

BlockGrain Disclosure Document

Version 1.3 (26 April 2018)

PLEASE READ THIS DOCUMENT CAREFULLY BEFORE YOU MAKE A DECISION TO APPLY TO PURCHASE TOKENS. AN APPLICATION TO PURCHASE, AND THE PURCHASE OF CRYPTOCURRENCY TOKENS, CARRIES GENERAL RISKS AND THE APPLICATION TO PURCHASE, AND THE PURCHASING OF THE TOKENS, CARRIES SPECIFIC RISKS WHICH YOU SHOULD CONSIDER BEFORE MAKING A DECISION TO APPLY TO PURCHASE TOKENS.

YOU SHOULD SEEK YOUR OWN INDEPENDENT LEGAL, FINANCIAL AND TAXATION ADVICE BEFORE MAKING A DECISION TO APPLY TO PURCHASE TOKENS.

EXECUTIVE SUMMARY

The BlockGrain Token Generation Event is being made in the Commonwealth of Australia.

Please note that a number of countries (including the Excluded Countries) have banned the offering of cryptocurrency tokens for sale in the manner the Company is offering. If you are a resident of an Excluded Country or any other jurisdiction in which the sale of cryptocurrency tokens is regulated or prohibited you must not participate in the Token Generation Event.

Each Applicant must seek independent legal advice on the legality of participating in the Token Generation Event in their jurisdiction.

The Applicant warrants that it has not relied on any representations by BlockGrain about:

- (a) the legality of participating in the Token Generation Event in the Applicant's Jurisdiction;
- (b) the taxation implications of participating in the Token Generation Event for the Applicant; or
- (c) whether the Tokens will increase or decrease in value.

If the Token Generation Event cannot be lawfully made in your jurisdiction, the Company does not offer or invite you to participate in the Token Generation Event and nothing contained in this Disclosure Document, or in any statement made by any person to you for or on behalf of the Company, may be taken as an offer or invitation to participate in the Token Generation Event.

The Applicant acknowledges that the terms of this Disclosure Document have precedence over all other documents, statements and materials made or distributed by BlockGrain, its authorised representatives, employees and/or agents, to the extent of any inconsistency.

The Applicant acknowledges that the Tokens:

- (a) are utility tokens of which the sole purpose is to provide the owner with the prospective right to write data to the BlockGrain Private Blockchain once the Company has developed and released that component of the BlockGrain system;
- (b) will not provide the owner with any right to income, dividends or voting rights;
- (c) are not guaranteed to increase or decrease in value;

(d) are not guaranteed to be listed on any exchange; and

(e) are not (as of the date of this document):

- a. financial products;
- b. securities;
- c. shares;
- d. derivatives;
- e. an interest in a managed investment scheme; or
- f. a legal or equitable interest in the Company.

When you complete an Application Form to apply to purchase Tokens, you may be asked to provide personal information about you to the Company and/or to pass an identity verification check. The Company collects your personal information to process and administer your Application and to keep you updated on the progress of the project. If you do not complete the Application Form in full, the Company may not accept your Application.

By submitting an Application Form, you agree that the Company may use the information provided by you in or on the Application Form for the purposes set out in this disclosure statement and may disclose it for those purposes to the Company's related bodies corporate, agents, contractors and third party service providers, including but not limited to mailing houses, professional advisers and regulatory authorities including AUSTRAC.

Each User of the BlockGrain Blockchain will be required to register with the Company as a User once the BlockGrain Blockchain is developed. Registering with the Company as a User will require the User to provide the Company with all necessary information for the Company to conduct due diligence on the potential User. Each User of the BlockGrain System will need to be registered as a business in their jurisdiction in order to complete the registration process.

The Company will be required to comply with all relevant Australian Legislation. If the BlockGrain Blockchain is found to be a "*Designated Service*" pursuant to the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth), Users will be required to supply all information necessary for the Company to comply with its reporting obligations. This may include providing certified copies of identification documents. If a Token Holder is unable to provide the Company with all necessary information and documentation, the Token Holder will be unable to register as a user of the BlockGrain Blockchain and, consequently, the Token Holder will be unable to utilise their Tokens to participate in the BlockGrain Blockchain.

Please see the Privacy Policy of BlockGrain for further details about the use of your information.

1. DEFINITIONS & GLOSSARY

The terms and abbreviations used in this Disclosure Document have the following meaning:

Accepted Currency means the currencies that the Company will accept from Applicants as an Application Contribution, being BTC, ETH and XEM, or any other currency which the Company deems acceptable at its sole discretion.

Allocation means the number of Tokens allocated to each Round.

Applicant means a person who submits an Application.

Application means an application requesting the purchase of Tokens under this Disclosure Document.

Application Contribution means the total amount of Accepted Currency contributed by you as part of your Application for the purchase of Tokens.

Application Form means an application form for the purchase of Tokens which may require that you provide your name, email, contact phone number and identification documents (or alternatively pass an identification check).

Bitcoin and BTC is a cryptocurrency token used to interact with the Bitcoin Blockchain.

Bitcoin Blockchain means the public blockchain known as "Bitcoin" as more fully described at <https://bitcoin.org/bitcoin.pdf>.

BlockGrain Blockchain means the blockchain and other software, including custom variations to open source software, planned by the Company and set to comprise a public blockchain known as the "BlockGrain Blockchain" or "BlockGrain".

Company means AgriChain Pty Ltd, ACN 606 114 989, and where the context so permits, includes and where the context requires includes any related body corporate including subsidiaries.

Corporations Act means the Corporations Act 2001 (Cth) – an Act to make provision in relation to corporations and financial products and services, and for other purposes.

