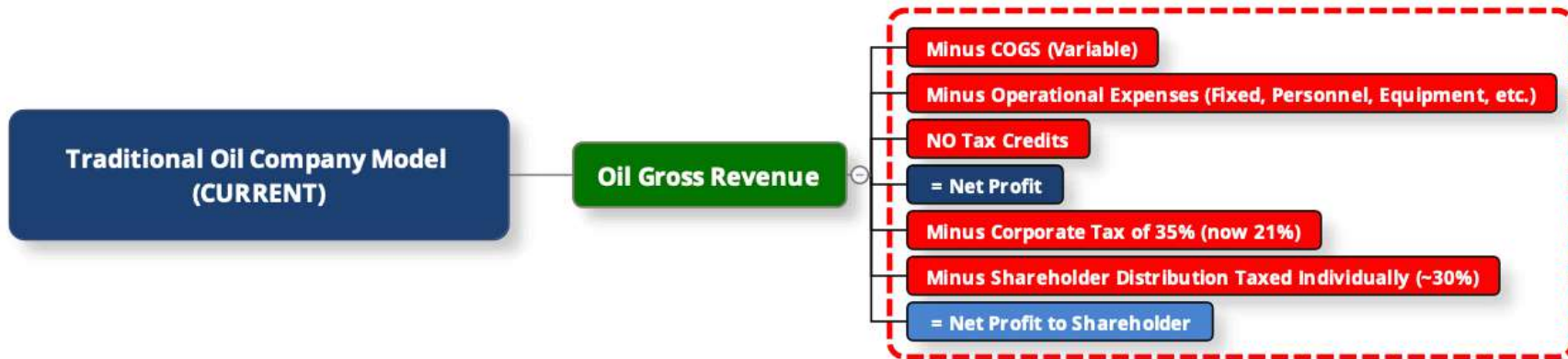
Section 48 of the Internal Revenue Code provides a tax credit designed to incentivize companies to invest in renewable energy projects which might otherwise be cost prohibitive. The tax credit is integral to America's successful transition to a clean energy economy.

The Ziyen Advantage model of investing in renewable energy to reduce oil production costs, with the goal to replace it with a long-term revenue stream for the landowners in the Midwest, is unique to the industry. Ziyen Energy will follow a model of making renewable energy investment in itself already being used by progressive companies such as Microsoft, Apple and Walmart.

The Tax credit will allow Ziyen Inc. to receive a 30% credit on any money it has invested in renewable energy. Thus, the tax credit will increase profitability of the company from oil and gas operations. The Ziyen Advantage Business Model in the following section will demonstrate how the model works. The two models below show the difference between the traditional oil and gas model, and the Ziyen Advantage Model where the Tax Credit is applied.



Traditional Oil and Gas Model





## Ziyen Advantage Business Model



## Ziyen Advantage Program Phase 2 – Enhanced Oil Recovery (EOR)

The second part of our program is to test (and where possible implement) EOR techniques by injecting polymers to increase the effectiveness of the water flood when injecting water into the wells. In the Midwest, when drilling a field, you may get up to 30% of the oil out of the reserve. Therefore, 70% is left behind. Utilizing this EOR, Ziyen can recover, on average, a further 8% to 12%, depending on the well.



The major operators left the basin over 30 years ago due to more lucrative projects abroad that allowed for a higher yield in profit and production without the high overhead costs, government taxes and strict legislation. It is safe to say that technology also remained stagnant as R&D investment did not increase for small to medium oil operators.

We believe that by working with experienced consultants from major operators we will be able to increase the recovery rates in the Illinois Basin and across the Midwest. Increasing recovery rates by 1%, it would still account for a significant incremental return.

Ziyen Inc. has recently appointed Dr. Thomas Ishoey as a consultant who has extensive experience in the development of Microbial Enhanced Oil Recovery (MEOR), which is the first EOR technique Ziyen Inc. is looking to deploy in the Illinois Basin.

### Microbial Enhanced Oil Recovery (MEOR)

Up to two thirds of all discovered oil is not recoverable by primary and secondary production. Successful tertiary or Enhanced Oil Recovery (EOR) requires an interdisciplinary understanding of reservoir geology, engineering, production history, injection water chemistry and microbiology.

EOR processes are divided into:

- Thermal processes
  
- Chemical methods
  
- Miscible displacement processes



- Microbial processes (MEOR)

For Chemical and Microbial processes to be effective the injection water chemistry must be known and potential limitation for the proposed EOR method understood.

The Benefits of MEOR is the ease it is scalable from small to large fields, as the application can be applied to selected individual injection wells. It is a low-cost implementation compared to traditional EOR with low CAPEX and simple cost-effective nutrient recipe. All reservoirs where oil can be mobilized during water flooding are candidates and the best application in sandstone reservoirs with good permeability.

The best results are obtained if applied during the early stages of water flooding or in fields with previous inefficient water flood operation and limited in-field drilling. The other benefit of MEOR is it creates the and lowest environmental impact of all EOR technologies.

### Market Analysis and Opportunity for Ziyen Energy

While use of renewables is growing, it still only accounts for ~ 17% of the American Energy marketplace. While that percentage is growing, there is a window of opportunity today.

Bigger oil companies such as Exxon Mobil, are able to operate out of very large sites in Mid-East countries such as Iraq. Two such massive sites, as an example, West Qurna 1 and West Qurna 2 have over 9.8B and 12B barrels of oil respectively. These two massive fields are only negotiated with one entity, and extraction costs are around one-third of the price due to their location in Iraq. This allows for these companies to maximize their profits.



The U. S. Marketplace, by comparison, is very fragmented with over 300,000 individual, smaller oil leases across the country as such, it is not cost effective for a large company to pursue that market. This is where Ziyen will be able to capitalize. Ziyen is a very lean operation by comparison, with a vastly lower overhead. As long as the extraction costs are lower than the price per barrel, and Ziyen is able to make a margin of profit, it will allow the company to move forward, grow, and acquire additional oil leases. Every well that Ziyen turns back on will contribute to employment (especially in rural communities, where it is sorely needed), and will increase America's energy independence/sustainability as the country transitions to renewables.

By generating renewable energy through our Ziyen Advantage Program at a cheaper rate than pulling electricity off the grid to power the pump jack, Ziyen Inc. will have a competitive advantage to produce oil at a cheaper rate than every other operator in the Midwest.

### Ziyen Intelligence

Ziyen Inc. was originally established as a business information company, providing clients with intelligence on industry specific government and private contracts via B2B procurement web portals. After the diversification of creating Ziyen Energy, the company re-branded the software division as Ziyen Intelligence.

Legacy information portals include Rebuilding Iraq and Cable Contracts, as well as a new Oil Blockchain News and Ziyen IQ portal currently in development.





[www.rebuildingiraq.net](http://www.rebuildingiraq.net) Rebuilding Iraq is our first B2B Procurement Portal, and the flagship service for the company. We are currently the number one international source for information on tenders, contracts, news and marketing services in Iraq. Rebuilding Iraq is a procurement portal for US and European Companies with information on Oil and Construction Contracts in the Iraq Market. The World Bank estimates US\$100 Billion will be spent in the reconstruction effort in Iraq.

The Rebuilding Iraq Procurement Portal is managed out of Ziyen Uk Division in Aberdeen by Greg Simpson, and below is a snapshot of the current website statistics:

- Number of Tenders/Contracts - 13,466
- Number of News Stories - 2,048
- Number of Live Oil and Construction Project - 56



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- Number of Buyers Publishing - Over 400 buyers (This includes all Iraq Federal Government Departments, Iraq Regional Governments, US Army and International Oil Companies and Construction Companies)
- Number of Website Users - 5,270
- Number of Customers - 171 companies paying for the premium service
- Number of Website Users - 2000+ unique visitors per week
- Number of Social Media Followers
  - Facebook - 149,000
  - Twitter - 6,834
  - LinkedIn - 18,860

[www.cablecontracts.net](http://www.cablecontracts.net) Cable Contracts is a global source for tenders, contracts, news and jobs in the Cable and Wire industry. Information encompasses all aspects of cable and wire: accessories, equipment, electrical, transformers, fiber optic, etc. used in electric power industry, oil and gas, data communication, rail transit, automobiles, defense, renewable, shipbuilding, and other industries. The aim of our portal is to improve the overall operational efficiency of the cable and wire industry by offering a one-stop shop procurement portal sourcing high quality suppliers to provide a better service to buyers. Our expertise and market knowledge make Cable Contract the number one choice for all sizes of companies looking for new business opportunities. This portal has global coverage.



[www.OilBlockchain.news](http://www.OilBlockchain.news) Oil Blockchain News has been developed to become the leading international portal for news covering oil blockchain technology, smart contracts and how distributed data will transform the oil and gas industry. Oil Blockchain is the future business model of supply chain and eventually will be applied to the entire oil and gas value chain. Oil Blockchain News will provide informational updates on how oil operators, like BP and Shell, plan to use blockchain tech to completely transform how energy is bought and sold, and how the industry will revolutionize the day to day operations of potentially every oil operation on the planet. Developments in Artificial Intelligence (AI) will allow new technologies to tap massive new reserves of energy, such as the Utah oil sands, while radically reducing environmental risk. This portal will not sell any form of cryptocurrency and the revenue for this portal will be predominantly through advertising.

In addition to our news and information portal services, Ziyen Intelligence is now actively developing new “next-generation” information portals currently offering:



The Ziyen IQ software app is being developed to target small to medium size enterprises operating in the US Oil, Energy and Federal markets. The App will operate on a similar model to Rebuilding Iraq, but will be built as a fully functional, extensible mobile App platform rather than a desktop platform. Subscribers will have the capability to create a “Billboard” page, giving them a marketing presence on our site and membership in our business directory. High visibility and traffic will provide companies with more organic enquiries to their website/business, which from a sales perspective is normally some of the best leads a company receives. Primary initial markets for this portal will be the US and the UK:



- In the US there are over \$28 million small businesses
- Each year, over \$350 billion worth of contracts are awarded
- US Government has a minimum of 23% earmarked for small businesses.
- There are over 1.5 million contracts published each year.

The Ziyen IQ App is currently under beta testing, with official launch targeted for rollout in 2019

The subscription to these portals will be on a monthly or annual recurring billing model, ranging from \$99 to \$5000, depending on the specific services the client is looking for, and can be stopped at any time. We will have a huge captive audience globally of sales, business development and senior management who are looking to win new business, therefore these add on services will provide a bolt on upgrade product to target that market place.

On average less than 10% of companies winning government contracts and public sector tenders use an outside company to provide them this information, and currently less than 5% of registered businesses actually bid on these contracts. Therefore, the potential growth in the market place is huge.





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## Market Analysis and Opportunity for Ziyen Intelligence

Currently there are services providing information on tenders and contracts, but they are designed as a one stop shop covering every single type of industry or product featured on the website, with the majority coming from India. Each website features thousands of products and services, unrelated by industry.

This one-size fits all approach has created some successful companies, but there is no recognized global leader in the marketplace. The percentage of companies using this service in most countries is still very small.

On average less than 10% of companies winning government contracts and public sector tenders use an outside company to provide them this information, and currently less than 5% of registered businesses actually bid on these contracts. Therefore, the potential growth in the market place is huge.

However, in addition to the potential growth, at Ziyen we are looking to stand on the shoulders of those who have gone before us and take the service to the next level, by creating an all-encompassing a B2B Procurement Portal which offer additional services to people operating in that particular specific industry. This includes a section for private buyers to publish contracts, feature in a procurement directory, jobs board and news websites.

The website will operate as a freemium model with a number of the services available for free in order to grow each website quickly, with the strategy to upsell the service to those interested in receiving the information to win new business.

Therefore, this targeted approach allows us to create the trust from those operating in that Industry as they now have all the information required to continuing to return to their specific industry sector portal on a daily basis.



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ZiyenCoin

ZiyenCoin is a new division created by Ziyen Inc., which will focus on Oil Blockchain and work with leading industry players to develop new technology to cut oil and energy costs. Given the data-intensive opportunities available through the growth and expansion of the Internet, the Oil Industry sees blockchain as an important vessel to carry the industry’s data transformation forward.

Supply chain is often a good place to start in assessing practical value of Oil Blockchain. Companies could forge better agreements with producers, suppliers, financial experts, record-keeping departments, and third-party vendors, potentially leading to reduced costs, streamlined management and a clearer understanding of the assignments and expectations of each player on the field. Innovation isn’t just about influencing existing business models in a positive and productive way. It’s also about how to monetize new ideas.

Oil and gas companies have struggled to evolve under the challenges of price volatility in recent years which creates the uncertainty that often leads to massive cost-cutting efforts, reduced exploration, and layoffs. This has forced oil and gas companies to drastically rethink how they operate and identify innovative ways to improve transactional efficiencies.

How to tokenize oil through an Energy Trading Platform?

The energy trading platform will be set up as a subsidiary of Ziyen Inc. and ZiyenCoin.

We need to create a subsidiary as we are tokenizing oil assets, we need to have an entity set up specifically for this process. Also the type of ERC Ethereum Token required for this project is in a different structure to that of ZiyenCoin ERC20 equity backed tokens.

In the current market, investments in oil and gas projects by operators—or those with a working interest in the project—are essentially immovable and restricted to that specific project.

By tokenizing the producing assets on a trading platform which will allow investors and companies to easily trade these tokens, a new level liquidity will be introduced across the industry.



The energy trading platform will utilize an energy utility token; it will be available to both small and large operators who can benefit in listing their producing asset to trade these tokens based on a project-by-project basis on the blockchain.

For example, Shell will trade Shell Energy tokens, BP will trade BP Energy Tokens, Exxon will trade Exxon Energy Tokens, but we are creating the Energy Trading Platform for the smaller operators in the US and only through development of additional features to the Ziyen Energy Trading Platform

### Ziyen Energy – Potts Lease to be first asset of oil to be tokenized

The first customer to use the energy trading platform will be Ziyen Energy. We are fortunate to be in a position to place our own oil assets onto the energy trading platform. Once the process is refined, it will be available to operators who can begin utilizing the platform in order to tokenize their own assets and ultimately trade them.

How big can the platform grow? Under the current structure, the platform can be scaled out to operate with as little as one or as many as thousands of projects located around the globe.

The oil industry is currently worth over \$5 trillion per year, and to put that in perspective – Bitcoin would have to rise to \$250,000/Bitcoin in order to have the same industry valuation.

This comparison measures the magnitude and potential of the oil and energy industry. By creating an energy trading platform – which will provide fixed cost savings from an operational perspective and provide a system to unlock billions of dollars – new level liquidity will emerge for the oil and energy industry and therefore, the global economy.

### Why we are using the Ethereum blockchain for the tokenization programme?

Although commonly associated with Bitcoin, blockchain technology has many other applications that go way beyond digital currencies. In fact, Bitcoin is only one of several hundred applications that use blockchain technology today.



Blockchain is to Bitcoin, what the internet is to email. A big electronic system, on top of which you can build applications. Currency is just one.

Ethereum is a global, decentralized platform for money and new kinds of applications. On Ethereum, you can write code to build applications accessible anywhere in the world, this is why we are using Ethereum.

### Type of token to be used for the Energy Trading Platform - ERC Token 1410: Partially Fungible Tokens

There are many types of securities which, although they represent the same underlying asset, need to have differentiating data tied to them.

This additional metadata implicitly renders these securities non-fungible, but in practice this data is usually applied to a subset of the security rather than an individual security. The ability to partition a token holder's balance into partitions, each with separate metadata is addressed in the Partially Fungible Token section.

For example, a token holder's balance may be split in two: those tokens issued during the primary issuance, and those received through secondary trading.

Security token contracts can reference this metadata in order to apply additional logic to determine whether or not a transfer is valid and determine the metadata that should be associated with the tokens once transferred into the receiver's balance.

Alternatively, a security token can use this mechanism simply to be able to transparently display to investors how different subsets of their tokens will behave with respect to transfer restrictions. In this case, the balances could be determined programatically.

