

RISKS ASSOCIATED WITH THE TIERION TOKEN AND PRE-SALE

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The Tierion Token is a new and innovative product. This memorandum is intended to apprise you of some of the risks involved with purchasing, buying, owning, and using the Tierion Token. It does not purport to advise you of all of the risks and other significant aspects of the sale (the “Token Sale”) by Tierion International LTD (“Tierion” or the “Company”) of Tierion Network Tokens (the “Tokens”). You should also consider any additional risks and considerations relating to the Token Sale and consult your own legal, tax, financial and other advisers before entering into any transaction.

There are a number of risks involved in this Token Sale, as well as the future development, maintenance and running of the Tierion Network and Tokens. Some of these risks are beyond the control of the Company. Each person participating in the Token Sale (“**Purchaser**”) should comprehend, consider and evaluate carefully the risks described below in addition to any other available information before participating in the Token Sale.

Each Purchaser should pay particular attention to the fact that, although the Company is established in the Cayman Islands, neither the Company nor the Tierion Network has any specific physical presence. In addition, the legal and regulatory position of the Company and the Tierion Network may vary depending on the facts and circumstances. They therefore fall within the purview of one or more jurisdictions, at least to some extent, and the legal and regulatory implications may therefore be unexpected.

Participation in the Token Sale shall be taken as an action based upon careful and prudent analysis and evaluation, and will be deemed as the relevant Purchaser having been fully informed, advised and willing to bear all of the risks associated with it, including as set out in this memorandum.

A purchase of the Tokens is not an investment. There is no guarantee – indeed there is no reason to believe – that the Tokens you purchase will increase in value. They may – and probably will at some point – decrease in value. For a more complete description of the Tierion Network and the Tokens, please see *Tierion Network: A global platform for verifiable data*, available at <https://tokensale.tierion.com/TierionTokenSaleWhitePaper.pdf>, the contents of which are incorporated into this document by reference.

1) Risks Associated with Purchaser Credentials

Any third party that gains access to the Purchaser’s login credentials or private keys may be able to dispose of the Purchaser’s Tokens. To minimize this risk, the Purchaser should guard against unauthorized access to their electronic devices.

2) Risk of Unfavorable Regulatory Action in One or More Jurisdictions

Crypto-tokens have been the subject of scrutiny by various regulatory authorities and may be overseen by the legal and regulatory authorities of a number of jurisdictions globally. The functioning of the Tierion Network and the Tokens could be impacted by one or more regulatory inquiries or actions, including, but not limited to, restrictions on the use or possession of digital tokens like the Tokens, which could impede or limit the development of the Tierion Network. The Company may receive notices, queries, warnings, requests or rulings from one or more authorities upon short notice, or may even be ordered to suspend or terminate any action in connection with the Token Sale or the Tierion Network as a whole without prior notice. Furthermore, many aspects of Tierion also involve untested areas of law and regulation, and could be subject to new laws or regulation, so their legal and regulatory outcome in all relevant jurisdictions is not possible to predict. The planning, development, marketing, promotion, execution or otherwise of the Company or the Token Sale may be seriously affected, hindered, postponed or terminated as a result. Since regulatory policies can change with or without prior notice, any existing regulatory permissions for or tolerance of the Company, the Tierion Network and the Token Sale in any jurisdiction may be withdrawn without warning. The Tokens could be deemed from time to time as a virtual commodity, a digital asset or even as money, securities or currency in various jurisdictions and therefore could be prohibited from being sold, purchased, traded, distributed or held in certain jurisdictions pursuant to local regulations. In turn, the Tierion Network could be deemed to be a regulated or restricted product. There is no guarantee that the Company can maintain any particular legal or regulatory status in any particular jurisdiction at any time.

3) Risk of Insufficient Interest in the Tierion Network or Chainpoint Service

It is possible that the Tierion Network and related Chainpoint Service will not be used by a large number of businesses, individuals, and other organizations and that there will be limited public interest in the creation and development of distributed applications. Such a lack of interest could impact the development of the Tierion Network and therefore the potential uses or value of the Tokens.

4) Risk that the Tierion Network, As Developed, Will Not Meet the Expectations of Purchaser

The Tierion Network is presently under development and its governance structure, fees, purpose, consensus mechanism, algorithm, code, infrastructure design and other technical specifications and parameters may undergo significant changes without notice. Any expectations regarding the form and functionality of Tokens or the Tierion Network held by the Purchaser may not be met, for any number of reasons, including a change in the design and implementation plans and execution of the Tierion Network.