Daily Price means the daily average value of 1 unit of Accepted Currency in United States Dollars on the date in UTC time that the Applicant transferred the Application Contribution to the Company which is taken from the historical data published by:

- (a) For ETH, Etherscan.io (located at <https://etherscan.io/chart/etherprice>);
- (b) For BTC, the historical data for Binance.com published by investing.com (located at <https://www.investing.com/crypto/bitcoin/btc-usd-historical-data?cid=1035793>); and
- (c) For XEM, the data for Okex.com published by Investing.com (located at <https://www.investing.com/crypto/nem/xem-usd-historical-data?cid=1057527>).

Director means a director of the Company.

Disclosure Document means this Disclosure Document dated 12 March 2018 as modified or varied by any replacement or supplementary Disclosure Document made by the Company from time to time the most recent version of which will be uploaded to the Website.

Ether and ETH is a cryptocurrency token used to interact with the Ethereum Blockchain.

Ethereum Blockchain means the public blockchain known as "Ethereum" as more fully described at <http://www.ethdocs.org/> and <https://www.ethereum.org/>.

Excluded Countries means the United States of America, the People's Republic of China, the Republic of Korea (South Korea) and the Socialist Republic of Vietnam.

Frozen means that the Tokens will be held in escrow by the Company.

Group means the Company and its related body corporates.

Issue means the issue of Tokens in accordance with this Disclosure Document.

Issue Price means 1 Token per \$0.075 USD (7.5 US cents) of ETH.

Lock-Up Period means 24 months from the Opening Date.

Melbourne time means Australian Eastern Daylight Time or Australian Eastern Standard Time, whichever is in effect at the relevant time in the city of Melbourne in the State of Victoria, Australia.

NEM Blockchain means the public blockchain known as "NEM" as more fully described at https://nem.io/wp-content/themes/nem/files/NEM_techRef.pdf.

Nominated Address means the address nominated by the Company for the Applicant to deposit the Application Contribution.

Registration Opening Date means the date by which valid Applications must be received by the Company as set out in this Disclosure Document.

Registration Opening Date means the date from the Company will accept valid Applications as set out in this Disclosure Document.

Registration Period means the period of time between the Registration Start Date and the Registrations Closing Date

Sale Start Date means the date from which the Company will begin accepting Application Contributions into the Nominated Address.

Sale Closing Date means the last date on which the Company will accept Application Contributions.

Securities has the same meaning as in section 92 of the *Corporations Act*.

Stage 1 means that period when Applications are offered for sale under the title "Stage 1 Allocation".

Stage 2 means that period when Applications are offered for sale under the title "Stage 2 Allocation" or "Public Round".

TGE Documents means the Disclosure Document, the Whitepaper and the Token Sale Agreement.

Token means the AGRI Token described in the Whitepaper and Token Sale Agreement.

Token Generation Event or TGE means the Token Generation Event as set out in this document, the Whitepaper and the Token Sale Agreement for the issue of Tokens.

Token Generation Event Period means the period for each of Stage 1 and Stage 2, from the Opening Date until either the Allocation for each Round is exhausted or when the Company determines to end the offering of Tokens for purchase.

Token Holders means the persons holding Tokens of the Company immediately after the Issue of the Tokens.

Token Register means a register of those who submitted an Application during the Token Generation Event Period.

Token Sale Agreement means the document bearing that name and made available on the Website.

Tokens means cryptocurrency based digital Tokens known as AGRI.

Website means the website located at <http://www.blockgrain.com.au/>.

Whitelisted means that the wallet address will be added to the list of accepted transferor wallets on the Smart Contract for the Token Generation.

XEM is a cryptocurrency token used to interact with the NEM Blockchain.

2. SUMMARY OF TOKEN GENERATION EVENT

- (a) This Disclosure Document relates to an invitation to you to contribute towards and submit an Application as part of the token generation event operated by AgriChain Pty Ltd (**Company**) for the Issue of up to **300,000,000 Tokens at 1 Token per \$0.075 USD (7.5 US cents) of Accepted Currency** payable via an Accepted Payment Method, the terms of which are set out in the Token Sale Agreement (**Token Generation Event**).

2.1. KEY FACTS FOR TOKEN GENERATION EVENT

- (a) The following is a summary of the key terms and conditions of our Token Generation Event. You must consider the more detailed information in this Disclosure Document and read the whole of this document before submitting an Application.
- (b) Below are the indicative Opening Dates and Closing Dates for the Token Generation Event Periods during which you may submit an Application to purchase Tokens. The Board of the Company, at its own discretion, reserves the right to alter this timetable or change the allocation of Tokens in each round.

2.2. KEY DETAILS FOR COMPANY AND ADVISORS

- (a) **Company**
AgriChain Pty Ltd
10 Elder Entrance
BURLEIGH HEADS QLD 4220
- (b) **Australian Lawyers**

Stone Group Lawyers
Suite 1305, Level 3, Commercial Tower 1
56-58 Scarborough Street
SOUTHPORT QLD 4215

3. COMPANY DISCLOSURE

3.1. Expenses of the Token Generation Event

(a) All expenses connected with the Token Generation Event are being paid by AgriChain.

3.2. The Company

(a) AgriChain Pty Ltd is a privately owned company in which all the shares are held beneficially by:

- (i) North South CTD Investments Pty Ltd (ACN 154 864 463);
- (ii) GC Hope Pty Ltd (ACN 605 049 312); and
- (iii) Baden Brinley Thomson U'Ren.

(b) AgriChain Pty Ltd is registered in Australia and is compliant with all of the relevant obligations and requirements arising from the *Corporations Act 2001*(Cth).

(c) AgriChain Pty Ltd was founded in 2015 and as such has no public financial information available.

(d) AgriChain Pty Ltd is a private company of which the controlling shareholder is North South CTD Investments Pty Ltd, a company owned by Caile Ditterich, CEO and one of the founders of BlockGrain.

(e) The shareholder register for AgriChain Pty Ltd is available for viewing at the Australian Securities and Investment Commission's website for payment of a fee.

(f) The sole director of AgriChain Pty Ltd is Caile Ditterich.

(g) Profiles of the BlockGrain team are available in the Whitepaper.