### Timeline for development of the Ziyen Energy Trading Platform

We are targeting to have the platform operational by October of this year, and the first oil asset from Ziyen Energy will be tokenized on the platform. We will then look to make further acquisitions and list those oil assets on the platform.



By the end of the year we will have the platform open for US Operators to also list their producing assets on the platform. We envisage small to medium sized oil companies who operate in the peripheral basins in America, including Illinois, Wyoming and Oklahoma will start listing on the platform.

Once we have the platform operating at its full potential, we will open up to operators in the Permian in Q3 of 2020, before launching it globally.

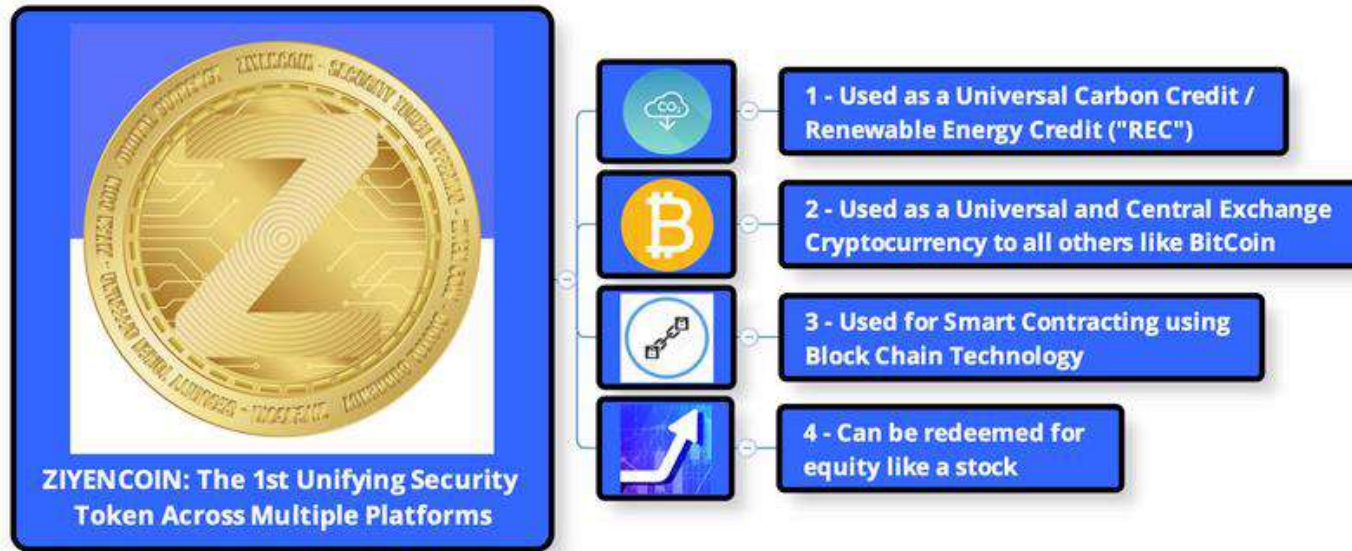
I envisage in 18 months from now having in excess of 1000 independent oil projects tokenized on the trading platform, which will prove to be one of the best use cases of the Blockchain since the invention of Bitcoin.

### Development of Ziyen Energy Trading Platform to incorporate Carbon Sequestration Mining

A key development of Ziyen Energy Trading Platform is to use a portion of the proceeds raised in this offering, to further develop and implement Carbon Sequestration Mining as a key aspect of the platform. Scientific evidence increasingly shows that the causes and effects of global climate change are interconnected and cross physical and political boundaries. Likewise, real solutions to climate change require independence from political instability and manipulation going on around the globe. The breakdown of the Kyoto Protocol is just one example of climate change solutions being controlled by politics instead of by real scientific and economic drivers. ZiyenCoin was founded by the founders of Ziyen, Inc., an energy company. Therefore Ziyen Inc. takes the position that fossil fuels are needed as the world gradually transitions towards renewables based on economic factors, and that developing a Ziyen Energy Trading Platform will serve to increase those economic incentives by rewarding both fossil and renewable energy based companies for activities that benefit their bottom line while benefiting the health of our shared planet.

Ziyen Energy Trading Platform will serve as a solution to climate change by serving as a universal carbon credit. Just as country-controlled (fiat) currencies are subject to political instability and inefficiencies of cross-border transactional charges, the global carbon credit market is inefficient and under-regulated. Ziyen did not invent the carbon credit market, but ZiyenCoin intends to disrupt and unify it under ZiyenCoin.





## Is there a current trading platform for ZiyenCoin?

As of the date of the offering, we are not aware of any national securities exchange or exchange registered with the SEC or approved by FINRA that lists the tokens for trading. We cannot guarantee that this will change, although several companies have announced plans to launch platforms for trading of security tokens.

However, we have not independently confirmed the veracity of these news reports, there is no guarantee that any of these potential exchanges will become functional and increased regulatory attention may result in these exchanges failing to obtain approval or being forced to cease trading once it commences. We also expect that each of these exchanges may also develop its own criteria with respect to which crypto assets it lists for trading, which may include criteria we are unable or unwilling to meet. For example,



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exchanges may only allow the listing of crypto assets that use certain blockchains (for example, Bitcoin), as integration of each new blockchain into a platform will require additional engineering work and add to the technical complexity of its operation. In addition, these exchanges may form partnerships or alliances with issuers or financial backers of crypto assets other than ZiyenCoins, which may lead them to exclude the ZiyenCoins or Tokens or other crypto assets from listing as a potential competitor.

Prior to this offering, no public market for ZiyenCoins existed, and a liquid trading market for ZiyenCoins may not develop or be sustained after this offering. Ziyen Inc. will continue with the company strategy to IPO the company on the NASDAQ Small Caps Market or alternative exchange, and holders of ZiyenCoins or tokens may wish to transfer these ZiyenCoins to Ziyen Inc. shares if a trading platform for ZiyenCoins has not been established prior to the company's intended IPO, providing ZiyenCoin holders an alternative route will be required to make their own determination as to whether such transfer is in compliance with state and foreign securities laws.



## **Overview of significant events of the history of Ziyen Inc.**

- Apr 2016 – New startup, Ziyen Inc. created, corporate website launched. The software division, Ziyen Intelligence to offer industry targeted portal access to information on federal tenders and contracts available for bid. Accessible via mobile app and desktop, modeled after today’s social media infrastructure.
- Jul 2016 – Ziyen files initial Reg A+ application paperwork, iterating under the direction, oversight and support of SEC representatives and our SEC attorney in order to ensure the filing for the offering circular is complete and compliant.
- Oct 2016 – Ziyen offering circular is certified by the SEC for Reg A+. Initial share price fixed at .25 c with 64M shares of common stock available.
- Jun 2017 – Ziyen, upon reviewing the oil/gas energy sector as an initial information portal, identifies an opportunity and acquires an asset: Mineral rights to an Indiana oilfield, fundamentally pivoting the business to create a second division in the company. Ziyen Energy division is created.
- Aug 2017 – Ziyen submits 253G2 addendum to the filing circular with the SEC, recognizing the new asset. Additionally, initial members of the board are introduced.
- Aug 2017 – Ziyen enlists VStock Transfer to represent the company as Transfer Agent and secure a CUSIP number for the company.
- Aug 2017 – Ziyen secures its ticker symbol, ZIY, in preparation for its move to the markets.
- Sep 2017 – Ziyen Inc. rebrands, with an exciting new look and logo. The corporate website refreshed to streamline navigation for mobile and desktop users, updating content and improving end-user experience.
- Oct 2017 – Ziyen Inc. enlists the services of Core Laboratories (UK), Petroleum Services Division to perform a compositional analysis of an oil sample sourced from the oil lease in Evansville, Indiana. Oil sample report confirms high grade nice light crude.





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- Oct 2017 – Ziyen open UK Division of the company to target the growth of the Ziyen Intelligence Division. The office opened in Aberdeen, UK. on the 19th of October 2017.
- Nov 2017 – Ziyen Inc. qualified to begin Round 2 of Funding under Regulation A+ at a new share price of \$1.50
- Nov 2017 – Ziyen Inc. recognized for supporting young veterans
- Dec 2017 – Ziyen Inc. wins Second Indiana Oil Contract
- Jan 2018 – Ziyen Inc. makes first appearance in World Oil
- Jan 2018 – Ziyen Energy wins third oil contract in Illinois Basin
- Feb 2018 – Ziyen Inc. files SEC 253G2 Offering Circular Supplement for Technical Evaluation Appraisal Report for Ziyen Energy’s Illinois Oil Leases
- Feb 2018 – Ziyen Energy announces 4th and 5th oil acquisitions in the Illinois Basin
- Mar 2018 – Ziyen Inc. Announces 2 Additional Oil Lease Acquisitions in the Illinois Basin
- April 2018 – Ziyen Inc. is Proud to Declare 3 Additional Oil Lease Acquisitions
- May 2018 – Ziyen Inc. Announces Participation at Two Investor Conferences in Scotland
- May 2018 – Ziyen Inc. CEO Alastair Caithness Discusses Novel Approach to Drive Down US Oil Production Costs on ESPN’s BISTalk Radio Show
- May 2018 – Ziyen acquires two more oil leases in the Illinois Basin, taking its total to 13



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- June 2018 – Ziyen Inc. is Extremely Proud to Sponsor the Caber Toss at the 45th Annual San Diego Highland Games
- July 2018 – Ziyen Inc. to organize first US Investors Summit in Coronado, California
- July 2018 – Ziyen Inc. Appoints Dean Holter as CFO and General Counsel
- August 2018 – Ziyen Inc. presents at the Annual 2018 Southern California Investor Conference in Newport Beach
- Sept 2018 – Ziyen Inc. Appoints Josh Berg as Director of Capital Markets
- Oct 2018 – Ziyen Inc. Moves into Oil Production. Ziyen Inc. has officially been registered as an Operator by the Indiana Department of Natural Resources, Division of Oil and Gas with the first five wells bonded under the Company's name
- Nov 2018 – Ziyen Inc. CFO and General Counsel, Dean Holter, Discusses the Regulation A+ Process During Appearance on ESPN's BISTalk Radio
- Nov 2018 – Ziyen Energy acquires 5 more oil assets in the Illinois Basin
- Nov 2018 – Ziyen Inc. CEO's Presentation at OWI NA 2018, North America's Leading Conference for Well Intervention Hailed a Great Success
- Jan 2019 – Ziyen Inc. Software Division launches Oil Blockchain News Website
- Feb 2019 – Ziyen Inc. Appointed as Official Partner of the Oil and Gas Blockchain Summit
- Mar 2019 – Ziyen Inc. Announces the launch of ZiyenCoin
- Apr 2019 – Ziyen Inc. Publishes ZiyenCoin White Paper



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- Apr 2019 – Ziyen Inc. To Participate in Leading Oil and Gas Smart Contracts Conference
- June 2019 – Ziyen Inc.: Holders of digital currency can now invest in oil projects using Bitcoin
- July 2019 – Ziyen Inc. CEO, Alastair Caithness Interviewed in Leading International Podcast, “Digital Oil and Gas”
- July 2019 – Ziyen Inc. First Stages of ZiyenCoin Mint Now Complete



## **ITEM 9. MANAGEMENT’S DISCUSSION AND ANALYSIS OF ZIYEN INC.**

### *MD&A for the Year Ended June 30, 2018*

The following discussion is management’s analysis of Ziyen Inc.’s (the “Company” or “Ziyen”) operating and financial data for the year ended June 30, 2018, as well as management’s estimates of future operating and financial performance based on information currently available. It should be read in conjunction with the unaudited consolidated financial statements and notes for the year ended June 30, 2018.

This Management’s Discussion and Analysis (“MD&A”) was prepared as of June 30, 2018. Additional information relating to Ziyen can be found at [www.ziyen.com](http://www.ziyen.com).

### **MATERIAL FORWARD-LOOKING STATEMENTS**

This MD&A contains forward-looking information as contemplated by USA SEC securities regulators, known as forward-looking statements. All estimates and statements that describe the Company’s objectives, goals or future plans are forward-looking statements. Readers are cautioned that the forward-looking statements are based on current expectations, estimates and projections that involve a number of risks and uncertainties, which could cause actual results to differ materially from those anticipated by the Company and described in the forward-looking statements. The Company will issue updates where actual results differ materially from any forward-looking statement previously disclosed.

### **RESPONSIBILITY OF MANAGEMENT**



The preparation of the financial statements, including the accompanying notes, is the responsibility of management. Management has the responsibility of selecting the accounting policies used in preparing the financial statements. In addition, management's judgment is required in preparing estimates contained in the financial statements.

## ABOUT Ziyen INC.

Ziyen Inc. was incorporated on April 11, 2016, pursuant to the laws of the state of Wyoming U.S.A. Ziyen Inc. has evolved from a software company providing information on oil and energy contracts to a company that is focused on providing innovative engineering solutions that will deliver a new concept of utilizing renewable energy to produce oil at a reduced cost to provide Ziyen Energy with a competitive advantage over all other oil producers in the Midwest marginal oil fields.

## 2018 OVERVIEW

The Company's main activities during the 2018 period for the Ziyen Energy Division, was to increase our strategic footprint in the Illinois Basin, by acquiring 17 oil assets to have in excess of 1650 acres. Ziyen Inc. also has moved the company into oil production and has officially been registered as an Operator by the Indiana Department of Natural Resources, Division of Oil and Gas with the first five wells bonded under the Company's name

Ziyen Intelligence Division has created an additional news portal focusing on Oil Blockchain and has progressed the development of Ziyen IQ App into final stages of testing.

During the year ended June 30, 2018, the Company received \$443,476 in net proceeds for issuance of total 1,137,095 shares of common stock.



During the year ended June 30, 2018, the Company issued a total of 664,991 shares of common stock for property. The Company valued the shares at fair value of \$997,487.

## GOING CONCERN RISK

The Company has no source of operating cash flow and operations to date have been funded primarily from the additional consideration for the issuance of share capital. The Company's ability to continue as a going concern is contingent on obtaining additional financing. Whether the Company will be successful with any future financing ventures is uncertain, and this uncertainty casts significant doubt upon the Company's ability to continue as a going concern. While the Company intends to advance its plans through additional equity financing, there is no assurance that any funds will ultimately be available for operations.

## COMMITMENTS

The Company may enter into advertising contracts during 2019-2020. These contracts will be negotiated in the normal course of operations and will be measured at the exchange amount which is the amount of consideration established and agreed by the parties and will reflect the values that the Company would transact with arm's length parties.

The Company has the following commitments for the next 12-month period: None

## INTERNAL CONTROLS OVER FINANCIAL REPORTING

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in compliance with GAAP. The Company's internal control over financial reporting includes policies and procedures that:



- 1 pertain to the maintenance of records that accurately and fairly reflect the transactions of the Company;  
.
- 2 provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in  
accordance with GAAP;
- 3 ensure the Company's receipts and expenditures are made only in accordance with authorization of management and the  
Company's directors; and
- 4 provide reasonable assurance regarding prevention or timely detection of unauthorized transactions that could have a material  
effect on the annual or interim financial statements. There were no changes in the Company's business activities during the  
year-ended June 30, 2018, that have materially affected, or are reasonably likely to materially affect, its internal controls over  
financial reporting.

## LIMITATIONS OF CONTROLS AND PROCEDURES

The Company's management, believe that any disclosure controls and procedures or internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable and not absolute assurance that the objectives of the control system are met.

Further, the design of a control system reflects the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations

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include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any systems of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

## OUTSTANDING SHARE DATA

June 30, 2018

Common Shares Issued and Outstanding

31,493,781

## OUTSTANDING SHARE DATA

Feb 21, 2019

Common Shares Issued and Outstanding

32,024,377

## CONTINGENT LIABILITIES





The Company has no contingent liabilities.

## FINANCIAL INSTRUMENTS

Set out below is a comparison, by category, of the carrying amounts and fair values of all of the Company's financial instruments that are carried in the consolidated financial statements.