5) Risk of Theft and Hacking

Hackers or other groups or organizations may attempt to interfere with the Tierion Network or the availability of the Tokens in any number of ways, including, without limitation, denial of service attacks, Sybil attacks, spoofing, smurfing, malware attacks, or consensus-based attacks. Additionally, there may be attempts to steal the Token Sale proceeds. Such theft or attempted theft may impact the ability of the Company to fund the development or maintenance of the Tierion Network. While the Company will endeavor to adopt industry best practices to keep the Token Sale proceeds safe (including, but not limited to, the use of cold storage and multi-signature authentications), successful cyber thefts may still occur.

6) Risk of Flaw in Source Codes

While the Company adopts quality assurance procedures to help ensure the source codes reflect as accurately as possible their intended operation, the flawlessness of the source codes cannot be guaranteed. They may contain bugs, defects, inconsistencies, flaws or errors, which may disable some functionality, create vulnerabilities or cause instability. Such flaws may compromise the predictability, usability, stability, and/or security of the Tierion Network. Open source codes rely on transparency to promote community-sourced identification and solution of problems within the code.

7) Risk of Unpermissioned, Decentralized and Autonomous Ledger

The Tierion Network is being developed in connection with various distributed ledger systems including, but not limited to, Ethereum, which are unpermissioned protocols that could be accessed and used by anyone. The utility and integrity of the Tierion Network relies on the stability, security and popularity of these decentralized ledgers. The Tierion Network is envisaged to be an open, decentralized community and its composition can include users, supporters, developers, Token holders and other participants worldwide who may or may not be connected with the Company in any manner. Given the diversity of the underlying technologies, the Tierion Network is intended to be decentralized and autonomous in nature as far as its maintenance, governance and evolution are concerned.

8) Risk of Weaknesses or Exploitable Breakthroughs in the Field of Cryptography

Cryptography is evolving and there can be no guarantee of security at all times. Advancement in cryptography technologies and techniques, including, but not limited to, code cracking, the development of artificial intelligence and/or quantum computers, could be identified as risks to all cryptography-based systems, including Tierion. When such technologies and/or techniques are applied to Tierion, adverse outcomes such as theft, loss, disappearance, destruction, devaluation or other compromises result. The security of the Company and the Tierion Network cannot be guaranteed as the future of cryptography or security innovations is unpredictable.

9) Risk of Token Mining Attacks

As with other decentralized blockchains, the blockchain used for the Tierion Network is susceptible to mining attacks, including, but not limited to, double-spend attacks, majority mining power attacks, “selfish-mining” attacks and race condition attacks. Any successful attacks present a risk to the Tierion Network. Despite the efforts of the Tierion team, the risk of known or novel mining attacks exists.

10) Risk of Abandonment or Failure

Due to the technically complex nature of the Tierion Network, the Company or those contributing to the Tierion software development effort could face difficulties from time to time that may be unforeseeable and/or unresolvable. Accordingly, the development of the Tierion Network could fail, terminate or be delayed at any time for any reason, including due to lack of funds. Development failure or termination may render the Tokens untransferable, of reduced or no utility, and/or obsolete.

11) Risk of Lack of Adoption or Use of the Tierion Network

The utility of the Tokens is dependent on the popularity of the Tierion Network. While the Tokens should not be viewed as an investment, they may have value over time. An absence of active users or low level of utilization may negatively affect the long-term development and future of the Tierion Network, and reduce or obviate the utility of the Tokens.

12) Risk of an Illiquid Market

After the Token Launch, the Company is not responsible for and has limited control over the subsequent circulation and trading of the Tokens. The Token is not money, legal tender or currency, fiat or otherwise, issued by any individual, entity, central bank or national, supra-national or quasi-national organization, nor is it backed by any type or quantity of assets, property or credits, nor does it represent any entitlement to any distributions of profits, dividends, or any other returns or payments of any kind. There is no obligation of the Company nor anyone else to redeem, repurchase or acquire any Tokens from any Token holder. There is no guarantee or assurance that there will be a market or marketplace where holders may readily trade Tokens.

13) Risk of Price Volatility

Many cryptographic tokens have volatile prices. Large fluctuations in price over short timeframes occur frequently. Such fluctuations could result from market dynamics (including, but not limited to, speculation), regulatory changes, technical advancements, exchange availabilities and other factors that impact the equilibrium between token supply and demand.