3.3. Founders and Advisors Token Allocation

(a) Please note that the BlockGrain team members and advisors may be entitled to a share of the Team and Advisors Token Allocation following the end of the Lock-Up Period.

3.4. Key Assets

(a) The Company owns all intellectual property rights to the extent possible (that is, excluding software the subject of open source licences) in the technology under development known as BlockGrain.

(b) There is a registered trademark for "BlockGrain" owned by AgriChain Pty Ltd.

3.5. Material Litigation

(a) AgriChain Pty Ltd are not a party to any litigation as at the date of the TGE Documents and none of the companies are aware of any threatened litigation.

4. TOKEN GENERATION EVENT

(a) The Disclosure Document will be made generally available in electronic form during the Token Generation Event Period by being posted through the Company website at www.blockgrain.com.au.

- (b) Persons having received a copy of this Disclosure Document in its electronic form may obtain an additional paper copy of this Disclosure Document and the Application Form (free of charge) by contacting the Company at support@blockgrain.com.au.
- (c) The Token Generation Event set out in this Disclosure Document in electronic form is only available to persons receiving an electronic version of this Disclosure Document and in a country where token sales are permitted.
- (d) No person named in this Disclosure Document, nor any other person, guarantees the issue of the Tokens, the performance of the Tokens, the repayment of any purchase price or the receipt of income or capital gain in connection with the Tokens.
- (e) Please read this document, in particular the risk factors in section 6, carefully before you make a decision to apply to purchase tokens. A purchase of cryptocurrency tokens may have general risks, and an application to purchase, and purchasing Tokens has specific risks, which you should consider before making a decision to apply to purchase Tokens.

4.2. TERMS AND CONDITIONS OF TOKEN GENERATION EVENT

- (a) Applications made for the purchase of Tokens are subject to the terms and conditions set out in the Token Sale Agreement which is available on our Website.
- (b) To the extent there is any inconsistency between this document, the Token Sale Agreement and information on our Website the following order of precedence applies to the extent of any inconsistency:
 - (i) As to any dates, Issue Price, Bonus or Token Generation Event Period, the Website contents take precedence over both this document and the Token Sale Agreement; and
 - (ii) For all other matters, the terms of the Token Sale Agreement take precedence over this document.

4.3. TOKENS OFFERED DURING THE TOKEN GENERATION EVENT

(a) The Tokens generated during the Token Generation Event will be allocated as follows:

Public Distribution	300,000,000 Tokens
Public Growth Pool	200,000,000 Tokens
Commodities Funds	300,000,000 Tokens
Future Operations	80,000,000 Tokens
Social programs	20,000,000 Tokens
Team (present and future)	100,000,000 Tokens
Total Tokens	1,000,000,000 Tokens

(b) The Token Generation Event provides you with the opportunity to apply for the issue of Tokens to you at the Issue Price. The details of the current allocation of Tokens to each round and the Issue Price are set out below but are subject to change and the Website will show, for each Round, any changes to the below:

Issue Price:	1 Token per \$0.075 USD (7.5 US cents)
Stage 1 Allocation	up to 40,000,000 Tokens
Stage 2 Allocation	up to 260,000,000 Tokens

4.4. OPENING AND CLOSING DATES

- (a) Applicants must submit an Application before the expiry of the Registration Period at 5:00pm on the Registration Closing Date, subject to clause 4.4(b).
- (b) The Company may close any Round at an earlier time and date, or extend the closing time and date of any Round, without prior notice.
- (c) The current Opening and Closing Dates for each Round are as follows and are subject to change:

Round	Registration Start Date	Registration Closing Date	Sale Start Date	Sale Closing Date
Stage 1 Allocation	16 February 2018	24 February 2018	13 March 2018	28 March 2018
Stage 2 Allocation	5 April 2018	22 June 2018	26 April 2018	24 June 2018

4.5. CHANGES TO ALLOCATIONS AND LOCK-UP

- (a) During each Round, if the number of Tokens allocated to a Round is reached, the Company may end that Round without notice.
- (b) In the event that any Tokens allocated to a Round are not fully allocated to Applications in that Round, those Tokens may be allocated to a subsequent Round, or in the case of any remaining Tokens following the Tier 2 Round, such Tokens will be frozen.
- (c) During the Lock-Up Period, the Team, Advisors and Company will be restrained from offering any of their tokens received from the Team and Advisors Token Allocation or the Company Allocation for sale.

4.6. HOW TO APPLY FOR TOKENS

(a) STAGE 1 – PRIVATE DISTRIBUTION ROUND

- (i) The Stage 1 – Private Distribution Round will be conducted on an invite only basis, with the Company inviting private entities to make an application directly to the Company.
- (ii) To participate in Stage 1 of the Token Generation Event, each Applicant must complete the Application Form set out on the Company's Website and submit it to the Company electronically using the submission form on the Company's website during the Registration Period for Stage 1.
- (iii) The Applicant must provide such information as may be required under the terms of the Token Sale Agreement, including passing an identification check.
- (iv) Once the Company has evaluated the Application, it will make a determination about whether the Applicant has satisfied the requirements of the Token Sale Agreement.

- (v) If the Company determines that the Applicant has satisfied the requirements of the Token Sale Agreement, it will add the Applicant's wallet address to the whitelist for the Smart Contract for the Token Generation Event and notify the Applicant that their Application was successful.
- (vi) If the Company determines that the Applicant has not satisfied the requirements of the Token Sale Agreement, it will notify the Applicant of the nature of the deficiency in the Application and provide instructions on how to rectify the deficiency in the Application.
- (vii) The Applicant will have until the expiry of the Registration Period to rectify the deficiency in the Application.
- (viii) If the Applicant fails to rectify the deficiency in the Application within the nominated time period, the Application will automatically lapse on the expiry of that time period.
- (ix) On the Sale Start Date, each successful Applicant will be provided with the address for the Nominated Address.
- (x) The Applicant must deposit their Application Contribution into the Nominated Address before the Sale Closing Date.
- (xi) The Applicant must deposit their Application Contribution from a **Private Wallet**. The Company will not accept Application Contributions from a wallet operated by an Exchange.