The Company is exposed to a variety of financial risks including credit risk, liquidity risk, and market risk. Risk management is carried out by the Company's management team with guidance from the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

- a) **Credit risk** Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, and trade and other receivables. Cash is held with reputable chartered banks from which management believes the risk of loss is minimal. Included in trade and other receivables are taxes receivable from U.S.A. government authorities. Management believes that the credit risk concentration with respect to financial instruments is minimal. The maximum credit risk exposure associated with the Company's financial assets is the carrying value.
  
- b) **Liquidity risk** Liquidity risk is that the Company will not be able to meet its obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient resources to meet liabilities when due. As of June 30, 2018, the Company had net working capital of \$56,188. Management is continuously monitoring its working capital position and will raise funds through the equity markets as they are required. However, there is no certainty that the Company will be able to obtain funding by share issuances in the future. The Company is presently seeking to raise capital through an equity offering of Shares. The Company had no contractual maturities of financial liabilities and other commitments as at June 30, 2018.



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c) Market risk

Market risk is the risk of loss that may arise from changes in the market factors such as interest rates, commodity and equity prices and foreign currency rates.

## CAPITAL MANAGEMENT

The Company's objectives in managing its capital will be:

- 1 To have sufficient capital to ensure that the Company can continue to meet its commitments with respect to its development project and to meet its day to day operating requirements in order to continue as a going concern; and
- 2 To provide a long-term adequate return to shareholders.

The Company's capital structure is comprised of working capital deficit and shareholders' equity.

Ziyen is a development stage technology company which involves a high degree of risk. The Company has not determined whether its B2B Procurement Portals will earn revenue from its sales and therefore generate cash flow from operations. The Company's primary source of funds will come from the issuance of capital stock.

The Company's policy is to invest its excess cash in highly liquid, fully guaranteed, bank sponsored instruments.



The Board of Directors does not establish quantitative return on capital criteria for management but rather relies on the expertise of the Company's management to sustain future development of the Company.

## ADDITIONAL INFORMATION

Additional information relating to the Company can be found on Ziyen's websites: [www.ziyen.com](http://www.ziyen.com) and [www.ziyencoin.io](http://www.ziyencoin.io)

## MATERIAL FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking information as contemplated by United States SEC securities regulators, also known as forward-looking statements. All estimates and statements that describe the Company's objectives, goals or future plans are forward-looking statements. Readers are cautioned that the forward-looking statements are based on current expectations, estimates and projections that involve a number of risks and uncertainties, which could cause actual results to differ materially from those anticipated by the Company and described in the forward-looking statements. The Company will issue updates where actual results differ materially from any forward-looking statement previously disclosed.

## RESPONSIBILITY OF MANAGEMENT

The preparation of the financial statements, including the accompanying notes, is the responsibility of management. Management has the responsibility of selecting the accounting policies used in preparing the financial statements. In addition, management's judgment is required in preparing estimates contained in the financial statements.



## **ITEM 10 - DIRECTORS, EXECUTIVE OFFICERS AND LEADERSHIP TEAM**

### **OFFICERS AND DIRECTORS**

Alastair Campbell Caithness is CEO of Ziyen Inc. and Founder of Ziyen Inc., Alastair leads the company in its mission. He oversees all company operations including investor relations, the leadership of the Board of Directors, and daily business activities. Alastair has developed in-depth knowledge of Regulation A+ process, Title IV of the JOBS Act, Regulation D, Regulation S, Security Token Offerings (STO) and continues to maintain knowledge of the process, current regulatory requirements and works with the company's Legal Team and SEC attorneys to maintain compliance. In the past Alastair was Head of Sales & Marketing for a leading e-procurement company working for the UK government, set up an oil and gas project tracker in the Middle East and operated globally as a Business Development Manager for an international cable portal. He is originally from Scotland, with a BA Honors in Business Studies from the Robert Gordon University, Aberdeen, Scotland and now lives and resides in San Diego.

Dean Holter is CFO and General Counsel of Ziyen Inc. and Co-founder of ZiyenCoin. Dean is an attorney, serving as both CFO and General Counsel to Ziyen Inc. Dean has many years' experience serving businesses as both General Counsel and Chief Financial Officer. Prior to joining Ziyen, Dean served as General Counsel and CFO to Christensen Global Strategies, an international consulting firm whose clients have included United Nations Foundation, Clinton Global Initiative, Duke Energy, FEMSA, and Microsoft, among other Fortune 500 companies. While at Christensen Global Strategies, Dean also served as the project lead in the successful purchase of several commercial scale solar projects in California and Oregon, contracting with Renewable Technology Development. Prior to Christensen Global Strategies, Dean served as the General Counsel and General Manager of Idaho Capital, a private collateralized real estate lending group.

Josh Berg is Director of Capital Markets on the Board. Josh Berg is an experienced investment professional with over 20 years of institutional capital markets, investor relations, investment banking, and equity investment management expertise. Mr. Berg is well-versed and skilled at identifying value at all stages of a corporate life cycle and specializes in strategically building institutional



shareholder bases for multinational organizations. Mr. Berg’s institutional investor relationships collectively manage more than \$300 billion in equity value. Prior to founding Berg Capital Markets, LLC, Mr. Berg developed expertise in institutional equities with bulge bracket and boutique centric investment banks including Leerink Partners, Wells Fargo Securities, and Pacific Growth Equities. Previous to Mr. Berg’s 11 years of investment banking experience, he facilitated the raise of over \$2.0 billion in equity securities for Jurika & Voyles, LP, a value-based institutional equity investment management firm based in Oakland, California.

David Ronald Rogers joins the Board as the Vice President and is responsible for product strategy, planning, and engineering execution. David’s role is to inform, guide and collaborate with our team to develop and execute our vision. David brings more than 25 years of technology, software engineering, and product delivery experience, including 17 in key leadership positions at PTC, Inc. – a \$1.3 Billion software company listed on the NASDAQ. As Director of Software Quality Assurance, Rogers led geographically distributed, multinational teams involved validation of a wide range of visualization, PLM, SLM and IOT software products. Rogers holds a BS in Aeronautical Engineering from Embry-Riddle Aeronautical University.

Chris Knox joins the Ziyen Inc. Board as Director of Supply Chain Intelligence. Chris is a Senior Contract Adviser with over 22 years’ experience contracting in West Africa, the Middle East and the North Sea Sectors for Total, BP, their stakeholders & national oil companies. Chris is currently operating out of Qatar for North Oil Company as Lead Contracts Adviser for Drilling and Completion Operations on the Al Shaheen Field Development, one of the largest oil fields in the world to date. He has negotiated contracts in excess of 8 billion dollars in his career. Chris is an expert across a variety of different functions in the upstream sector of the oil and gas industry including sourcing rigs, associated equipment and services packages. His expertise will provide guidance for a number of functions including the development of contracting strategies and procurement documents; preparation and presentation of tender plans; bid lists and award recommendations; cost savings, evaluation and negotiation of contracts and local content and regulatory requirements.

David Menzies Johnston aka ‘Mingus Johnston’ joins the Ziyen Inc. Board to develop the company brand and establish a strong corporate identity for the US Stock Market. His role is to develop and create new marketing strategies for Ziyen Inc. to ensure our



brand development aligns with our business strategy and goals to build trust with our customers, shareholders, stakeholders and future investors. Mingus will be producing and directing all of our corporate videos and is an actor of the highest quality having appeared in numerous movies including Kingsman 2, Jack the Giant Slayer, and Mission Impossible – Rogue Nation. Mingus is President of his own film production company in L.A. which focuses on working with new tech start-up companies.

Allen Lieb joins the Ziyen Inc. Board as Government Advisor to provide guidance to the CEO and Senior Management Team with over 40 years of technical knowledge and expertise in business and operating with all levels of the US government. Allen is a decorated US Navy SEAL veteran with 10 years of service in operations across South East Asia, Central and South America. Allen has operated his own Architectural firm in Boston, with over 45 years of experience designing and overseeing the Construction Administration on multi-million dollar projects. His experience covers a wide range of project types including educational facilities, banks, housing, industrial and commercial buildings, manufacturing facilities, as well as the design of correctional facilities, police and fire stations. Allen is a member of the American Institute of Architects, and a graduate and lecturer from the Boston Architectural College.

### *Personal Bankruptcies*

No director or executive officer of the Company within the past ten years, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

### *Bankruptcies*

No director or executive officer of the Company, within the five years prior to the date of this Offering Circular, has been an executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that



capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### *Leadership Team and Advisory Board*

Dr Johannes Philipp Stratmann joins the Advisory Board of Ziyen Inc. as Renewable Energy Consultant. Dr. Stratmann has a deep and rich background in corporate advisory across the energy sector, from fossil to sustainable and renewable resources, including the development and deployment of disruptive greenhouse gas reducing projects. Dr Stratmann has led and structured negotiations for JVs, partnerships, offtake agreements, project finance solutions and governmental grants, and loan guarantees. Dr. Stratmann has in depth knowledge of environmental markets including waste streams and carbon trading. Dr. Stratmann is currently Vice President of Velocyc, Inc. and is leading the implementation of the company’s renewable fuels strategy for North America. For 5 years he operated as General Manager of Global Development for Intermoor Inc. (Acteon Group) West Africa, Houston, USA and Lagos, Nigeria, establishing a corporate development function and built a team of analysts to support global CAPEX requests, monitor competitors, study market developments and coordinate global performance improvement projects. Dr Stratmann also worked for Ernst & Young LLP as a Senior Executive (Operational Advisory Services) in their main London, UK Division, focusing on operational sell side due diligence, exit readiness, and carve out support in the energy, industrial, aviation, and manufacturing industries. Dr. Stratmann holds an Engineering Doctorate (EngD) in Project Management from the University of Southampton, UK.

Paul Bristol joins the Advisory Board as Corporate Financial Consultant. Paul Bristol has had a career spanning several decades in the oil and gas industry. His first venture with KCA International, where he was Chairman and Chief Executive, was the acquisition of KCA Drilling (“KCAD”). KCAD drilled the initial wells for BP in the North Sea and also worked in Turkey for Shell and for Sonatrach in Algeria. Paul Bristol created BW Mud which operated mainly for Shell in the North Sea. He also acquired Oilfield Inspection Services. In more recent years, he acted as a consultant to BNP Parisbas and to Addax Petroleum for Iraq. He started the London Oil Club in 2001 which was active until last year.



Stefan Sageder joins the Ziyen Inc. Advisory Board as Geophysicist Consultant who will advise on upcoming Ziyen Energy oil and gas future projects. Stefan has 10 years industry experience with the majority working for the oil and energy company, TOTAL, across various outposts around the globe including France, Qatar and Gabon. His expertise lies strongly in identifying, analyzing and determining the survivability and potentiality of mature wells in challenging geological contexts utilizing the most cost effective and efficient methods including seismic interpretation, seismic reservoir characterization using inversion data, well planning and delivery as well as 2G&R studies. Stefan has a track record of leading geoscience departments in providing assessments and appraisals of a company's oil assets and utilizing data collected in order to determine the potential capacity of a given field by providing feasibility studies in seismic reservoir monitoring and 4D interpretation. Stefan holds a Master of Science in Petroleum Geophysics from the University of Leoben, Austria and a Bachelor of Science from the University of Leoben, Austria in Applied Geosciences.

Dr. Thomas Ishoey joins the Advisory Board as Biochemistry and Chemical Engineering Consultant. Dr. Ishoey has extensive experience in development and commercialization of applied microbiology and biotechnology applications including Microbial Enhance Oil Recovery (MEOR) as the application of biological processes to facilitate, increase, or extend oil production from a reservoir. He has pioneered the understanding of microbial communities at the single cell level by use of micromanipulation and developed technology to improve recovery performance by mobilizing oil left behind by primary production mechanisms, or secondary water flooding operations. Dr. Ishoey holds a master's degree in chemical engineering and a doctorate in biotechnology, both from the Technical University of Denmark. He has also worked as visiting researcher at the University of California, Los Angeles (UCLA) for a two-year period.

Ron Caithness joins Ziyen UK Ltd. as General Manager of our UK branch office in Aberdeen. Ron's role as GM is responsible for strategy, structure, budgets, people, financial outcomes and managing both the revenue and cost elements of the company. Ron is a career banker with over 35 years of experience operating throughout the UK, with a significant portion spent in Branch Banking and involved in Personal, Small Business and Corporate Banking. Latterly operated as a Regional Manager and ultimately as Head of the Branch Network for the UK. Ron was Awarded a Fellowship from the Institute for services to Banking, FCIBS. Following his





banking career, Ron set up his own Consultancy Business specializing in support to Small Business and the Agricultural Sector with loan negotiation as a critical component. Ron is also a keen sportsman, and still plays competitive curling and golf.

Greg Simpson joins the company as Head of Business Intelligence to setup the Ziyen UK Software Division based in Aberdeen, Scotland. Greg is responsible for developing and implementing a comprehensive internal and external sales and marketing operational plan with a goal to increase revenues and profits. Greg has developed the Rebuilding Iraq Portal to be a key information source in the Iraq market for oil and construction contracts and will oversee the launch of the procurement app. Greg has 5 years' experience leading Sales and Business Development teams in the UK Government Procurement Sector, selling business intelligence services and already has a proven track record in setting up external Business Development teams, having developed a successful remote sales operation in the business district in London. Greg graduated from the University of Aberdeen in 2011 with a 1st Class Hons Degree covering a combination of Physiology and Psychology.

Ian Gordon joins the Advisory Board as Executive Advisor. Ian brings a wealth of financial and corporate banking experience with over 38 years working for Royal Bank of Scotland (RBS) having worked in various locations including Edinburgh, London, Houston and Madrid. During seven years in Houston he was seconded for two years to open an office on behalf of the then Scottish Development Agency and was a founder director of what is now the British American Business Council in Houston. Ian represented RBS for three years in Spain as Director and General Manager of the joint venture with Banco Santander and also as a Director of RBS Gibraltar. On taking an early retirement from RBS he later opened the Aberdeen Branch of HSBC. He is a committee member of the Energy Institute Aberdeen Highlands and Islands Branch and Treasurer of the Grampian Houston Business Association.

Douglas Ramsay joins the Advisory Board as Oil Operations and Risk Management Consultant. Douglas brings vast experience in oil project management with expertise in project life cycles, planning, executing, controlling and closing projects, delivering business value and satisfying stakeholders. Douglas has delivered multi-million dollar subsea installation projects for a number of leading operators including Statoil, ENI and Sakhalin Energy. Douglas is an expert in Risk Management Strategies with extensive experience in developing and implementing successful risk management policies. Proficient at evaluating risk for significant transactions, analyzing business processes to determine business' "risk appetite", and developing reports documenting transactional risk.





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## **ITEM 11 - CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS**

Set forth below is a discussion, in summary form, of certain United States federal income tax consequences relating to the acquisition, ownership and disposition of ZiyenCoins (the “Tokens”) to U.S. holders and non-U.S. holders. This summary does not attempt to present all aspects of the United States federal income tax laws or any state, local or foreign laws that may affect an investment in Tokens. This summary is general in nature and should not be construed as tax advice to any prospective purchaser. No ruling has been or will be requested from the Internal Revenue Service (the “IRS”) and no assurance can be given that the IRS will agree with the tax consequences described in this discussion.

This description is based on the U.S. Internal Revenue Code of 1986, as amended, (the “Code”), existing, proposed and temporary U.S. Treasury Regulations and judicial and administrative interpretations thereof, in each case as available on the date hereof. All of the foregoing is subject to change, which change could apply retroactively and could affect the tax consequences described below.

Each prospective purchaser should consult with its own tax adviser in order to fully understand the United States federal, state, local and foreign income tax consequences of an investment in Tokens. No formal or legal tax advice is hereby given to any prospective purchaser.

Transactions involving Initial Coin Offerings (“ICOs”) and Token transactions are relatively new and it is more than likely that the IRS will issue guidance, possibly with retroactive effect, impacting the taxation of participants in an ICO and purchasers of Tokens. Future tax guidance from the IRS (or guidance resulting from future judicial decisions) could negatively impact purchasers of Tokens.