14) Risk of Exposure to Cryptographic Tokens

After the completion of this Token Sale, the Company expects that a certain portion of the proceeds will be held in cryptographic tokens. The Company expects to convert an appropriate proportion of cryptographic tokens received into fiat currencies at the sole discretion of the directors of the Company. For the avoidance of doubt, no Token holder has any right, title or interest in any such cryptographic tokens.

15) Risk of Potential Concentrated Ownership of Tokens

Immediately after the completion of the Token Sale, a number of individuals may directly or indirectly hold significant portions of the total available Tokens. These Token holders may have significant influence over the Company, including its operational decisions. These significant Token holders may, acting alone or in concert, not necessarily make decisions that are in the best interests of the other Token holders or of the Tierion community as a whole.

16) Risk of Uninsured Losses

Unlike bank accounts or accounts at some other financial institutions, funds held using a blockchain network are generally uninsured. In the event of loss or loss of value, there is no public insurer, such as the FDIC or private insurer, to offer recourse to the Purchaser.

17) Risk of Privacy and Data Retention Issues

As part of the Token Sale and the subsequent verification processes, the Company may collect personal information from Purchasers. The collection of such information is subject to applicable laws and regulations. All information collected will be used for purposes of Token Sale and community management for the Tierion Network and may be transferred to contractor, service providers and consultants worldwide as appointed by the Company. Apart from external compromises, the Company and its appointed entities may also suffer from internal security breach whereby their employees may misappropriate, misplace or lose personal information of Purchasers. The Company may be required to expend significant financial resources to alleviate problems caused by any breaches or losses, settle fines and resolve inquiries from regulatory or government authorities. Any information breaches or losses will also damage the Company reputation and thereby may harm its long term prospects.

18) Risk of Malfunction in the Tierion Network

It is possible that the Tierion Network malfunctions in an unfavorable way, including, but not limited to, one that results in the loss of Tokens, or information concerning a market.

19) Risk Relating to Use of the Internet or Other Electronic Medium

Without limiting the foregoing risks, any communication or transaction via or information (including document) transmitted via the internet or other electronic medium involves risks and by participating in the Token Sale or utilizing the Tierion Network, you acknowledge that you

understand and accept the following risks:

- We and/or third parties may use such authentication technologies as we deem appropriate. No authentication, verification or computer security technology is completely secure or safe. You agree to bear all risks of unauthorized access/use, hacking or identity theft.
- The internet or other electronic media (including, without limitation, electronic devices, services of third party telecom service providers such as mobile phones or other handheld trading devices or interactive voice response systems) are an inherently unreliable form of communication.
- Any information (including any document) transmitted, or communication or transactions made, over the internet or through other electronic media (including electronic devices, services of third party telecom service providers such as mobile phones or other handheld trading devices or interactive voice response systems) may be subject to interruption, transmission blackout, delayed transmission due to data volume, internet traffic, market volatility or incorrect data transmission (including incorrect price quotation) or stoppage of price data feed due to the public nature of the internet or other electronic media.
- As a result of such unreliability:
 - o there may be time-lags, delays, failures or loss of data or loss of confidentiality in the transmission of data and receipt of communications; and
 - o while the Company may believe certain data to be reliable, there may be no independent basis for it to verify or contradict the accuracy or completeness of data.

This is not an exhaustive list of all of the consequences arising from such unreliability.

- Purchasers are solely responsible for preventing anything which may be harmful to any equipment that they use in connection with the Tokens or the Tierion Network (including any computer virus, malicious program or harmful component) from affecting any such equipment, regardless of whether it originated in connection with the Tokens or the Tierion Network.

20) Tax Risk Relating to Participation in the Token Sale

The taxability of cryptographic tokens is an evolving area of law, is subject to change, and may vary amongst jurisdictions. In some instances, there may be little or no formal regulatory guidance. Participation in the Token Sale may have tax reporting implications and liabilities for

Purchasers, and such liabilities and obligations shall be borne by the Purchasers alone. Purchasers are advised to consult their tax advisors prior to participating in the Token Sale.

21) Unanticipated Risks

Applied cryptography and blockchain technology are new and untested. In addition to the risks set forth here, there are risks that the Tierion team cannot anticipate. Risks may further materialize as unanticipated combinations or variations of the risks set forth here.