(b) STAGE 2 – PUBLIC DISTRIBUTION ROUND

- (i) To participate in Stage 2 of the Token Generation Event, each Applicant must complete the Application Form set out on the Company's Website and submit it to the Company electronically using the submission form on the Company's website during the Registration Period for Stage 2.
- (ii) The Applicant must provide such information as may be required under the terms of the Token Sale Agreement, including passing an identification check.
- (iii) Once the Company has evaluated the Application, it will make a determination about whether the Applicant has satisfied the requirements of the Token Sale Agreement.
- (iv) If the Company determines that the Applicant has satisfied the requirements of the Token Sale Agreement, it will add the Applicant's wallet address to the whitelist for the Smart Contract for the Token Generation Event and notify the Applicant that their Application was successful.
- (v) If the Company determines that the Applicant has not satisfied the requirements of the Token Sale Agreement, it will notify the Applicant of the nature of the deficiency in the Application and provide instructions on how to rectify the deficiency in the Application.
- (vi) The Applicant will have until the expiry of the Registration Period to rectify the deficiency in the Application.

- (vii) If the Applicant fails to rectify the deficiency in the Application within the nominated time period, the Application will automatically lapse on the expiry of that time period.
- (viii) On the Sale Start Date, each successful Applicant will be provided with the address for the Nominated Address.
- (ix) The Applicant must deposit their Application Contribution into the Nominated Address before the Sale Closing Date.
- (x) The Applicant must deposit their Application Contribution from a **Private Wallet**. The Company will not accept Application Contributions from a wallet operated by an Exchange.

4.7. MAKING AN APPLICATION CONTRIBUTION

- (a) When you make an Application, you will be required to pay the Application Contribution to the Company in an Accepted Currency.
- (b) Each Applicant should check a reputable cryptocurrency exchange to be informed of the current price of Accepted Currency prior to applying to purchase the Tokens.
- (c) For Applicants in the Private Sale, their allocation will be the calculated using following methodologies, with the allocation being the higher result of the two methodologies:
 - (i) Methodology 1: Application Contribution in ETH x 6,000.00 = Allocation
 - (ii) Methodology 2:

$$\frac{\text{Application Contribution in ETH} \times \text{Daily Price} \times 100}{7.5} = \text{Allocation}$$

- (d) For Applicants in the Public Sale, the Applicant’s allocation of Tokens will be calculated using the following methodology:

$$\frac{\text{Application Contribution in Accepted Currency} \times \text{Daily Price} \times 100}{7.5} = \text{Allocation}$$

- (e) For the avoidance of doubt, the amount of Tokens issued to an Applicant will be calculated based on the daily average USD price of Accepted Currency, multiplied by the amount of Ether received by the Company into the Nominated Address.
- (f) The Applicant may be required to pay fees to third parties to convert fiat currency (or another cryptocurrency) to Accepted Currency. The Applicant acknowledges that they are incurring those costs in their personal capacity, and the Company will not reimburse the Applicant for those fees or adjust the amount

4.8. GENERAL INFORMATION

- (a) Detailed instructions on how to complete the Application Form is available on our Website. You are not required to sign the Application Form.

- (b) The Company reserves the right to reject any Application (including where an Application has not been correctly completed) or allocate any person fewer Tokens than that person applied for, or vary the dates and times of the Token Generation Event without prior notice and independently of other parts of the Token Generation Event.
- (c) Where Applications are rejected or fewer Tokens are allotted than applied for, the surplus Application Contribution will be refunded in the cryptocurrency in which the Application Contribution was originally made.
- (d) No interest will be paid on any Application Contribution refunded.

4.9. TAXATION AND LEGAL ADVICE

- (a) Each Applicant should seek and rely on independent taxation, accounting and legal advice regarding the application to purchase, and the purchase of, the Tokens offered by the Company.
- (b) Each Applicant acknowledges that the Tokens are not offered or structured as securities, derivatives or any other form of financial or investment product. As such, none of the information in this document is intended to form the basis for any investment decision you make, and no recommendations are intended to be made, or are made, in this document.
- (c) The only right granted by owning the Tokens is the right to participate in the BlockGrain Blockchain (if and when that is developed and deployed) while a Token Holder holds the Tokens.
- (d) Tokens carry no rights, whether express or implied, and do not represent or grant any ownership right, share or security (or equivalent or analogous right) in the Company, the Company’s related entities or subsidiaries, or any future right to any interest or dividend from or in the Company or the Company’s related entities or subsidiaries, or any future right to any interest in any intellectual property forming part of the BlockGrain Blockchain or the assets of the Company.
- (e) The Company expressly disclaims all responsibility for any direct, indirect or consequential loss, damages, costs or expenses of any kind howsoever arising in connection with any reliance on the information set out in the TGE Documents, any error or omission in any information in the TGE Documents or any action an Applicant or any other person might take (or refrain from taking) resulting from such information.
- (f) No action has been taken to register or qualify the Tokens, or the Token Generation Event, with any government or regulatory agency in Australia or any other jurisdiction.

5. APPLICATION OF FUNDS

5.1. APPLICATION OF MONIES RAISED

- (a) The Whitepaper sets out the intended business model of the Company in promoting the adoption of BlockGrain and the funds raised from the Token Generation Event will be applied as set out in this section.
- (b) The funds raised by the Token Generation Event are intended to be applied by the Company as follows:

Purpose	Percentage of Total Funds Raised
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Platform Development	40%
Growth and Marketing	25%
Business Operations	20%
Research and Prototyping	10%
Contingency	5%

5.2. VARIANCES TO SPENDING

- (a) The use of the funds allocated to meet ongoing working capital requirements will depend on the results achieved during the Token Generation Event and in respect of future opportunities that may arise. The Company considers that, on completion of the Token Generation Event, the Company should have adequate working capital to meet its current objectives and requirements as set out in the TGE Documents.
- (b) However, you should be aware that the Company may spend its cash reserves on its activities more quickly than currently anticipated due to decisions which may be made and due to factors which may be partly or wholly outside of the control of the Company. If that is the case, the Company may need to raise additional funds, whether by way of borrowing, equity, or the sale of Tokens held by the Company, to meet its continuing funding requirements.