This discussion is limited to U.S. federal income tax considerations to U.S. holders and non-U.S. holders that hold Tokens as “capital assets” within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all aspects of U.S. federal income taxation that may be important to particular holders in light of their individual circumstances, including holders subject to special treatment under U.S. tax laws, such as, for example:



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- banks, thrifts, mutual funds or other financial institutions, underwriters, or insurance companies;
- traders in securities who elect to apply a mark-to-market method of accounting;
- real estate investment trusts and regulated investment companies;
- tax-exempt organizations, qualified retirement plans, individual retirement accounts, or other tax-deferred accounts;
- expatriates or former long-term residents of the United States;
- partnerships or other pass-through entities (or arrangements treated as such) or investors therein;
- dealers or traders in securities, commodities or currencies;
- grantor trusts;
- persons subject to the alternative minimum tax;
- U.S. persons whose “functional currency” is not the U.S. dollar;
- persons who receive Tokens as compensation, or as an incentive, reward or grant; or
- persons who are subject to the accounting rules under Section 451(b) of the Code.



For the purposes of this discussion, the term “U.S. holder” means a beneficial owner of Tokens, that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity that is classified as a corporation for U.S. federal income tax purposes) that is created or organized in or under the laws of the United States, any State thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust (i) if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (ii) that has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person for U.S. federal income tax purposes.

For the purposes of this discussion, a “non-U.S. holder” means a beneficial owner of Tokens that is neither a U.S. holder nor a partnership (or an entity or arrangement treated as a partnership) for U.S. federal income tax purposes.

If a partnership, including for this purpose any entity or arrangement that is treated as a partnership for U.S. federal income tax purposes, holds Tokens, the U.S. federal income tax treatment of a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. A holder that is a partnership and the partners in such partnership should consult their tax advisors with regard to the U.S. federal income tax consequences of the ownership and disposition of Tokens.

**THIS DISCUSSION DOES NOT PURPORT TO BE A COMPREHENSIVE ANALYSIS OR DESCRIPTION OF ALL POTENTIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF TOKENS. HOLDERS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE PARTICULAR TAX**



## CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF TOKENS, INCLUDING THE APPLICABILITY AND EFFECTS OF U.S. FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX LAWS.

### Tax Treatment of Token Sale

The issuance of Tokens to a U.S. holder or non-U.S. holder will be treated, for U.S. federal income tax purposes, as a taxable sale of property by the Company to the holder. While a sale of property, such as Tokens, generally is not taxable to the purchaser for U.S. federal income tax purposes, a holder that uses Bitcoin or Ether as its form of payment for the Tokens may have taxable gain or loss to the extent the holder's adjusted tax basis in Bitcoin or Ether used to purchase the Tokens (expressed in U.S. dollars) is less than or greater than, respectively, the applicable exchange rate for Bitcoin or Ether (expressed in U.S. dollars) upon the acquisition of the Tokens. The holder should generally have a tax basis for U.S. federal income tax purposes in the Tokens it acquires from the Company equal to the amount of money such holder paid for the Tokens. The holder's holding period in the Tokens should begin on the day the Tokens are issued to the holder.

### Disposition of Tokens

A U.S. holder who sells, exchanges, or otherwise disposes of the Tokens for cash or other property (including pursuant to an exchange of such Tokens for other convertible virtual currency) should, pursuant to Internal Revenue Service Notice 2014-21 (the "Notice"), recognize capital gain or loss in an amount equal to the difference between the fair market value of the property received in exchange for such Tokens and the holder's adjusted tax basis in the Tokens. This capital gain should be long-term if the holder has held its Tokens for more than one year prior to disposition. In addition, under the Notice, if the U.S. holder of Tokens utilizes such Tokens as form of currency with which to acquire assets or pay for services, then the holder should recognize gain or loss in an amount equal to the difference between the fair market value of such property or services received in exchange for such Tokens and the holder's adjusted tax basis in the Tokens.



## Net Investment Income Tax

Certain U.S. holders that are individuals, estates or trusts may be subject to a 3.8% tax on all or a portion of their “net investment income,” which may include all or a portion of their net gains from the disposition of Tokens. Each U.S. holder that is an individual, estate or trust is urged to consult its tax advisors regarding the applicability of the net investment income tax to its income and gains in respect of its investment in Tokens.

## Non-U.S. Holders

In general, a non-U.S. holder of Tokens should not be subject to U.S. federal income tax or, subject to the discussion below under “—*Backup Withholding Tax and Information Reporting Requirements*,” U.S. federal withholding tax on any gain recognized on a sale or other disposition of Tokens unless the non-U.S. holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the sale or disposition, and certain other requirements are met.

A non-U.S. holder that is a corporation may also be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable tax treaty) on its effectively connected earnings and profits for the taxable year, as adjusted for certain items. Non-U.S. holders should consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

## Backup Withholding Tax and Information Reporting Requirements

U.S. backup withholding tax and information reporting requirements generally apply to payments to non-corporate U.S. holders of Tokens. Information reporting will apply to proceeds from the disposition of Tokens by a paying agent within the United States or who is a U.S.-related financial intermediary to U.S. holders, other than U.S. holders that are exempt from information reporting and properly certify their exemption. A paying agent within the United States or who is a U.S.-related financial intermediary will be required to withhold at the applicable statutory rate, currently 24%, in respect of any proceeds from the disposition of Tokens within



the United States to a U.S. holder (other than U.S. holders that are exempt from backup withholding and properly certify their exemption) if the holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with applicable backup withholding requirements. U.S. holders who are required to establish their exempt status generally must provide a properly completed IRS Form W-9.

Information returns may be filed with the IRS in connection with, and non-U.S. holders may be subject to backup withholding on, amounts received in respect of their disposition of Tokens, unless the non-U.S. holder furnishes to the applicable withholding agent the required certification as to its non-U.S. status, such as by providing a valid IRS Form W-8BEN, IRS Form W-8BEN-E or IRS Form W-8ECI, as applicable, or the non-U.S. holder otherwise establishes an exemption. Proceeds from the sale or other disposition of Tokens received in the United States by a non-U.S. holder through certain U.S.-related financial intermediaries may be subject to information reporting and backup withholding unless such non-U.S. holder provides proof of an applicable exemption or complies with certain certification procedures described above, and otherwise complies with the applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. holder's U.S. federal income tax liability. A U.S. holder generally may obtain a refund of any amounts withheld under the backup withholding rules in excess of such holder's U.S. federal income tax liability by filing the appropriate claim for refund with the IRS in a timely manner and furnishing any required information.

#### Foreign Account Tax Compliance Act (FATCA)

The Foreign Account Tax Compliance Act, Treasury Regulations issued thereunder and official IRS guidance, collectively "FATCA," generally impose a U.S. federal withholding tax of 30% on dividends on, and the gross proceeds from a sale or other disposition of, Tokens paid to a "foreign financial institution" (as specially defined under these rules), unless otherwise provided by the Treasury Secretary or such institution enters into an agreement with the U.S. government to, among other things, withhold on certain payments





and to collect and provide to the U.S. tax authorities substantial information regarding the U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) or otherwise establishes an exemption. FATCA also generally imposes a U.S. federal withholding tax of 30% on dividends on and the gross proceeds from a sale or other disposition of Tokens paid to a “non-financial foreign entity” (as specially defined under these rules) unless otherwise provided by the Treasury Secretary or such entity provides the withholding agent with a certification identifying the substantial direct and indirect U.S. owners of the entity, certifies that it does not have any substantial U.S. owners, or otherwise establishes an exemption.

The withholding obligations under FATCA generally apply to dividends on Tokens (if any). The Treasury Secretary has issued proposed regulations providing that the withholding provisions under FATCA do not apply with respect to payment of gross proceeds from a sale or other disposition of Tokens, which may be relied upon by taxpayers until final regulations are issued. The withholding tax will apply regardless of whether the payment otherwise would be exempt from U.S. nonresident and backup withholding tax, including under the other exemptions described above. Under certain circumstances, a non-U.S. holder might be eligible for refunds or credits of such taxes. An intergovernmental agreement between the United States and an applicable foreign country may modify the requirements described in this section. Prospective investors should consult with their own tax advisors regarding the application of FATCA withholding to their investment in, and ownership and disposition of, Tokens.

EACH PURCHASER SHOULD SEEK, AND MUST DEPEND UPON, THE ADVICE OF HIS OR HER TAX ADVISOR WITH RESPECT TO THEIR INVESTMENT IN TOKENS, AND EACH PURCHASER IS RESPONSIBLE FOR THE FEES OF SUCH ADVISOR. NOTHING IN THIS MEMORANDUM IS OR SHOULD BE CONSTRUED AS LEGAL OR TAX ADVICE TO A PURCHASER. PURCHASERS 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 OFFERING STATEMENT MAY CHANGE THE ANTICIPATED TAX TREATMENT TO A PURCHASER. THE COMPANY WILL NOT



OBTAIN ANY RULING FROM THE INTERNAL REVENUE SERVICE WITH REGARD TO THE TAX CONSEQUENCES OF AN INVESTMENT IN TOKENS.

THE TAX TREATMENT OF TOKENS IS UNCERTAIN AND THERE MAY BE ADVERSE TAX CONSEQUENCES FOR PURCHASERS UPON CERTAIN FUTURE EVENTS. THE PURCHASE OF TOKENS MAY RESULT IN ADVERSE TAX CONSEQUENCES TO PURCHASERS, INCLUDING WITHHOLDING TAXES, INCOME TAXES AND TAX REPORTING REQUIREMENTS. EACH PURCHASER 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 TOKENS.



## **ITEM 12 - JURISDICTIONAL (NASAA) LEGENDS**

FOR RESIDENTS OF ALL STATES: THE PRESENCE OF A LEGEND FOR ANY GIVEN STATE REFLECTS ONLY THAT A LEGEND MAY BE REQUIRED BY THAT STATE AND SHOULD NOT BE CONSTRUED TO MEAN AN OFFER OR SALE MAY BE MADE IN A PARTICULAR STATE. IF YOU ARE UNCERTAIN AS TO WHETHER OR NOT OFFERS OR SALES MAY BE LAWFULLY MADE IN ANY GIVEN STATE, YOU ARE HEREBY ADVISED TO CONTACT THE COMPANY. THE SECURITIES DESCRIBED IN THIS MEMORANDUM HAVE NOT BEEN REGISTERED UNDER ANY STATE SECURITIES LAWS (COMMONLY CALLED "BLUE SKY" LAWS). THESE SECURITIES MUST BE ACQUIRED FOR INVESTMENT PURPOSES ONLY AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION OF SUCH SECURITIES UNDER SUCH LAWS, OR AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED. THE PRESENCE OF A LEGEND FOR ANY GIVEN STATE REFLECTS ONLY THAT A LEGEND MAY BE REQUIRED BY THE STATE AND SHOULD NOT BE CONSTRUED TO MEAN AN OFFER OF SALE MAY BE MADE IN ANY PARTICULAR STATE.

1. NOTICE TO ALABAMA RESIDENTS ONLY: THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE ALABAMA SECURITIES ACT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE ALABAMA SECURITIES COMMISSION. THE COMMISSION DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF THIS PRIVATE PLACEMENT MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

2. NOTICE TO ALASKA RESIDENTS ONLY: THE SECURITIES OFFERED HAVE NOT BEEN REGISTERED WITH THE ADMINISTRATOR OF SECURITIES OF THE STATE OF ALASKA UNDER PROVISIONS OF 3 AAC 08.503 AAC 08.506. THE INVESTOR IS ADVISED THAT THE ADMINISTRATOR HAS MADE ONLY A CURSORY REVIEW OF THE REGISTRATION STATEMENT AND HAS NOT REVIEWED THIS DOCUMENT SINCE THE DOCUMENT IS NOT REQUIRED TO BE FILED WITH THE ADMINISTRATOR. THE FACT OF REGISTRATION DOES NOT MEAN THAT THE ADMINISTRATOR HAS PASSED IN ANY WAY UPON THE MERITS, RECOMMENDED, OR APPROVED THE SECURITIES. ANY REPRESENTATION TO THE CONTRARY IS A VIOLATION OF 45.55.170. THE INVESTOR MUST RELY ON THE INVESTOR'S OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING,



INCLUDING THE MERITS AND RISKS INVOLVED IN MAKING AN INVESTMENT DECISION ON THESE SECURITIES.

3. NOTICE TO ARIZONA RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE ARIZONA SECURITIES ACT IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION PURSUANT TO A.R.S. SECTION 44-1844 (1) AND THEREFORE CANNOT BE RESOLD UNLESS THEY ARE ALSO REGISTERED OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

4. NOTICE TO ARKANSAS RESIDENTS ONLY: THESE SECURITIES ARE OFFERED IN RELIANCE UPON CLAIMS OF EXEMPTION UNDER THE ARKANSAS SECURITIES ACT AND SECTION 4(2) OF THE SECURITIES ACT OF 1933. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE ARKANSAS SECURITIES DEPARTMENT OR WITH THE SECURITIES AND EXCHANGE COMMISSION. NEITHER THE DEPARTMENT NOR THE COMMISSION HAS PASSED UPON THE VALUE OF THESE SECURITIES, MADE ANY RECOMMENDATIONS AS TO THEIR PURCHASE, APPROVED OR DISAPPROVED THIS OFFERING OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

5. FOR CALIFORNIA RESIDENTS ONLY: THE SALE OF THE SECURITIES WHICH ARE THE SUBJECT OF THIS OFFERING HAS NOT BEEN QUALIFIED WITH COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA AND THE ISSUANCE OF SUCH SECURITIES OR PAYMENT OR RECEIPT OF ANY PART OF THE CONSIDERATION THEREFORE PRIOR TO SUCH QUALIFICATIONS IS UNLAWFUL, UNLESS THE SALE OF SECURITIES IS EXEMPTED FROM QUALIFICATION BY SECTION 25100, 25102, OR 25104 OF THE CALIFORNIA CORPORATIONS CODE. THE RIGHTS OF ALL PARTIES TO THIS OFFERING ARE EXPRESSLY CONDITION UPON SUCH QUALIFICATIONS BEING OBTAINED, UNLESS THE SALE IS SO EXEMPT.

6. FOR COLORADO RESIDENTS ONLY: THE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE COLORADO SECURITIES ACT OF 1991 BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE RESOLD, TRANSFERRED OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE COLORADO SECURITIES ACT OF 1991, IF SUCH REGISTRATION IS REQUIRED.



7. NOTICE TO CONNECTICUT RESIDENTS ONLY: TOKENS ACQUIRED BY CONNECTICUT RESIDENTS ARE BEING SOLD AS A TRANSACTION EXEMPT UNDER SECTION 36b-31-21b-9b OF THE CONNECTICUT, UNIFORM SECURITIES ACT. THE Tokens HAVE NOT BEEN REGISTERED UNDER SAID ACT IN THE STATE OF CONNECTICUT. ALL INVESTORS SHOULD BE AWARE THAT THERE ARE CERTAIN RESTRICTIONS AS TO THE TRANSFERABILITY OF THE Tokens.

8. NOTICE TO DELAWARE RESIDENTS ONLY: IF YOU ARE A DELAWARE RESIDENT, YOU ARE HEREBY ADVISED THAT THESE SECURITIES ARE BEING OFFERED IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE DELAWARE SECURITIES ACT. THE SECURITIES CANNOT BE SOLD OR TRANSFERRED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER THE ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR IN A TRANSACTION WHICH IS OTHERWISE IN COMPLIANCE WITH THE ACT.

9. NOTICE TO DISTRICT OF COLUMBIA RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES BUREAU OF THE DISTRICT OF COLUMBIA NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

10. NOTICE TO FLORIDA RESIDENTS ONLY: THE Tokens DESCRIBED HEREIN HAVE NOT BEEN REGISTERED WITH THE FLORIDA DIVISION OF SECURITIES AND INVESTOR PROTECTION UNDER THE FLORIDA SECURITIES ACT. THE Tokens REFERRED TO HEREIN WILL BE SOLD TO, AND ACQUIRED BY THE HOLDER IN A TRANSACTION EXEMPT UNDER SECTION 517.061 OF SAID ACT. THE Tokens HAVE NOT BEEN REGISTERED UNDER SAID ACT IN THE STATE OF FLORIDA. IN ADDITION, ALL OFFEREES WHO ARE FLORIDA RESIDENTS SHOULD BE AWARE THAT SECTION 517.061(11)(a)(5) OF THE ACT PROVIDES, IN RELEVANT PART, AS FOLLOWS: "WHEN SALES ARE MADE TO FIVE OR MORE PERSONS IN [FLORIDA], ANY SALE IN [FLORIDA] MADE PURSUANT TO [THIS SECTION] IS VOIDABLE BY THE PURCHASER IN SUCH SALE EITHER WITHIN 3 DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY THE PURCHASER TO THE ISSUER, AN AGENT OF THE ISSUER OR AN ESCROW AGENT OR WITHIN 3 DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO SUCH PURCHASER, WHICHEVER OCCURS LATER." THE AVAILABILITY OF THE PRIVILEGE TO VOID SALES PURSUANT TO



SECTION 517.061(11) IS HEREBY COMMUNICATED TO EACH FLORIDA OFFEREE. EACH PERSON ENTITLED TO EXERCISE THE PRIVILEGE TO AVOID SALES GRANTED BY SECTION 517.061 (11) (A)(5) AND WHO WISHES TO EXERCISE SUCH RIGHT, MUST, WITHIN 3 DAYS AFTER THE TENDER OF ANY AMOUNT TO THE COMPANY OR TO ANY AGENT OF THE COMPANY (INCLUDING THE SELLING AGENT OR ANY OTHER DEALER ACTING ON BEHALF OF THE PARTNERSHIP OR ANY SALESMAN OF SUCH DEALER) OR AN ESCROW AGENT CAUSE A WRITTEN NOTICE OR TELEGRAM TO BE SENT TO THE COMPANY AT THE ADDRESS PROVIDED IN THIS CONFIDENTIAL EXECUTIVE SUMMARY. SUCH LETTER OR TELEGRAM MUST BE SENT AND, IF POSTMARKED, POSTMARKED ON OR PRIOR TO THE END OF THE AFOREMENTIONED THIRD DAY. IF A PERSON IS SENDING A LETTER, IT IS PRUDENT TO SEND SUCH LETTER BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ASSURE THAT IT IS RECEIVED AND ALSO TO EVIDENCE THE TIME IT WAS MAILED. SHOULD A PERSON MAKE THIS REQUEST ORALLY, HE MUST ASK FOR WRITTEN CONFIRMATION THAT HIS REQUEST HAS BEEN RECEIVED.

11. NOTICE TO GEORGIA RESIDENTS ONLY: THESE SECURITIES ARE OFFERED IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE GEORGIA SECURITIES ACT PURSUANT TO REGULATION 590-4-5-04 AND -01. THE SECURITIES CANNOT BE SOLD OR TRANSFERRED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER THE ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR IN A TRANSACTION WHICH IS OTHERWISE IN COMPLIANCE WITH THE ACT.

12. NOTICE TO HAWAII RESIDENTS ONLY: NEITHER THIS PROSPECTUS NOR THE SECURITIES DESCRIBED HEREIN BEEN APPROVED OR DISAPPROVED BY THE COMMISSIONER OF SECURITIES OF THE STATE OF HAWAII NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS.

13. NOTICE TO IDAHO RESIDENTS ONLY: THESE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE IDAHO SECURITIES ACT IN RELIANCE UPON EXEMPTION FROM REGISTRATION PURSUANT TO SECTION 30-14-203 OR 302(c) THEREOF AND MAY NOT BE SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER SAID ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION UNDER SAID ACT.



14. NOTICE TO ILLINOIS RESIDENTS: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECRETARY OF THE STATE OF ILLINOIS NOR HAS THE STATE OF ILLINOIS PASSED UPON THE ACCURACY OR ADEQUACY OF THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

15. NOTICE TO INDIANA RESIDENTS ONLY: THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER SECTION 23-2-1-2 OF THE INDIANA SECURITIES LAW AND HAVE NOT BEEN REGISTERED UNDER SECTION 23-2-1-3. THEY CANNOT THEREFORE BE RESOLD UNLESS THEY ARE REGISTERED UNDER SAID LAW OR UNLESS AN EXEMPTION FORM REGISTRATION IS AVAILABLE. A CLAIM OF EXEMPTION UNDER SAID LAW HAS BEEN FILED, AND IF SUCH EXEMPTION IS NOT DISALLOWED SALES OF THESE SECURITIES MAY BE MADE. HOWEVER, UNTIL SUCH EXEMPTION IS GRANTED, ANY OFFER MADE PURSUANT HERETO IS PRELIMINARY AND SUBJECT TO MATERIAL CHANGE.

16. NOTICE TO IOWA RESIDENTS ONLY: IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED; THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

17. NOTICE TO KANSAS RESIDENTS ONLY: IF AN INVESTOR ACCEPTS AN OFFER TO PURCHASE ANY OF THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER SECTION 81-5-15 OF THE KANSAS SECURITIES ACT AND MAY NOT BE RE-OFFERED FOR SALE, TRANSFERRED, OR RESOLD EXCEPT IN COMPLIANCE WITH SUCH ACT AND APPLICABLE RULES PROMULGATED THEREUNDER.



18. NOTICE TO KENTUCKY RESIDENTS ONLY: IF AN INVESTOR ACCEPTS AN OFFER TO PURCHASE ANY OF THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER TITLE 808 KAR 10:210 OF THE KENTUCKY SECURITIES ACT AND MAY NOT BE RE-OFFERED FOR SALE, TRANSFERRED, OR RESOLD EXCEPT IN COMPLIANCE WITH SUCH ACT AND APPLICABLE RULES PROMULGATED THEREUNDER.

19. NOTICE TO LOUISIANA RESIDENTS ONLY: IF AN INVESTOR ACCEPTS AN OFFER TO PURCHASE ANY OF THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER RULE 1 OF THE LOUISIANA SECURITIES LAW AND MAY NOT BE RE-OFFERED FOR SALE, TRANSFERRED, OR RESOLD EXCEPT IN COMPLIANCE WITH SUCH ACT AND APPLICABLE RULES PROMULGATED THEREUNDER.

20. NOTICE TO MAINE RESIDENTS ONLY: THE ISSUER IS REQUIRED TO MAKE A REASONABLE FINDING THAT THE SECURITIES OFFERED ARE A SUITABLE INVESTMENT FOR THE PURCHASER AND THAT THE PURCHASER IS FINANCIALLY ABLE TO BEAR THE RISK OF LOSING THE ENTIRE AMOUNT INVESTED.

THESE SECURITIES ARE OFFERED PURSUANT TO AN EXEMPTION UNDER §16202(15) OF THE MAINE UNIFORM SECURITIES ACT AND ARE NOT REGISTERED WITH THE SECURITIES ADMINISTRATOR OF THE STATE OF MAINE.

THE SECURITIES OFFERED FOR SALE MAY BE RESTRICTED SECURITIES AND THE HOLDER MAY NOT BE ABLE TO RESELL THE SECURITIES UNLESS:

- (1) THE SECURITIES ARE REGISTERED UNDER STATE AND FEDERAL SECURITIES LAWS, OR
- (2) AN EXEMPTION IS AVAILABLE UNDER THOSE LAWS.

21. NOTICE TO MARYLAND RESIDENTS ONLY: IF YOU ARE A MARYLAND RESIDENT AND YOU ACCEPT AN OFFER TO PURCHASE THESE SECURITIES PURSUANT TO THIS MEMORANDUM, YOU ARE HEREBY ADVISED THAT THESE SECURITIES ARE BEING SOLD AS A TRANSACTION EXEMPT UNDER SECTION 11-602(9) OF THE MARYLAND SECURITIES ACT. THE TOKENS HAVE NOT BEEN REGISTERED UNDER SAID ACT IN THE STATE OF MARYLAND. ALL INVESTORS SHOULD BE AWARE THAT THERE ARE CERTAIN RESTRICTIONS AS TO THE TRANSFERABILITY OF THE





Tokens.

22. NOTICE TO MASSACHUSETTS RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE MASSACHUSETTS UNIFORM SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THIS OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

23. NOTICE TO MICHIGAN RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER SECTION 451.701 OF THE MICHIGAN UNIFORM SECURITIES ACT (THE ACT) AND MAY BE TRANSFERRED OR RESOLD BY RESIDENTS OF MICHIGAN ONLY IF REGISTERED PURSUANT TO THE PROVISIONS OF THE ACT, OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE INVESTMENT IS SUITABLE IF IT DOES NOT EXCEED 10% OF THE INVESTOR'S NET WORTH.

24. NOTICE TO MINNESOTA RESIDENTS ONLY: THESE SECURITIES BEING OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER CHAPTER 80A OF THE MINNESOTA SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO REGISTRATION, OR AN EXEMPTION THEREFROM.

25. NOTICE TO MISSISSIPPI RESIDENTS ONLY: THE TOKENS ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE MISSISSIPPI SECURITIES ACT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE MISSISSIPPI SECRETARY OF STATE OR WITH THE SECURITIES AND EXCHANGE COMMISSION. NEITHER THE SECRETARY OF STATE NOR THE COMMISSION HAS PASSED UPON THE VALUE OF THESE SECURITIES, OR APPROVED OR DISAPPROVED THIS OFFERING. THE SECRETARY OF STATE DOES NOT RECOMMEND THE PURCHASE OF THESE OR ANY OTHER SECURITIES. EACH PURCHASER OF THE SECURITIES MUST MEET CERTAIN SUITABILITY STANDARDS AND MUST BE ABLE TO BEAR AN ENTIRE LOSS OF THIS INVESTMENT. THE SECURITIES MAY NOT BE TRANSFERRED FOR A PERIOD OF ONE (1) YEAR EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER THE MISSISSIPPI SECURITIES ACT OR IN A TRANSACTION IN COMPLIANCE WITH THE MISSISSIPPI SECURITIES ACT.



26. FOR MISSOURI RESIDENTS ONLY: THE SECURITIES OFFERED HEREIN WILL BE SOLD TO, AND ACQUIRED BY, THE PURCHASER IN A TRANSACTION EXEMPT UNDER SECTION 4.G OF THE MISSOURI SECURITIES LAW OF 1953, AS AMENDED. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER SAID ACT IN THE STATE OF MISSOURI. UNLESS THE SECURITIES ARE SO REGISTERED, THEY MAY NOT BE OFFERED FOR SALE OR RESOLD IN THE STATE OF MISSOURI, EXCEPT AS A SECURITY, OR IN A TRANSACTION EXEMPT UNDER SAID ACT.

27. NOTICE TO MONTANA RESIDENTS ONLY: IN ADDITION TO THE INVESTOR SUITABILITY STANDARDS THAT ARE OTHERWISE APPLICABLE, ANY INVESTOR WHO IS A MONTANA RESIDENT MUST HAVE A NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS AND AUTOMOBILES) IN EXCESS OF FIVE (5) TIMES THE AGGREGATE AMOUNT INVESTED BY SUCH INVESTOR IN THE TOKENS.

28. NOTICE TO NEBRASKA RESIDENTS ONLY: IF AN INVESTOR ACCEPTS AN OFFER TO PURCHASE ANY OF THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER CHAPTER 15 OF THE NEBRASKA SECURITIES LAW AND MAY NOT BE RE-OFFERED FOR SALE, TRANSFERRED, OR RESOLD EXCEPT IN COMPLIANCE WITH SUCH ACT AND APPLICABLE RULES PROMULGATED THEREUNDER.

29. NOTICE TO NEVADA RESIDENTS ONLY: IF ANY INVESTOR ACCEPTS ANY OFFER TO PURCHASE THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER SECTION NRS 92.520 OF THE NEVADA SECURITIES LAW. THE INVESTOR IS HEREBY ADVISED THAT THE ATTORNEY GENERAL OF THE STATE OF NEVADA HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING AND THE FILING OF THE OFFERING WITH THE BUREAU OF SECURITIES DOES NOT CONSTITUTE APPROVAL OF THE ISSUE, OR SALE THEREOF, BY THE BUREAU OF SECURITIES OR THE DEPARTMENT OF LAW AND PUBLIC SAFETY OF THE STATE OF NEVADA. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. NEVADA ALLOWS THE SALE OF SECURITIES TO 25 OR FEWER PURCHASERS IN THE STATE WITHOUT REGISTRATION. HOWEVER, CERTAIN CONDITIONS APPLY, I.E., COMMISSIONS ARE LIMITED TO LICENSED BROKER-DEALERS. THIS EXEMPTION IS GENERALLY USED WHERE THE PROSPECTIVE INVESTOR IS ALREADY KNOWN AND HAS A PRE-EXISTING RELATIONSHIP WITH THE COMPANY. (SEE NRS 90.530.11.)



30. NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY: NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE UNDER THIS CHAPTER HAS BEEN FILED WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

31. NOTICE TO NEW JERSEY RESIDENTS ONLY: IF YOU ARE A NEW JERSEY RESIDENT AND YOU ACCEPT AN OFFER TO PURCHASE THESE SECURITIES PURSUANT TO THIS MEMORANDUM, YOU ARE HEREBY ADVISED THAT THIS MEMORANDUM HAS NOT BEEN FILED WITH OR REVIEWED BY THE ATTORNEY GENERAL OF THE STATE OF NEW JERSEY PRIOR TO ITS ISSUANCE AND USE. THE ATTORNEY GENERAL OF THE STATE OF NEW JERSEY HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

32. NOTICE TO NEW MEXICO RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES DIVISION OF THE NEW MEXICO DEPARTMENT OF BANKING NOR HAS THE SECURITIES DIVISION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PRIVATE PLACEMENT MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

33. NOTICE TO NEW YORK RESIDENTS ONLY: THIS DOCUMENT HAS NOT BEEN REVIEWED BY THE ATTORNEY GENERAL OF THE STATE OF NEW YORK PRIOR TO ITS ISSUANCE AND USE. THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE COMPANY HAS TAKEN NO STEPS TO CREATE AN AFTER MARKET FOR THE Tokens OFFERED HEREIN AND HAS MADE NO ARRANGEMENTS WITH BROKERS OF OTHERS TO TRADE OR MAKE A



MARKET IN THE TOKENS. AT SOME TIME IN THE FUTURE, THE COMPANY MAY ATTEMPT TO ARRANGE FOR INTERESTED BROKERS TO TRADE OR MAKE A MARKET IN THE SECURITIES AND TO QUOTE THE SAME IN A PUBLISHED QUOTATION MEDIUM, HOWEVER, NO SUCH ARRANGEMENTS HAVE BEEN MADE AND THERE IS NO ASSURANCE THAT ANY BROKERS WILL EVER HAVE SUCH AN INTEREST IN THE SECURITIES OF THE COMPANY OR THAT THERE WILL EVER BE A MARKET THEREFORE.

34. NOTICE TO NORTH CAROLINA RESIDENTS ONLY: IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FORGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

35. NOTICE TO NORTH DAKOTA RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

36. NOTICE TO OHIO RESIDENTS ONLY: IF AN INVESTOR ACCEPTS AN OFFER TO PURCHASE ANY OF THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER SECTION 1707.3(X) OF THE OHIO SECURITIES LAW AND MAY NOT BE RE-OFFERED FOR SALE, TRANSFERRED, OR RESOLD EXCEPT IN COMPLIANCE WITH SUCH ACT AND APPLICABLE RULES PROMULGATED THEREUNDER.