6. RISK

- (a) You should be aware that applying to purchase, and the purchase of, cryptocurrency tokens is subject to risks. The risks comprise general risks inherent to the purchase of cryptocurrency tokens generally as well as specific risks related to the Tokens and the Company's plans to seek adoption of the Tokens. You should not purchase Tokens unless you believe you are an expert in dealing with cryptographic tokens and blockchain based software. You should be familiar with the details of cryptographic digital tokens including Bitcoin and Ether and with Blockchain software based systems.
- (b) You should have technical knowledge of how to create and operate a software wallet and cold storage hardware wallet. The Company is not offering to provide technical support to Token Holders and in any event cannot retrieve lost private keys. The Company will not accept responsibility for any lost or stolen Ether or Tokens where that loss arises in connection with your own act or omission.
- (c) You should consider both the general and specific risks identified below and to the extent you believe necessary consult your lawyer, accountant and taxation advisor. If any of the below risks are unacceptable to you, then you should not apply to purchase Tokens.
- (d) If, having read, you understand and have accepted the below risks, you wish to proceed with an Application, you will be expressly agreeing and assuming all risk in the Tokens and will be agreeing not to hold the Company, or any related party, liable for any loss, damages, costs or expenses, whether direct or indirect, consequential or special, arising in connection with the sale of Tokens.
- (e) The risks set out below are not exhaustive and are not in any particular order of likelihood or importance.

6.1. GENERAL RISKS IN CRYPTOCURRENCY TOKENS

- (a) **Risk of losing access to your tokens due to a loss of your private key**
- (i) When you create a software wallet or vault to store cryptographic tokens, you create a private key for that wallet (or multiple private keys). The private keys are required and

essential for you to hold and transfer or dispose of your tokens. If you lose access to your private key(s) then your software wallet or vault and any tokens stored within that wallet or vault **will be lost**.

- (ii) If a third party gains access to your private key(s) that third party can transfer your tokens to themselves or another person and you will **not** be able to recover those tokens.
- (iii) You should treat your private key as if it were the tokens themselves, ensure that you create a private key using best practice security processes and maintain the security of your computer systems to the highest standards.

(b) Risks of mining attacks on a blockchain

All decentralised cryptographic tokens based on Ethereum are at risk of attacks by miners in a network, which can include:

- (i) "51% attacks";
- (ii) double spending attacks;
- (iii) selfish mining behaviour; and
- (iv) other attempts by miners to exploit or abuse the blockchain for either their own or another person's benefit.

(c) Risks of bugs and hacking in open source software

- (i) Much of the code currently in use in blockchain is open source and hence at greater risk of exploit by entities examining and seeking to find exploits within that code. Updates to open source code can provide further unexpected exploits despite the best efforts of developers.
- (ii) Hackers and other bad actors have caused the loss of significant sums of money in some high profile blockchain projects in 2016 and 2017. There is the risk that malware attacks, denial of service attacks, spoofing attacks and other exploits could be used against legitimate users of blockchain software and cryptographic tokens.

(d) Risks associated with uncertain regulations, enforcement actions and geopolitical events

- (i) The regulatory status of the cryptographic tokens, blockchain and distributed ledger technology is unclear or unsettled in many jurisdictions. It is difficult to predict how or whether regulatory agencies may apply existing regulation with respect to such technology and its applications, including the Platform and AGRI tokens.
- (ii) It is also difficult to predict how or whether legislatures or regulatory agencies may implement changes to law and regulation affecting blockchain and distributed ledger technology and its applications, including the Platform and AGRI tokens.
- (iii) The Company does not, and cannot, make any representations about the form of future regulation; and at present the regulatory approaches to cryptocurrency vary greatly between jurisdictions. However, it is reasonably foreseeable that jurisdictions may attempt to impose further regulatory obligations on the ownership and use of cryptocurrency and cryptographic tokens in the near future.

- (iv) Regulatory actions could negatively impact the Platform and AGRI tokens in various ways, including, for purposes of illustration only, through a determination that AGRI tokens are a regulated financial product or instrument that attracts registration or licensing requirements.
 - (v) The Company may cease operations in a jurisdiction in the event that regulatory actions, or changes to law or regulation, make it illegal to operate in such jurisdiction, or commercially undesirable to obtain the necessary regulatory approval(s) to operate in such jurisdiction.
 - (vi) The Platform and The Company could be impacted by one or more regulatory enquiries or regulatory action, which could impede or limit the ability of The Company to continue to develop the Platform. Political or economic crises may motivate large-scale sales of AGRI tokens, which could result in a reduction in the price and adversely affect the value of AGRI.
 - (vii) Cryptographic tokens such as AGRI tokens, which are relatively new, are subject to supply and demand forces based upon the desirability of an alternative, decentralised means of transacting, and it is unclear how such supply and demand will be impacted by geopolitical events.
 - (viii) Large-scale sales of AGRI tokens would result in a reduction in the liquidity of such tokens.
- (e) Risks arising from taxation**
- (i) The tax characterization of AGRI tokens is uncertain in many jurisdictions.
 - (ii) You must seek your own tax advice in connection with purchasing AGRI tokens, which may result in adverse tax consequences to you, including but not limited to withholding taxes, income taxes and tax reporting requirements.
 - (iii) You bear the sole responsibility for any taxation requirements, in purchasing, using and holding AGRI tokens.
- (f) Risk of alternative platforms**
- (i) It is possible that alternative platforms could be established that utilize the same open source code and protocol underlying the Platform and attempt to facilitate services that are materially similar to those intended to be delivered through the Platform.
 - (ii) The Platform may be in competition with these alternative platforms, which could negatively impact the Platform and AGRI tokens.
- (g) Risk of insufficient interest in the platform**
- (i) It is possible that the Platform will not be used by a large number of external businesses, individuals, and other organisations and that there will be limited public interest in the use of AGRI tokens for peer-to-peer energy trading.
 - (ii) Such a lack of interest could impact the development of the Platform for global release.
 - (iii) The Company cannot predict the success of its own marketing efforts or the efforts of other third parties. It is possible that, due to any number of reasons, including without limitation, the failure of business relationships or marketing strategies, that the Platform and all