37. NOTICE TO OKLAHOMA RESIDENTS ONLY: THESE SECURITIES ARE OFFERED FOR SALE IN THE STATE OF OKLAHOMA IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION FOR PRIVATE OFFERINGS. ALTHOUGH A PRIOR FILING OF THIS MEMORANDUM AND THE INFORMATION HAS BEEN MADE WITH THE OKLAHOMA SECURITIES COMMISSION, SUCH FILING IS PERMISSIVE ONLY AND DOES NOT CONSTITUTE AN APPROVAL, RECOMMENDATION OR ENDORSEMENT, AND IN NO SENSE IS TO BE REPRESENTED AS AN INDICATION OF THE INVESTMENT MERIT OF SUCH SECURITIES. ANY SUCH REPRESENTATION IS UNLAWFUL.

38. NOTICE TO OREGON RESIDENTS ONLY: THE SECURITIES OFFERED HAVE BEEN REGISTERED WITH THE CORPORATION COMMISSION OF THE STATE OF OREGON UNDER PROVISIONS OF ORS 59.049. THE INVESTOR IS ADVISED THAT THE COMMISSIONER HAS MADE ONLY A CURSORY REVIEW OF THE REGISTRATION STATEMENT AND HAS NOT REVIEWED THIS DOCUMENT SINCE THE DOCUMENT IS NOT REQUIRED TO BE FILED WITH THE COMMISSIONER. THE INVESTOR MUST RELY ON THE INVESTOR'S OWN EXAMINATION OF THE COMPANY CREATING THE SECURITIES, AND THE TERMS OF THE OFFERING INCLUDING THE MERITS AND RISKS INVOLVED IN MAKING AN INVESTMENT DECISION ON THESE SECURITIES.

39. NOTICE TO PENNSYLVANIA RESIDENTS ONLY: EACH PERSON WHO ACCEPTS AN OFFER TO PURCHASE SECURITIES EXEMPTED FROM REGISTRATION BY SECTION 203(d), DIRECTLY FROM THE ISSUER OR AFFILIATE OF THIS ISSUER, SHALL HAVE THE RIGHT TO WITHDRAW HIS ACCEPTANCE WITHOUT INCURRING ANY LIABILITY TO THE SELLER, UNDERWRITER (IF ANY) OR ANY OTHER PERSON WITHIN TWO (2) BUSINESS DAYS FROM THE DATE OF RECEIPT BY THE ISSUER OF HIS WRITTEN BINDING CONTRACT OF PURCHASE OR, IN THE CASE OF A TRANSACTION IN WHICH THERE IS NO BINDING CONTRACT OF PURCHASE, WITHIN TWO (2) BUSINESS DAYS AFTER HE MAKES THE INITIAL PAYMENT FOR THE SECURITIES BEING OFFERED. IF YOU HAVE ACCEPTED AN OFFER TO PURCHASE THESE SECURITIES MADE PURSUANT TO A PROSPECTUS WHICH CONTAINS A NOTICE EXPLAINING YOUR RIGHT TO WITHDRAW YOUR ACCEPTANCE PURSUANT TO SECTION 207(m) OF THE PENNSYLVANIA SECURITIES ACT OF 1972 (70 PS § 1-207(m)), YOU MAY ELECT, WITHIN TWO (2) BUSINESS DAYS AFTER THE FIRST TIME YOU HAVE RECEIVED THIS NOTICE AND A PROSPECTUS TO WITHDRAW FROM YOUR PURCHASE AGREEMENT AND RECEIVE A FULL REFUND OF ALL MONEYS PAID BY YOU. YOUR WITHDRAWAL WILL BE WITHOUT ANY FURTHER LIABILITY TO ANY PERSON. TO ACCOMPLISH THIS WITHDRAWAL, YOU NEED ONLY SEND A LETTER OR TELEGRAM TO THE ISSUER (OR UNDERWRITER IF ONE IS LISTED ON THE FRONT PAGE OF THE



PROSPECTUS) INDICATING YOUR INTENTION TO WITHDRAW. SUCH LETTER OR TELEGRAM SHOULD BE SENT AND POSTMARKED PRIOR TO THE END OF THE AFOREMENTIONED SECOND BUSINESS DAY. IF YOU ARE SENDING A LETTER, IT IS PRUDENT TO SEND IT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ENSURE THAT IT IS RECEIVED AND ALSO EVIDENCE THE TIME WHEN IT WAS MAILED. SHOULD YOU MAKE THIS REQUEST ORALLY, YOU SHOULD ASK WRITTEN CONFIRMATION THAT YOUR REQUEST HAS BEEN RECEIVED. NO SALE OF THE SECURITIES WILL BE MADE TO RESIDENTS OF THE STATE OF PENNSYLVANIA WHO ARE NON-ACCREDITED INVESTORS. EACH PENNSYLVANIA RESIDENT MUST AGREE NOT TO SELL THESE SECURITIES FOR A PERIOD OF TWELVE (12) MONTHS AFTER THE DATE OF PURCHASE, EXCEPT IN ACCORDANCE WITH WAIVERS ESTABLISHED BY RULE OR ORDER OF THE COMMISSION. THE SECURITIES HAVE BEEN ISSUED PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENT OF THE PENNSYLVANIA SECURITIES ACT OF 1972. NO SUBSEQUENT RESALE OR OTHER DISPOSITION OF THE SECURITIES MAY BE MADE WITHIN 12 MONTHS FOLLOWING THEIR INITIAL SALE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION, EXCEPT IN ACCORDANCE WITH WAIVERS ESTABLISHED BY RULE OR ORDER OF THE COMMISSION, AND THEREAFTER ONLY PURSUANT TO AN EFFECTIVE REGISTRATION OR EXEMPTION.

40. NOTICE TO RHODE ISLAND RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE DEPARTMENT OF BUSINESS REGULATION OF THE STATE OF RHODE ISLAND NOR HAS THE DIRECTOR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

41. NOTICE TO SOUTH CAROLINA RESIDENTS ONLY: THESE SECURITIES ARE BEING OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE SOUTH CAROLINA UNIFORM SECURITIES ACT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE SOUTH CAROLINA SECURITIES COMMISSIONER. THE COMMISSIONER DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF THIS PRIVATE PLACEMENT MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

42. NOTICE TO SOUTH DAKOTA RESIDENTS ONLY: THESE SECURITIES ARE BEING OFFERED FOR SALE IN THE STATE OF SOUTH DAKOTA PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SOUTH DAKOTA



BLUE SKY LAW, CHAPTER 47-31, WITH THE DIRECTOR OF THE DIVISION OF SECURITIES OF THE DEPARTMENT OF COMMERCE AND REGULATION OF THE STATE OF SOUTH DAKOTA. THE EXEMPTION DOES NOT CONSTITUTE A FINDING THAT THIS MEMORANDUM IS TRUE, COMPLETE, AND NOT MISLEADING, NOR HAS THE DIRECTOR OF THE DIVISION OF SECURITIES PASSED IN ANY WAY UPON THE MERITS OF, RECOMMENDED, OR GIVEN APPROVAL TO THESE SECURITIES. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

43. NOTICE TO TENNESSEE RESIDENT ONLY: IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD. EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISK OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

44. NOTICE TO TEXAS RESIDENTS ONLY: THE SECURITIES OFFERED HEREUNDER HAVE NOT BEEN REGISTERED UNDER APPLICABLE TEXAS SECURITIES LAWS AND, THEREFORE, ANY PURCHASER THEREOF MUST BEAR THE ECONOMIC RISK OF THE INVESTMENT FOR AN INDEFINITE PERIOD OF TIME BECAUSE THE SECURITIES CANNOT BE RESOLD UNLESS THEY ARE SUBSEQUENTLY REGISTERED UNDER SUCH SECURITIES LAWS OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE. FURTHER, PURSUANT TO §109.13 UNDER THE TEXAS SECURITIES ACT, THE COMPANY IS REQUIRED TO APPRISE PROSPECTIVE INVESTORS OF THE FOLLOWING: A LEGEND SHALL BE PLACED, UPON ISSUANCE, ON CERTIFICATES REPRESENTING SECURITIES PURCHASED HEREUNDER, AND ANY PURCHASER HEREUNDER SHALL BE REQUIRED TO SIGN A WRITTEN AGREEMENT THAT HE WILL NOT SELL THE SUBJECT SECURITIES WITHOUT REGISTRATION UNDER APPLICABLE SECURITIES LAWS, OR EXEMPTIONS THEREFROM.



45. NOTICE TO UTAH RESIDENTS ONLY: THESE SECURITIES ARE BEING OFFERED IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE UTAH SECURITIES ACT. THE SECURITIES CANNOT BE TRANSFERRED OR SOLD EXCEPT IN TRANSACTIONS WHICH ARE EXEMPT UNDER THE ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR IN A TRANSACTION WHICH IS OTHERWISE IN COMPLIANCE WITH THE ACT.

46. NOTICE TO VERMONT RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES DIVISION OF THE STATE OF VERMONT NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

47. NOTICE TO VIRGINIA RESIDENTS ONLY: IF AN INVESTOR ACCEPTS AN OFFER TO PURCHASE ANY OF THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION UNDER SECTION 13.1-514 OF THE VIRGINIA SECURITIES ACT AND MAY NOT BE REOFFERED FOR SALE, TRANSFERRED, OR RESOLD EXCEPT IN COMPLIANCE WITH SUCH ACT AND APPLICABLE RULES PROMULGATED THEREUNDER.

48. NOTICE TO WASHINGTON RESIDENTS ONLY: THE ADMINISTRATOR OF SECURITIES HAS NOT REVIEWED THE OFFERING OR PRIVATE PLACEMENT MEMORANDUM AND THE SECURITIES HAVE NOT BEEN REGISTERED IN RELIANCE UPON THE SECURITIES ACT OF WASHINGTON, CHAPTER 21.20 RCW, AND THEREFORE, CANNOT BE RESOLD UNLESS THEY ARE REGISTERED UNDER THE SECURITIES ACT OF WASHINGTON, CHAPTER 21.20 RCW, OR UNLESS AN EXEMPTION FROM REGISTRATION IS MADE AVAILABLE.

49. NOTICE TO WEST VIRGINIA RESIDENTS ONLY: IF AN INVESTOR ACCEPTS AN OFFER TO PURCHASE ANY OF THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER SECTION 15.06(b)(9) OF THE WEST VIRGINIA SECURITIES LAW AND MAY NOT BE REOFFERED FOR SALE, TRANSFERRED, OR RESOLD EXCEPT IN COMPLIANCE WITH SUCH ACT AND APPLICABLE RULES PROMULGATED THEREUNDER.





50. NOTICE TO WISCONSIN RESIDENTS ONLY: IN ADDITION TO THE INVESTOR SUITABILITY STANDARDS THAT ARE OTHERWISE APPLICABLE, ANY INVESTOR WHO IS A WISCONSIN RESIDENT MUST HAVE A NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS AND AUTOMOBILES) IN EXCESS OF THREE AND ONE-THIRD (3 1/3) TIMES THE AGGREGATE AMOUNT INVESTED BY SUCH INVESTOR IN THE Tokens OFFERED HEREIN.

51. FOR WYOMING RESIDENTS ONLY: ALL WYOMING RESIDENTS WHO SUBSCRIBE TO PURCHASE TOKENS OFFERED BY THE COMPANY MUST SATISFY THE FOLLOWING MINIMUM FINANCIAL SUITABILITY REQUIREMENTS IN ORDER TO PURCHASE Tokens:

(1) A NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS AND AUTOMOBILES) OF TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000); AND

(2) THE PURCHASE PRICE OF Tokens SUBSCRIBED FOR MAY NOT EXCEED TWENTY PERCENT (20%) OF THE NET WORTH OF THE SUBSCRIBER; AND

(3) "TAXABLE INCOME" AS DEFINED IN SECTION 63 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, DURING THE LAST TAX YEAR AND ESTIMATED "TAXABLE INCOME" DURING THE CURRENT TAX YEAR SUBJECT TO A FEDERAL INCOME TAX RATE OF NOT LESS THAN THIRTY-THREE PERCENT (33%).

IN ORDER TO VERIFY THE FOREGOING, ALL SUBSCRIBERS WHO ARE WYOMING RESIDENTS WILL BE REQUIRED TO REPRESENT IN THE SUBSCRIPTION AGREEMENT THAT THEY MEET THESE WYOMING SPECIAL INVESTOR SUITABILITY REQUIREMENTS.

During the course of the Offering and prior to any sale, each offeree of the Tokens and his or her professional advisor(s), if any, are invited to ask questions concerning the terms and conditions of the Offering and to obtain any additional information necessary to verify the accuracy of the information set forth herein. Such information will be provided to the extent the Company possess such information or can acquire it without unreasonable effort or expense.





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EACH PROSPECTIVE INVESTOR WILL BE GIVEN AN OPPORTUNITY TO ASK QUESTIONS OF, AND RECEIVE ANSWERS FROM, MANAGEMENT OF THE COMPANY CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING AND TO OBTAIN ANY ADDITIONAL INFORMATION, TO THE EXTENT THE COMPANY POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORTS OR EXPENSE, NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION CONTAINED IN THIS MEMORANDUM. IF YOU HAVE ANY QUESTIONS WHATSOEVER REGARDING THIS OFFERING, OR DESIRE ANY ADDITIONAL INFORMATION OR DOCUMENTS TO VERIFY OR SUPPLEMENT THE INFORMATION CONTAINED IN THIS MEMORANDUM, PLEASE WRITE OR CALL ZIYEN, INC. AT THE ADDRESS AND NUMBER LISTED ON THE FRONT OF THIS PRIVATE OFFERING MEMORANDUM.



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**FINANCIAL STATEMENTS SECTION**

**JUNE 30, 2018 UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2016, UNAUDITED FINANCIAL STATEMENTS**

**JUNE 30, 2017 UNAUDITED FINANCIAL STATEMENTS**

*The accompanying notes are an integral part of these consolidated financial statements*

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# ZIYEN INC.

Confidential Private Placement Memorandum • Security Token Offering (STO) Regulation D Rule 506(c) • ZIYEN, INC

## ZIYEN INC. – CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2018, 2017 and 2016

<u>Assets</u>	<u>June 30,</u> <u>2018</u>	<u>June 30,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>
	(unaudited)	(unaudited)	(unaudited)
<b>Current Assets</b>			
Cash and cash equivalents	\$ 47,994	\$ 9,554	\$ 7,303
Accounts receivable	8,194	8,794	-
<b>Total Current Assets</b>	56,188	18,348	7,303
<b>Property and Equipment:</b>			
Oil and gas properties, unproved	3,836,342	2,810,855	-
	3,836,342	2,810,855	-
<b>Total Assets</b>	\$ 3,892,530	\$ 2,829,203	\$ 7,303
<b><u>Liabilities and Stockholders' Equity (Deficit)</u></b>			
<b>Current Liabilities:</b>			
Accounts payable and accrued liabilities	\$ -	\$ 3,100	\$ -
Advance from officer	24,770	18,066	8,631
Contingent Liability	-	902,960	-
<b>Total Liabilities</b>	24,770	924,126	8,631
<b>Stockholders' Equity (Deficit):</b>			
Common stock, \$0.001 par value; 75,000,000 shares authorized; 13,037,186, 11,235,100 and 11,000,000 shares issued and outstanding, respectively.	13,037	11,235	11,000
Additional paid in capital	4,307,447	57,431	-
Stock payable	-	1,907,895	-
Accumulated deficit	(452,724)	(71,484)	(12,328)
<b>Total stockholders' equity (deficit)</b>	3,867,760	1,905,077	(1,328)





# ZIYEN INC.

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**Weighted average  
common shares – basic  
and diluted**

12,479,936

11,113,265

2,410,959

*The accompanying notes are an integral part of these consolidated financial statements*

**ZIYEN INC.**

**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY FOR THE PERIOD FROM  
INCEPTION (APRIL 11, 2016) TO JUNE 30, 2018**

**(Unaudited)**

	Common stock Shares	Amount	Additional Paid in Capital	Stock payable	Accumulate d Deficit	Total Stockholder s' Equity (Deficit)
<b>Balance as of inception, April 11, 2016</b>	-	-	-	-	-	-
Owner contribution (distribution)						-
Net loss	-	-	-	-	(12,328)	(12,328)
Common stock issuance	<u>11,000,000</u>	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,000</u>



# ZIYEN INC.

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<b>Balance as of June 30, 2016</b>	<u>11,000,000</u>	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>(12,328)</u>	<u>(1,328)</u>
Property acquired through stock payable	-	-	-	1,907,895	-	1,907,895
Net income				-	(59,156)	(59,156)
Common stock issuance	<u>235,100</u>	<u>235</u>	<u>57,431</u>	<u>-</u>	<u>-</u>	<u>57,666</u>
<b>Balance as of June 30, 2017</b>	<u>11,235,100</u>	<u>\$ 11,235</u>	<u>\$ 57,431</u>	<u>\$ 1,907,895</u>	<u>\$ (71,484)</u>	<u>\$ 1,905,077</u>
Net loss		-	-	-	(381,240)	(381,240)
Property acquired through stock issuance	664,991	665	3,807,677	(1,907,895)		1,900,447
Common stock issuance	<u>1,137,095</u>	<u>1,137</u>	<u>442,339</u>	<u>-</u>	<u>-</u>	<u>443,476</u>
<b>Balance as of June 30, 2018</b>	<u>13,037,186</u>	<u>13,037</u>	<u>4,307,447</u>	<u>-</u>	<u>(452,724)</u>	<u>3,867,760</u>

*The accompanying notes are an integral part of these consolidated financial statements*





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# ZIYEN INC.

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**ZIYEN INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS FROM THE PERIOD FROM**  
**INCEPTION (APRIL 11, 2016) TO JUNE 30, 2018**

(Unaudited)

	<u>For the Year</u> <u>June 30, 2018</u>	<u>For the Year</u> <u>June 30, 2017</u>	<u>From the Inception</u> <u>June 30, 2016</u>
<b>Cash Flows from Operating Activities</b>			
Net loss	\$ (381,240)	\$ (59,156)	\$ (12,328)
Adjustment to reconcile net loss to net cash used			
Amortization of drug license	-	-	-
Stock-based compensation	-	37,500	11,000
Changes in operating assets and liabilities:			
Accounts receivable	600	(8,794)	-
Advance from officer	6,704	9,435	8,800
Other payable and accrued liabilities	(3,100)	3,100	(169)
Net cash flow used in operating activities	<u>(377,036)</u>	<u>(17,915)</u>	<u>7,303</u>
<b>Cash Flows from Investing Activities</b>			
Lease acquisitions	<u>(28,000)</u>	-	-
Net cash flow provided by investing activities	<u>(28,000)</u>	-	-
<b>Cash Flows from Financing Activities</b>			
Proceeds from issuance of common stock	<u>443,476</u>	<u>20,166</u>	-
Net cash flow provided by financing activities	<u>443,476</u>	<u>20,166</u>	-
Net increase (decrease) in cash	38,440	2,251	7,303
Cash, beginning of period	9,554	7,303	-
<b>Cash, end of period</b>	<u><u>\$ 47,994</u></u>	<u><u>\$ 9,554</u></u>	<u><u>\$ 7,303</u></u>



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Supplemental disclosures of cash flow information:			
Interest paid	\$ -	\$ -	\$ -
Income taxes paid	\$ -	\$ -	\$ -
Shares issued for debt conversion	\$ -	\$ -	\$ -
<b>NONCASH INVESTING AND FINANCING</b>			
Shares issued for oil & gas property acquisition	\$ 997,487	\$ 2,810,855	\$ -

*The accompanying notes are an integral part of these consolidated financial statements*

**ZIYEN INC.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 1 - ORGANIZATION**

**Organization**

Ziyen Inc. (the "Company") was incorporated in the State of Wyoming on April 11, 2016 and is based in Wyoming. The Company is set up to be the future of business intelligence by providing a suite of cutting-edge digital business intelligence, marketing and software services in and outside of the United States.



In October 2016, the Company completed Regulation A+ filing for 64 million of its common shares at \$0.25 per share.

In June 2017, the Company acquired oil and gas leases in an Indiana oilfield through its newly established division, Ziyen Energy. (Note 4)

In October 2017, the Company established a UK subsidiary, Ziyen UK Limited to develop the software division of the Company, Ziyen Intelligence. Ziyen Intelligence is the software division of the company providing business information portals to offer industry targeted access to information on federal tenders, contracts and projects available for bid.

The Company has established a fiscal year end of June 30.

## **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Basis of Presentation**

The Company maintains its accounting records on accrual basis in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP").

The consolidated financial statement presents the Balance Sheets, Statements of Operations, Shareholders' Deficit and Cash Flows of the Company. These consolidated financial statements are presented in United States dollars. The accompanying unaudited consolidated financial statement has been prepared in accordance with U.S. GAAP. All adjustments which are, in the opinion of management, necessary for a fair presentation of the results of operations for the interim periods have been made and are of a recurring nature unless otherwise disclosed herein.

### **Principles of Consolidation**

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Ziyen UK Limited. All intercompany accounts and transactions have been eliminated.

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## **Use of Estimates**

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

## **Cash and Equivalents**

Cash and equivalents include investments with initial maturities of three months or less. The Company maintains its cash balances at credit-worthy financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000.

## **Oil and Gas Properties – Full Cost Method**

The Company follows the full cost accounting method to account for oil and natural gas properties, whereby costs incurred in the acquisition, exploration and development of oil and gas reserves are capitalized.

The capitalized costs of oil and gas properties, excluding unevaluated and unproved properties, are amortized as depreciation, depletion and amortization expense using the units-of-production method based on estimated proved recoverable oil and gas reserves.

At the end of each quarter, the unamortized cost of oil and natural gas properties, net of related deferred income taxes, is limited to the sum of the estimated future after-tax net revenues from proved properties, after giving effect to cash flow hedge positions, discounted at 10%, and the lower of cost or fair value of unproved properties, adjusted for related income tax effects. This limitation is known as the “ceiling test,” and is based on SEC rules for the full cost oil and gas accounting method. There was no ceiling test write-down recorded during the year ended June 30, 2018.



The Company assesses the carrying value of its unproved properties for impairment periodically. If the results of an assessment indicate that an unproved property is impaired (which was assessed in connection with the Company's evaluation of goodwill impairment), then the carrying value of the unproved properties is added to the proved oil property costs to be amortized and subject to the ceiling test.

### **Concentration of Credit Risk**

Financial instruments and related items, which potentially subject the Company to concentrations of credit risk, are cash and cash equivalents. The Company places its cash and temporary cash investments with credit quality institutions. At times, such investments may be in excess of FDIC insurance limits.

### **Income Taxes**

The Company has no income tax obligations as of June 30, 2018, due to the Company having no profits from operations in its first fiscal period.

### **Stock Based Compensation**

The Company measures stock-based compensation cost at the grant date based on the fair value of the award and recognize it as expense, over the vesting or service period, as applicable, of the stock award.

### **Revenue Recognition**

Online service revenue is recognized when persuasive evidence of an arrangement exists, delivery of the product component has occurred, the fee is fixed and determinable, and collectability is reasonably assured. If any of these criteria are not met, revenue recognition is deferred until such time as all of the criteria are met.



The Company accounts for delivered elements in accordance with the selling price when arrangements include multiple product components or other elements and vendor-specific objective evidence exists for the value of all undelivered elements. Revenues on undelivered elements are recognized once delivery is complete.

The Company records amounts collected from customers in excess of recognizable revenue as deferred revenue in the accompanying balance sheets. Revenues for maintenance agreements, software support, online services and information products are recognized ratably over the term of the service agreement.

### **Net Loss Per Share**

The Company adopted the standard issued by the FASB, which requires presentation of basic earnings or loss per share and diluted earnings or loss per share. Basic income (loss) per share ("Basic EPS") is computed by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share ("Diluted EPS") are similarly calculated using the treasury stock method except that the denominator is increased to reflect the potential dilution that would occur if dilutive securities at the end of the applicable period were exercised. During the period from Inception to June 30, 2018, as the Company reported a net loss from operations, the diluted shares outstanding excludes the effective of dilutive securities due to the anti-dilutive effect. Because the Company did not have any potentially dilutive securities, there was no difference between the basic and diluted net loss per share.

### **Fair Value of Financial Instruments**

Accounting standards include disclosure requirements around fair values used for certain financial instruments and establish a fair value hierarchy. The three-tier hierarchy prioritizes valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market, as described further in Note 5.

The Company believes the recorded values of its financial instruments, including cash and cash equivalents, accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these instruments.

### **Recent Accounting Pronouncements**



In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled when products are transferred to customers. In July 2015, the FASB provided a one-year delay in the effective date of ASU 2014-09, to be effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, and a permission to early adopt for annual and interim periods beginning after December 15, 2016. The Company is assessing the impact of the five-step model of the new standard on its contracts compared to the results of current accounting practice. The Company has not yet determined whether it will adopt the provisions of ASU 2014-09 on a retrospective basis or through a cumulative adjustment to retained earnings. The new standard could change the amount and timing of revenue and costs under certain arrangement types and could increase the administrative burden on the Company's operations to properly account for customer contracts and provide the more expansive required disclosures. The Company is currently evaluating the impact of adopting ASU 2014-09, but has not yet determined what effect, if any, the new guidance will have on its financial position, results of operations or cash flows.

In February 2016, the FASB issued ASU No. 2016-02 (Topic 842) "*Leases*", which supersedes the lease recognition requirements in Accounting Standards Codification Topic 840, "*Leases*". Under ASU No. 2016-02 lessees are required to recognize assets and liabilities on the balance sheet for most leases and provide enhanced disclosures. Leases will continue to be classified as either finance or operating. ASU No. 2016-02 is effective for annual reporting periods, and interim periods within those years beginning after December 15, 2018. Entities are required to use a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements, and there are certain optional practical expedients that an entity may elect to apply. Full retrospective application is prohibited and early adoption by public entities is permitted. We are still in the process of evaluating the impact of ASU 2016-02 on our consolidated financial statements. The adoption is not expected to have a material impact on our financial position or results of operations.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments. The update provides guidance for how certain cash receipts and cash payments are to be presented on the statement of cash flows. ASU 2016-15 will be effective for the Company beginning the first quarter of fiscal 2018. Early adoption is permitted. ASU 2016-15 is to be adopted using the retrospective transition method, unless it is impracticable, in which case it can be applied



prospectively as of the earliest practical date. The Company does not expect the adoption of ASU 2016-15 to have a significant impact on the disclosure or cash flow presentation in its consolidated financial statements.

### **NOTE 3 – GOING CONCERN**

The Company's consolidated financial statements are prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America, and have been prepared on a going concern basis, which contemplates the realization of assets and the settlement of liabilities in the normal course of business. The Company has an accumulated deficit of negative \$452,724 as of June 30, 2018. The Company will be dependent upon the raising of additional capital through placement of our common stock in order to implement its business plan. There can be no assurance that the Company will be successful in order to continue as a going concern. The Company is funding its initial operations by issuing common shares and contribution from officer.

### **NOTE 4 – OIL AND GAS PROPERTIES**

On June 12, 2017, the Company entered into a lease assignment agreement with Greenleaf Energy, Inc for the oil and gas properties located Indiana, the term of the assignment of the lease lasts for five years. In exchange for the oil and gas leases, the Company agreed to issue to Greenleaf Energy, Inc a total of 1,500,000 shares of common stock (“Acquisition Shares”) subject to a three-year escrow provision as follow:

1. Initial Release at closing: 10% of total Shares issued.
2. Additional Shares Released 6 months post-closing: 15% of total Shares issued.
3. Additional Shares Released 12 months post-closing: 15% of total Shares issued.
4. Additional Shares Released 18 months post-closing: 15% of total Shares issued.
5. Additional Shares Released 24 months post-closing: 15% of total Shares issued.
6. Additional Shares Released 30 months post-closing: 15% of total Shares issued.
7. Additional Shares Released 36 months post-closing: 15% of total Shares issued.





During the year ended June 30, 2018, the Company reached an agreement with Greenleaf Energy to remove the three-year escrow provision and no additional shares will be issued.

During the year ended June 30, 2018, the Company acquired additional 10 leases for cash of \$57,000 and 997,487 common shares valued at \$1.50 per share.

## **NOTE 5 – CAPITAL STOCK**

The Company's authorized capital is 75,000,000 common shares with a par value of \$0.001 per share.

### **2016**

At its inception date, the Company granted 11,000,000 founder's shares to Alastair Caithness, CEO. As a result, the Company recorded issuance at the par value of \$11,000 as founder shares compensation

As of June 30, 2016, the Company has not granted any stock options or issued any common shares.

### **2017**

During the year ended June 30, 2017, the Company received \$20,166 in net proceeds for issuance of total 85,100 shares of common stock.

During the year ended June 30, 2017, the Company issued a total of 150,000 shares of common stock to a related party for service. The Company valued the shares at fair value of \$ 37,500

### **2018**

During the year ended June 30, 2018, the Company received \$443,476 in net proceeds for issuance of total 1,137,095 shares of common stock.



During the year ended June 30, 2018, the Company issued a total of 664,991 shares of common stock for property. The Company valued the shares at fair value of \$ 997,487.

**NOTE 6 - RELATED PARTY TRANSACTIONS**

**Common Stock**

During the year ended June 30, 2017, the Company has issued total 150,000 shares of common stock for service received from related party with fair value of \$ 37,500.

During the year ended June 30, 2018, the Company has paid a total compensation of \$77,413 to Alastair Caithness, CEO.

**NOTE 7 – INCOME TAXES**

The Company accounts for income taxes under standards issued by the FASB. Under those standards, deferred tax assets and liabilities are recognized for future tax benefits or consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided for significant deferred tax assets when it is more likely than not that such assets will not be realized through future operations.

No provision for federal income taxes has been recorded due to the available net operating loss carry forward of approximately \$452,724 will expire in various years through 2033. Future tax benefits which may arise as a result of these losses have not been recognized in these consolidated financial statements, as their realization is determined not likely to occur and accordingly, the Company has recorded a valuation allowance for the future tax loss carry forwards.

The actual income tax provisions differ from the expected amounts calculated by applying the statutory income tax rate to the Company's loss before income taxes. The components of these differences are as follows at June 30, 2018, 2017 and 2016:

	2018	2017	2016
Net tax loss carry-forwards	\$ (381,240)	\$ (59,156 )	\$ (12,328 )



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Statutory rate		34%	%	34	%	34	%
% Expected tax recovery		129,621		20,113		4,192	
Change in valuation allowance		(129,621)		(20,113 )		(4,192 )	
Income tax provision	\$	-	\$	-	\$	-	
Components of deferred tax asset:							
Non capital tax loss carry forwards	\$	129,621	\$	20,113	\$	4,192	
Less: valuation allowance		(129,621)		(20,113 )		(4,192 )	
Net deferred tax asset	\$	-	\$	-	\$	-	

The actual income tax provisions do not differ from the expected amounts, which is none



**NOTE 8. COMMITMENTS AND CONTINGENCIES****Operating Leases**

The Company leases its facilities and certain equipment pursuant to month-to-month and non-cancelable operating lease agreements that expire on various dates through August 2020. Terms of the leases provide for monthly payments ranging from \$500 to \$2,900. The Company incurred rent expense totaling approximately \$19,674, \$8,350 and \$- for the years ended June 30, 2018, 2017 and 2016, respectively. Future annual minimum payments under non-cancelable operating leases are as follows:

For the years ended June 30,	
2019	6,000
2020	6,000
2021	6,000
2022	1,000
Total operating lease obligations	19,000

**NOTE 9 – SUBSEQUENT EVENTS**

From July, 2018 to February, 2019, the Company issued total 187,329 shares of common stock for cash consideration.

From July, 2018 to February, 2019, the Company has issued total 323,000 shares of common stock for services.