subsequent marketing of the sale of AGRI tokens from The Company, may fail to achieve success.

(h) Risk of an unfavourable fluctuation of ether and other currency value

- (i) The Company intends to use the proceeds from selling AGRI tokens to fund the maintenance and development of the Platform.
- (ii) The proceeds of the AGRI sale will be denominated in Accepted Currency, and can be converted into other cryptographic and fiat currencies.
- (iii) If the value of Accepted Currency or other currencies fluctuates unfavourably during or after the Sale Period, the Company may not be able to fund development, or may not be able to develop or maintain the Platform in the manner that it intended.

(i) Risk of dissolution of the company

- (i) It is possible, due to any number of reasons including, but not limited to, an unfavourable fluctuation in the value of Accepted Currency (or other cryptographic and fiat currencies), decrease in the Platform's utility, the failure of commercial relationships, or intellectual property ownership challenges, that the Platform may no longer be viable to operate and The Company may dissolve or be wound up or face an uncertain or changing regulatory regime.

(j) Risks arising from lack of governance rights

- (i) As ownership of a AGRI token confers no governance rights of any kind with respect to the Platform or The Company, all decisions involving the Platform or The Company will be made by The Company at its sole discretion, including, but not limited to, decisions to discontinue the Platform, to create and sell more AGRI tokens for use in the Platform, or to sell or liquidate The Company.
- (ii) These decisions could adversely affect the Platform and any AGRI tokens you hold.

(k) Risks involving cloud storage

- (i) As the Company uses a decentralised cloud storage service to host the Platform and related Applications, the Platform is susceptible to a number of risks related to the storage of data in the cloud.
- (ii) Such data may include large amounts of sensitive and or proprietary information, which may be compromised in the event of a cyber-attack or other malicious activity.
- (iii) Similarly, the Platform may be interrupted and files may become temporarily unavailable in the event of such an attack or malicious activity.
- (iv) As users can use a variety of hardware and software that may interface with the Platform, there is the risk that the Platform may become unavailable or interrupted, based on a failure of interoperability or an inability to integrate these third-party systems and devices that The Company does not control with the Platform.

- (v) The risk that the Platform may face increasing interruptions and additional security vulnerabilities could adversely affect the Platform, and therefore the future utility of any AGRI tokens that you hold.

(l) Cryptographic tokens may experience risk of extreme price volatility

- (i) As noted above, AGRI tokens are not intended to represent any formal or legally binding investment. Cryptographic tokens that possess value in public markets, such as ETH and BTC, have demonstrated extreme fluctuations in price over short periods of time on a regular basis.
- (ii) You should be prepared to expect similar fluctuations, both down and up, in the price of AGRI denominated in ETH, or currencies of other jurisdictions.
- (iii) Such fluctuations are due to market forces and represent changes in the balance of supply and demand.
- (iv) As mentioned, exchanges are independent of and are not operated by the Company, therefore use of exchanges is at your own risk and the Company cannot and does not guarantee market liquidity for AGRI tokens. There may be periods of time in which AGRI tokens are difficult to buy or sell.
- (v) Additionally, due to different regulatory requirements in different jurisdictions and the inability of citizens of certain countries to open accounts at exchanges located anywhere in the world, the liquidity of AGRI tokens may be markedly different in different countries and this would likely be reflected in significant price discrepancies.
- (vi) By purchasing AGRI tokens, you expressly acknowledge and represent that you fully understand that AGRI tokens may experience volatility in pricing and will not seek to hold any of the Company, its directors, officers, agents and advisors liable for any losses or any special, incidental, or consequential damages arising from, or in any way connected to, the sale of AGRI tokens.
- (vii) It is also possible that the value of Accepted Currency will drop significantly in the future, depriving The Company of sufficient resources to continue to operate.
- (viii) It is possible that a competing cryptographic token other than AGRI tokens could have features that make it more desirable to a material portion of the cryptographic token user base, resulting in a reduction in demand for AGRI tokens, which could have a negative impact on the use and price of AGRI tokens generally.
- (ix) It is possible that a comparable product could become materially popular due to either a perceived or exposed shortcoming of the Platform that is not immediately addressed by The Company, or a perceived advantage of a comparable product that includes features not incorporated into the Platform. If this product obtains significant market share, it could have a negative impact on the demand for, and price of AGRI tokens.
- (x) The Platform is a new product, thus contributing to price volatility that could adversely affect the value of AGRI tokens.

- (xi) There are many factors affecting the further development of the cryptographic token industry, as discussed throughout this section.
- (xii) These risks can include, but are not limited to, continued worldwide growth in the adoption and use of AGRI tokens and other tokens; changes in consumer demographics, public tastes and preferences; general economic conditions; and the regulatory environment relating to the Platform, AGRI tokens and other tokens.

(m) Risk of intellectual property rights claims

- (i) Intellectual property rights claims may adversely affect the operation of the Platform.
- (ii) Third parties may assert intellectual property ownership claims relating to the holding and transfer of cryptographic tokens and their source code.
- (iii) Regardless of the merit of any intellectual property claim or other legal action, any threatened action that reduces confidence in the Platform's long-term viability or the ability of end-users to hold and transfer AGRI tokens, may adversely affect the value of AGRI.
- (iv) Additionally, a meritorious intellectual property claim could prevent you from accessing the Platform, holding or transferring your AGRI tokens.