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From July, 2018 to October, 2019, the Company acquired additional 7 leases for cash of \$19,380 and 20,267 common shares valued at \$1.50 per share.



## EXHIBIT A - ACCREDITED INVESTOR - REQUIREMENTS OF PURCHASER

### A. Requirements for Purchasers

Prospective purchasers of the Tokens offered by this Memorandum should give careful consideration to certain risk factors described under “RISK FACTORS” section and especially to the speculative nature of this investment and the limitations described under that caption with respect to the lack of a readily available market for the Tokens and the resulting long term nature of any investment in the Company. This Offering is available only to suitable Accredited Investors, having adequate means to assume such risks and of otherwise providing for their current needs and contingencies should consider purchasing Tokens.

### B. General Suitability Standards

The Tokens will not be sold to any person unless such prospective purchaser or his or her duly authorized representative shall have represented in writing to the Company in a Subscription Agreement that:

- a) The prospective purchaser has adequate means of providing for his or her current needs and personal contingencies and has no need for liquidity in the investment of the Tokens;
- b) The prospective purchaser’s overall commitment to investments which are not readily marketable is not disproportionate to his, her, or its net worth and the investment in the Tokens will not cause such overall commitment to become excessive; and
- c) The prospective purchaser is an “Accredited Investor” (as defined below) suitable for purchase in the Tokens.
- d) Each person acquiring Tokens will be required to represent that he, she, or it is purchasing the Tokens for his, her, or its own account for investment purposes and not with a view to resale or distribution. See “SUBSCRIPTION FOR Tokens” section.

### C. Accredited Investors



The Company will conduct the Offering in such a manner that Tokens may be sold only to “Accredited Investors” as that term is defined in Rule 501(c) of Regulation D promulgated under the Securities Act of 1933 (the “Securities Act”). In summary, a prospective investor will qualify as an “Accredited Investor” if he, she, or it meets any one of the following criteria:

- a) Any natural person whose individual net worth, or joint net worth with that person’s spouse, at the time of his purchase, exceeds \$1,000,000 excluding the value of the primary residence of such natural person;
- b) Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person’s spouse in excess of \$300,000 in each of those years and who has a reasonable expectation of reaching the same income level in the current year;
- c) Any bank as defined in Section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities and Exchange Act of 1934 (the “Exchange Act”); any insurance company as defined in Section 2(13) of the Exchange 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 (SBIC) licensed by the U.S. 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; 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, which is either a bank, savings and loan association, insurance company, or



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- registered investment advisor, or 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 persons who are Accredited Investors;
- d) Any private business development company as defined in Section 202(a)(22) of the Investment Advisors Act of 1940;
  - e) Any organization described in Section 501(c)(3)(d) of the Internal Revenue Code, corporation, business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000;
  - f) Any director or executive officer, or general partner of the issuer of the securities being sold, or any director, executive officer, or general partner of a general partner of that issuer;
  - g) Any trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Section 506(b)(2)(ii) of Regulation D adopted under the Act; and
  - h) Any entity in which all the equity owners are Accredited Investors.





## EXHIBIT B - SUBSCRIPTION AGREEMENT

ZIYEN, INC.

P.O. Box 1500  
Bonita, CA 91908

Gentlemen & Ladies:

You have informed the undersigned (the “Purchaser”) that ZIYEN, INC., a Wyoming corporation, (the “Company”) wishes to raise a maximum of Five Million Dollars (\$5,000,000) from various persons by selling up to 500,000,000 Tokens of ownership, \$0.001 par value (the “Tokens”), at a price of One Dollar (\$0.01) per Token.

I have received, read, and understand the Limited Offering Memorandum dated July 16th, 2019 (the “Memorandum”). I further understand that my rights and responsibilities as a Purchaser will be governed by the terms and conditions of this Subscription Agreement, the Memorandum and the Articles of Incorporation of ZIYEN, INC. INC.. I understand that you will rely on the following information to confirm that I am an “Accredited Investor”, as defined in Regulation D promulgated under the Securities Act of 1933, as amended (the “Securities Act”), and that I am qualified to be a Purchaser.

This Subscription Agreement is one of a number of such subscriptions for Tokens. By signing this Subscription Agreement, I offer to purchase and subscribe from the Company the number of Tokens set forth below on the terms specified herein. The Company reserves the right, in its complete discretion, to reject any subscription offer or to reduce the number of Tokens allotted to me. If this offer is accepted, the Company will execute a copy of this Subscription Agreement and return it to me. I understand that commencing on the date of this Memorandum all funds received by the Company in full payment of subscriptions for Tokens will be deposited directly into the Company’s operating bank account for its use.



1. Accredited Investor. I am an Accredited Investor because I qualify within one of the following categories:

Please Check The Appropriate Category

\$1,000,000 Net Worth.

A natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds \$1,000,000 excluding the value of the primary residence of such natural person.

\_\_\_\_\_  
Purchaser's Initials

\$200,000/\$300,000 Income.

A natural person who had an individual income in excess of \$200,000 (including contributions to qualified employee benefit plans) or joint income with such person's spouse in excess of \$300,000 per year in each of the two most recent years and who reasonably expects to attain the same individual or joint levels of income (including such contributions) in the current year.

Director or Officer of Issuer.

Any director or executive officer of the Company

All Equity Owners In Entity Are Accredited.

An entity, (i.e. corporation, partnership, trust, IRA, etc.) in which all of the equity owners are Accredited Investors as defined herein.

Corporation.

A corporation not formed for the specific purpose of acquiring the Tokens offered, with total assets in excess of \$5,000,000.



\_\_\_\_\_ Other Accredited Investor.

Any natural person or entity which qualifies as an Accredited Investor pursuant to Rule 501(a) of Regulation D promulgated under the Act; specify basis for qualification:

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2. Representations and Warranties. I represent and warrant to the Company that:

(A) I (i) have adequate means of providing for my current needs and possible contingencies and I have no need for liquidity of my investment in the Tokens, (ii) can bear the economic risk of losing the entire amount of my investment in Tokens, and (iii) have such knowledge and experience that I am capable of evaluating the relative risks and merits of this investment; (iv) the purchase of Tokens is consistent, in both nature and amount, with my overall investment program and financial condition.

(B) The address set forth below is my true and correct residence, and I have no intention of becoming a resident of any other state or jurisdiction.

(C) I have not utilized the services of a “Purchaser Representative” (as defined in Regulation D promulgated under the Securities Act) because I am a sophisticated, experienced investor, capable of determining and understanding the risks and merits of this investment.



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\_\_\_\_\_  
Purchaser's Initials

(D) I have received and read, and am familiar with the Offering Documents. All documents, records and books pertaining to the Company and the Tokens requested by me, including all pertinent records of the Company, financial and otherwise, have been made available or delivered to me.

(E) I have had the opportunity to ask questions of and receive answers from the Company's officers and representatives concerning the Company's affairs generally and the terms and conditions of my proposed investment in the Tokens.

(F) I understand the risks implicit in the business of the Company. Among other things, I understand that there can be no assurance that the Company will be successful in obtaining the funds necessary for its success. If only a fraction of the maximum amount of the Offering is raised, the Company may not be able to expand as rapidly as anticipated, and proceeds from this Offering may not be sufficient for the Company's long term needs.

(G) Other than as set forth in the Memorandum, no person or entity has made any representation or warranty whatsoever with respect to any matter or thing concerning the Company and this Offering, and I am purchasing the Tokens based solely upon my own investigation and evaluation.



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(H) I understand that no Tokens have been registered under the Securities Act, nor have they been registered pursuant to the provisions of the securities or other laws of applicable jurisdictions.

(I) The Tokens for which I subscribe are being acquired solely for my own account, for investment and are not being purchased with a view to or for their resale or distribution. In order to induce the Company to sell Tokens to me, the Company will have no obligation to recognize the ownership, beneficial or otherwise, of the Tokens by anyone but me.

(J) I am aware of the following:

- (i) The Tokens are a speculative investment which involves a high degree of risk; and
- (ii) My investment in the Tokens is not readily transferable; it may not be possible for me to liquidate my investment.
- (iii) The financial statements of the Company have merely been compiled, and have not been reviewed or audited.
- (iv) There are substantial restrictions on the transferability of the Tokens registered under the Securities Act; and

\_\_\_\_\_  
Purchaser's Initials



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(v) No federal or state agency has made any finding or determination as to the fairness of the Tokens for public investment nor any recommendation or endorsement of the Tokens;

(K) Except as set forth in the Memorandum, none of the following information has ever been represented, guaranteed, or warranted to me expressly or by implication, by any broker, the Company, or agents or employees of the foregoing, or by any other person:

(i) The appropriate or exact length of time that I will be required to hold the Tokens;

(ii) The percentage of profit and/or amount or type of consideration, profit, or loss to be realized, if any, as a result of an investment in the Tokens; or

(iii) That the past performance or experience of the Company, or associates, agents, affiliates, or employees of the Company or any other person, will in any way indicate or predict economic results in connection with the purchase of Tokens;

(iv) The amount of dividends or distributions that the Company will make;

(L) I have not distributed the Memorandum to anyone, no other person has used the Memorandum, and I have made no copies of the Memorandum; and



(M) I hereby agree to indemnify and hold harmless the Company, its managers, directors, and representatives from and against any and all liability, damage, cost or expense, including reasonable attorneys fees, incurred on account of or arising out of:

(i) Any inaccuracy in the declarations, representations, and warranties set forth above;

(ii) The disposition of any of the Tokens by me which is contrary to the foregoing declarations, representations, and warranties; and

(iii) Any action, suit or proceeding based upon (1) the claim that said declarations, representations, or warranties were inaccurate or misleading or otherwise cause for obtaining damages or redress from the Company; or (2) the disposition of any of the Tokens.

(N) By entering into this Subscription Agreement, I acknowledge that the Company is relying on the truth and accuracy of my representations.

The foregoing representation and warranties are true and accurate as of the date hereof, shall be true and accurate as of the date of the delivery of the funds to the Company and shall survive such delivery. If, in any respect, such representations and warranties are not true and accurate prior to delivery of the funds, I will give written notice of the fact to the Company, specifying which representations and warranties are not true and accurate and the reasons therefore.



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Purchaser's Initials

3. Transferability. I understand that I may sell or otherwise transfer my Tokens only if registered under the Securities Act or I provide the Company with an opinion of counsel acceptable to the Company to the effect that such sale or other transfer may be made in absence of registration under the Securities Act. I have no right to cause the Company to register the Tokens. Any certificates or other documents representing my Tokens will contain a restrictive legend reflecting this restriction, and stop transfer instructions will apply to my Tokens.
4. Indemnification. I understand the meaning and legal consequences of the representations and warranties contained in Paragraph 2 hereof, and I will indemnify and hold harmless the Company, its officers, directors, and representatives involved in the offer or sale of the Tokens to me, as well as each of the managers and representatives, employees and agents and other controlling persons of each of them, from and against any and all loss, damage or liability due to or arising out of a breach of any representation or warranty of mine contained in this Subscription Agreement.
5. Revocation. I will not cancel, terminate or revoke this Subscription Agreement or any agreement made by me hereunder and this Subscription Agreement shall survive my death or disability.





6. Termination of Agreement. If this subscription is rejected by the Company, then this Subscription Agreement shall be null and void and of no further force and effect, no party shall have any rights against any other party hereunder, and the Company shall promptly return to me the funds delivered with this Subscription Agreement.

7. Miscellaneous.

(a) This Subscription Agreement shall be governed by and construed in accordance with the substantive law of the State of Wyoming.

(b) This Subscription Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and may be amended only in writing and executed by all parties.

(c) By Purchasing the Tokens in ZIYEN, INC., INC. I hereby agree to the terms and provisions of the Articles of Incorporation of the INC. – as included in this Memorandum as Exhibit B. I have hereby read and understand the Articles of Incorporation and understand how an INC. functions as a corporate entity.

8. Ownership Information. Please print here the total number of Tokens to be purchased, and the exact name(s) in which the Tokens will be registered.

Total Tokens: 200,000 Tokens

Name(s): \_\_\_\_\_

Single Person

Husband and Wife, as community property



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 Joint Tenants (with right of survivorship)

Tenants in Common

A Married Person as separate property

Corporation or other organization

\_\_\_\_\_  
Purchaser's Initials

A Partnership

Trust

IRA

Tax-Qualified Retirement Plan

(i) Trustee(s)/ Custodian \_\_\_\_\_

(ii) Trust Date \_\_\_\_\_

(iii) Name of Trust \_\_\_\_\_

(iv) For the Benefit of \_\_\_\_\_

Other: \_\_\_\_\_

Name -

Social Security or Tax ID #:

Residence Address :



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Phone No:

Name -

Social Security or Tax ID #:

Residence Address :

Phone No:

\_\_\_\_\_  
Purchaser's Initials

9. Date and Signatures. Dated \_\_\_\_\_.

Signatures

Purchaser Name (Print)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



# ZIYEN INC.

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(Each co-owner or joint owner must sign - Names must be signed exactly as listed under “Purchaser Name”)

ACCEPTED:

ZIYEN, INC.

By: \_\_\_\_\_ Dated: \_\_\_\_\_

Alastair Caithness

President and CEO

\_\_\_\_\_  
Purchaser’s Initials



## Exhibit C - Investor Suitability Questionnaire

To: Prospective purchasers of Company Tokens offered by ZIYEN, INC. (the “Company”).

The Purpose of this Questionnaire is to solicit certain information regarding your financial status to determine whether you are an “Accredited Investor,” as defined under applicable federal and state securities laws, and otherwise meet the suitability criteria established by the Company for purchasing Tokens. *This questionnaire is not an offer to sell securities.*

Your answers will be kept as confidential as possible. You agree, however, that this Questionnaire may be shown to such persons as the Company deems appropriate to determine your eligibility as an Accredited Investor or to ascertain your general suitability for investing in the Tokens.

*Please answer all questions completely and execute the signature page*

A. Personal

Name -

Social Security or Tax ID #:

Residence Address :

Phone No:

Date of Birth:

Citizenship:





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Name -

Social Security or Tax ID #:

Residence Address :

Phone No:

Date of Birth:

Citizenship:

B. Income

C. Net Worth

1. Current net worth or joint net worth with spouse (note that “net worth” includes all of the assets owned by you and your spouse in excess of total liabilities, excluding the value of your primary residence.)

(1)\_\_\_\_\$50,000-\$100,000 (2)\_\_\_\_\$100,000-\$250,000 (3)\_\_\_\_\$250,000-\$500,000

(4)\_\_\_\_\$500,000-\$750,000 (5)\_\_\_\_\$750,000-\$1,000,000 (6)\_\_\_over \$1,000,000



2. Current value of liquid assets (cash, freely marketable securities, cash surrender value of life insurance policies, and other items easily convertible into cash) is sufficient to provide for current needs and possible personal contingencies:

(1)\_\_\_\_Yes

(2)\_\_\_\_No

D. Affiliation with the Company

Are you a director or executive officer of the Company?

(1)\_\_\_\_Yes

(2)\_\_\_\_No

E. Investment Percentage of Net Worth

Does your total purchase price exceed 10% of your net worth at the time of sale, or joint net worth with your spouse.

(1)\_\_\_\_Yes

(2)\_\_\_\_No



F. Consistent Investment Strategy

Is this investment consistent with your overall investment strategy?

(1)\_\_\_Yes

(2)\_\_\_No

G. Prospective Investor’s Representations

The information contained in this Questionnaire is true and complete, and the undersigned understands that the Company and its counsel will rely on such information for the purpose of complying with all applicable securities laws as discussed above. The undersigned agrees to notify the Company promptly of any change in the foregoing information which may occur prior to any purchase by the undersigned of securities from the Company.

Prospective Investor:

\_\_\_\_\_

Date:\_\_\_\_\_

Signature

\_\_\_\_\_





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-----  
Prospective Investor:

\_\_\_\_\_

Date: \_\_\_\_\_

Signature

\_\_\_\_\_

Signature (of joint purchase if purchase is to be made as joint tenants or as tenants in common)