(n) Unanticipated risks

- (i) Cryptographic tokens such as the AGRI tokens are a new and relatively untested technology.
- (ii) In addition to the risks noted above, there are other risks associated with your purchase, holding and use of AGRI tokens, including those that The Company cannot anticipate.
- (iii) Such risks may further materialise as unanticipated variations or combinations of the risks set out above.

6.2. SPECIFIC RISKS

Some of the key risks associated with applications to purchase, and holding the Tokens are as follows:

(a) The development and deployment of the BlockGrain Blockchain may not occur as planned

- (i) The development of public blockchain software is a very new development in the field of technology and there is a risk that the development and deployment of the BlockGrain Blockchain could be delayed or not eventuate.
- (ii) While the Company intends to develop the BlockGrain Blockchain, changes may need to be made to the plans and timeline for the development and deployment of that product. This could create a risk that the platform as envisaged and Tokens to be issued are delayed, despite the Company's best efforts to deliver the platform. Further, while the Company also intends to adopt industry standard software development for the BlockGrain Blockchain, there is a risk that the platform could suffer from malfunctions or unexpected performance issues in the future.

- (iii) If there are delays to the development or deployment of the BlockGrain Blockchain this could impact the adoption of the Token. You should understand that while the Company will make reasonable efforts to complete the BlockGrain Blockchain, there may be circumstances beyond the Company's control which result in delays, a more limited release, or in the worst case, a functioning BlockGrain Blockchain may not be created at all.
 - (iv) These risks could directly impact the potential for adoption and use of the Token.
- (b) Risk of losing access to your tokens due to a loss of your private key**
- (i) As noted above, a key general risk is that you lose your private key(s) which control your Tokens.
 - (ii) The Company accepts no responsibility and will be unable to assist any Token Holder to recover lost Tokens if the private key(s) for the wallet or vault holding the Tokens is lost and the Tokens are transferred to a third party.
- (c) Mining attacks**
- (i) All decentralised cryptographic tokens based on Ethereum are at risk of attacks by miners in a network these attacks, including:
 - I. a "51% attack" where a bad actor can gain control over the majority of a network and verify false transactions; or
 - II. double-spend attacks, which involve a party attempting to transfer the same Tokens to different parties.
 - (ii) All public blockchains are presently at risk of mining attacks and such could cause impairment to the blockchain and reduce the reliability of and adoption of the Tokens.
- (d) Hacking and cyber threats**
- (i) Hackers may attempt to steal cryptocurrencies used as part of Applications during our Token Generation Event or after the Token Generation Event has ended.
 - (ii) While the Company implements security precautions to seek to mitigate that risk and keep any cryptocurrency paid during an Application secure, there remains a risk that a hacker or other bad actor could gain access to the Company's cryptocurrency reserves and attempt to steal same.
 - (iii) In the event that occurs, the Company will have less funds to develop, implement and promote the BlockGrain Blockchain.
 - (iv) Evolving technology in hacking of computer systems, including cryptographically protected systems and quantum computing could present a further risk to the security of the BlockGrain Blockchain.
- (e) Future markets for the Tokens**
- (i) The Tokens are intended to be used within the BlockGrain Blockchain for transactions.

- (ii) The Company cannot control the actions of those who may offer to accept or purchase Tokens from you (which may include third party exchanges if those exchanges choose to facilitate trading of the Tokens).
- (iii) Current regulatory oversight of cryptocurrency exchanges is weak and places such exchanges at a higher risk of fraud or market manipulation.
- (iv) There is a risk of extreme volatility in any future marketplace for the Tokens which could include the value of the Tokens diminishing to zero.
- (v) If you choose to use the Tokens on any exchange (including the exchange the Company plans to develop) you will do so at your own risk.
- (vi) Any change in the value of the Tokens may depend on a range of factors that affect the market price of Tokens (if they are included on any exchange), including but not limited to:
 - III. local, regional and global economic conditions; and
 - IV. sentiment towards cryptocurrency token markets in general.
- (vii) The Tokens issued by the Company carry **no guarantee, representation or promise of any return or profitability**, do not include the payment of any dividends and provide no mechanism or promise for the return of the Application Contribution or any guarantee as to what price (if any) the Tokens may trade at in the future.

(f) **Exchanges**

- (i) While the Company will seek to have the Tokens listed on exchanges, these exchanges are unregulated and susceptible to market manipulation.
- (ii) If an exchange comprises a significant proportion of the volume of Tokens being traded and that exchange is alleged to be involved in or becomes involved in fraud or a security failure, such circumstances may have a serious impact on the future adoption and value of the Tokens.

(g) **Government Regulation and Taxation**

- (i) The regulatory and legal status of the Tokens could change in the future. It is uncertain how government agencies will decide, if at all, to regulate cryptographic based tokens, including the Tokens.
- (ii) Regulatory changes could significantly impact the adoption of the Token or the development and deployment of the BlockGrain Blockchain, including causing the Company to cease operations in jurisdictions where the operations of the Company becomes illegal or uncommercial as a result of regulatory change.
- (iii) The taxation status of the Tokens could change, and the taxation of tokens in many jurisdictions is unclear. You must seek your own independent taxation advice in connection with the purchase and holding of Tokens and ensure that you comply with all applicable taxation laws.

(h) **Competition**

- (i) It is possible that competitors to the Company could develop and deploy a system in competition to the system intended to be developed by the Company which could cause a lower adoption of the Token than planned or anticipated or in the worst case that the market for the Token is supplanted by that competitor.
- (ii) The above risks could all manifest in reduced adoption and future liquidity for the Tokens, despite the best efforts of the Company to continue the Roadmap planned and described in the Whitepaper.

(i) **Registration requirements**

- (i) Each User of the BlockGrain system will be required to register with the Company as a User once the BlockGrain Blockchain is developed.
- (ii) Registering with the Company as a User will require the User to provide the Company with all necessary information for the Company to conduct due diligence on the potential User.
- (iii) Each User of the BlockGrain System will need to be registered as a business in their jurisdiction in order to complete the registration process.
- (iv) The Company will be required to comply will all relevant Australian Legislation. If the BlockGrain Blockchain is found to be a "*Designated Service*" pursuant to the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth), all Users will be required to supply all information necessary for the Company to comply with its reporting obligations. This may include providing certified copies of identification documents. If a token holder is unable to provide the Company with all necessary information and documentation, the Token Holder will be unable to register as a user of the BlockGrain Blockchain and, consequently, the Token Holder will be unable to utilise their Tokens to participate in the BlockGrain Blockchain.

7. GENERAL MATTERS

7.1. Electronic Disclosure Document

- (a) This Disclosure Document may be accessed through the Company website at www.blockgrain.com.au. During the Token Generation Event period, any person may obtain a hard copy of this Disclosure Document on request and without charge by contacting the Company at www.blockgrain.com.au.

7.2. Documents available for inspection

- (a) The Constitution of the Company is available for inspection at the offices of the Company during business hours.

7.3. Special Note Regarding Forward-Looking Statements

- (a) This Disclosure Document contains forward-looking statements and information relating to the Company that are based on the beliefs of our senior management as well as assumptions made by, and information currently available to, the Company. You can identify these statements by the fact that they do not relate to matters of a strictly factual or historical nature and generally discuss or relate to forecasts, estimates or other expectations regarding future events.
- (b) Generally, words such as "anticipate," "believe," "estimate," "expect," "intend," "plan," "project," "may," "can," "could," "might," "will" and similar expressions, as they relate to the Company, are intended to identify forward-looking statements. These statements reflect our current views and beliefs with respect to future events at the time that the statements are made, are not historical facts or guarantees of future performance and are subject to significant risks, uncertainties and other factors that are difficult to predict and many of which are outside of our control. Further, certain forward-looking statements are based upon assumptions as to future events that may not prove to be accurate and, accordingly, should not have undue reliance placed upon them.
- (c) Any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation, and disclaim any duty, to publicly update or revise any forward-looking statements to reflect events or circumstances after the date on which it is made or to reflect new information, changes in our expectations or the occurrence of anticipated or unanticipated events or circumstances.

7.4. Representations

- (a) No person is authorised to give any information or to make any representation in connection with the Token Generation Event other than as is contained in the TGE Documents, including but not limited to any member of the BlockGrain team or advisors.
- (b) Any information or representation not contained in the TGE Documents should not be relied on as having been made or authorised by the Company or its Directors in connection with the Token Generation Event.

7.5. Enquiries

- (a) Questions relating to the TGE Documents should be directed to the Company. Additional copies of the Disclosure Document or advice on how to complete the Application Forms can be obtained from the Company by e-mail to www.blockgrain.com.au.

7.6. International Purchasers

- (a) This Disclosure Document does not constitute an offer or invitation to participate in the Token Generation Event in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.
- (b) The distribution of the TGE Documents in jurisdictions outside Australia may be restricted by law.
- (c) Persons who come into possession of this Disclosure Document should seek advice and observe any such restrictions.
- (d) Any failure to comply with such restrictions may constitute a violation of applicable laws.
- (e) Lodgement of a duly completed Application Form will be taken by the Company as to constitute a representation by you that there has been no breach of such laws and you have satisfied yourself that you are permitted to participate in the Token Generation Event.

7.7. Privacy and Personal Information

- (a) When you complete an Application Form to apply to purchase Tokens, you may be asked to provide personal information about you to the Company and/or to pass an identity verification check. The Company collects your personal information to process and administer your Application and to keep you updated on the progress of the project. If you do not complete the Application Form in full, the Company may not accept your Application.
- (b) By submitting an Application Form, you agree that the Company may use the information provided by you in or on the Application Form for the purposes set out in this disclosure statement and may disclose it for those purposes to the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers and regulatory authorities including AUSTRAC.
- (c) If you become a Token Holder, the Company may retain your personal information (including your name, address and details of the number of Tokens you purchased) in its Token Register. The information contained in the Company's Token Register may remain there even if you cease to be a Token Holder (by, for example, selling your Tokens once issued). Information contained in the Company's Token Register is used to communicate updates on the project's progress and for compliance by the Company with legal and regulatory requirements.
- (d) If you do not provide the information required on the Application Form, the Company may not be able to accept or process that Application efficiently, or at all.
- (e) You have a right to gain access to the information that the Company holds about you subject to certain exemptions under law. A fee may be charged for such access. You can obtain access to personal information that the Company holds about you. To make a request for access or to obtain further information about the Company's personal information management practices, please contact the Company at support@blockgrain.com.au.

VERSION HISTORY

Version	Date	Amendments
V1.0	13 March 2018	N/A
V1.1	31 March 2018	Amended Executive Summary; and Added Clause 6.2(i).
V1.2	4 April 2018	Amended Definitions and Glossary; Amended Summary of Token Generation Event 2(a); Amended Tokens Offered During the Token Generation Event 4.3(a)(b); Amended Opening and Closing Dates 4.4(c); and Amended Making an Application Contribution 4.7(c); Inserted Making an Application Contribution 4.7(d); and Amended Making an Application Contribution 4.7(e).
V1.3	26 April 2018	Amended Executive Summary; Amended Definitions and Glossary; Amended Summary of Token Generation Event 2(a); Amended Making Application Contribution 4.7(a)-(b),(d)-(f); and Amended General Risks in Cryptocurrency Tokens 6.1(h)(ii), 6.1(h)(iii), 6.1(i)(i) and 6.1(l)(vii).