

# QURREX LEGAL / RISK FACTORS DOCUMENT

6 February 2017

Capitalized terms not otherwise defined herein shall have the meanings set forth in the Qurrex White Paper (the “White Paper”) available at [www.qurrex.com](http://www.qurrex.com) (the “Website”).

## RISKS AND UNCERTAINTIES

Prospective purchasers of Qurrex Tokens (as defined in the Terms and Conditions (the “Terms”) available on the Website) should carefully consider and evaluate all risks and uncertainties associated with Qurrex Ltd. and its business and operations and those of its affiliates, Qurrex Tokens, the Qurrex Ltd. token sale, all information set out in the White Paper and the terms prior to any purchase of Qurrex Tokens. If any of such risks and uncertainties develops into actual events, the business, financial condition, results of operations and prospects of Qurrex Ltd could be materially and adversely affected. In such cases, purchasers of Qurrex Tokens may lose all or part of the value of Qurrex Tokens.

By purchasing, owning, and using Qurrex Tokens, purchasers of Qurrex Tokens expressly acknowledge and assume the following risks:

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

A private key, or a combination of private keys, is necessary to control and dispose of Qurrex Tokens stored in purchaser’s digital wallet or vault. Accordingly, loss of requisite private key(s) associated with purchasers of Qurrex Tokens’ digital wallet or vault storing Qurrex Tokens will result in loss of such Qurrex Tokens. Moreover, any third party that gains access to such private key(s), including by gaining access to login credentials of a hosted wallet service purchasers of Qurrex Tokens use, may be able to misappropriate purchasers of Qurrex Tokens’ Qurrex Tokens. Any errors or malfunctions caused by or otherwise related to the digital wallet or vault purchasers of Qurrex Tokens choose to receive and store Qurrex Tokens in, including purchaser’s own failure to properly maintain or use such digital wallet or vault, may also result in the loss of purchaser’s Qurrex Tokens. Additionally, purchaser’s failure to follow precisely the procedures set forth for buying and receiving Qurrex Tokens, including, for instance, if purchasers of Qurrex Tokens provide the wrong address for the receiving Qurrex Tokens, or provide an address that is not ERC-20 compatible, may result in the loss of purchaser’s Qurrex Tokens. Wallets that are ERC-20 compatible include MetaMask, MyEtherWallet, Mist, Parity, imToken, Coinomi, Ledger Nano S, Trezor, and Eidoo. Wallets that cannot receive ERC-20 tokens and exchanges (Qurrex Tokens may not be issued to any exchange address.) include, without limitation Exodus, Blockchain.info, Freewallet, Coinbase, Poloniex, Kraken, Bitstamp, Cex.io, Jaxx, and Bittrex.

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

Because Qurrex Tokens are based on the Ethereum protocol, any malfunction, breakdown or abandonment of the Ethereum protocol may have a material adverse

effect on the Qurrex Tokens. Moreover, advances in cryptography, or technical advances such as the development of quantum computing, could present risks to Qurrex Tokens, including the utility of Qurrex Tokens for obtaining discounts, by rendering ineffective the cryptographic consensus mechanism that underpins the Ethereum protocol.

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

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

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

Hackers or other malicious groups or organizations may attempt to interfere with or Qurrex Tokens in a variety of ways, including, but not limited to, malware attacks, denial of service attacks, consensus-based attacks, Sybil attacks, smurfing and spoofing. Furthermore, because Qurrex is based on open-source software, there is a risk that a third party or a member of the Qurrex Team (as defined in the Terms) may intentionally or unintentionally introduce weaknesses into the core infrastructure of Qurrex, which could negatively affect it and Qurrex Tokens, including the utility of Qurrex Tokens for obtaining discounts.

### **5. Risks Associated with Markets for Qurrex Tokens**

If secondary trading of Qurrex Tokens is facilitated by third party exchanges, such exchanges may be relatively new and subject to little or no regulatory oversight, making them more susceptible to fraud or manipulation. Furthermore, to the extent that third-parties do ascribe an external exchange value to Qurrex Tokens (e.g., as denominated in a digital or fiat currency), such value may be extremely volatile. There is no guarantee that a robust or liquid secondary market for Qurrex Tokens will develop.

### **6. Risks of ICO market**

The market of initial coin offerings is new. There is a risk that the market of initial coin offerings will not sustain its current growth rate and will instead decrease in the future.

### **7. Risks of ICO market using Ethereum**

Qurrex Tokens are valid in respect of ICOs using Ethereum. To the extent the ICO market migrates away from Ethereum as the predominant ICO platform, Qurrex Tokens, and the discounts associated therewith, will have fewer applications. Although Qurrex Tokens do not expire, if ICOs cease to use Ethereum altogether Qurrex Tokens will nevertheless become ineffective.

### **8. Risk Associated with Qurrex Market Share**

Qurrex may lose market share due to, among other things, competition, poor management, ineffective marketing, and/or in the event the Qurrex does not appeal to issuers, suffers security breaches, or is defective.

## **9. Risk of Uninsured Losses**

Qurrex Tokens are uninsured unless purchasers of Qurrex Tokens specifically obtain private insurance to insure them. Thus, in the event of loss or loss of utility value, there is no public insurer or private insurance arranged by the Company, to offer recourse to purchasers of Qurrex Tokens.

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

The regulatory status of Qurrex Tokens, distributed ledger technology and initial coin offerings 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 Qurrex Tokens. It is likewise difficult to predict how or whether legislatures or regulatory agencies may implement changes to law and regulation affecting distributed ledger technology and its applications, including Qurrex Tokens. Regulatory actions could negatively impact Qurrex platform and Qurrex Tokens in various ways, including, for purposes of illustration only, through a determination that the purchase, sale and delivery of Qurrex Tokens constitutes unlawful activity or that Qurrex Tokens are a regulated instrument that require registration or licensing of those instruments or some or all of the parties involved in the purchase, sale and delivery thereof. 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 approvals) to operate in such jurisdiction.

## **11. Risks Arising from Taxation**

The tax characterization of Qurrex Tokens is uncertain. Purchasers of Qurrex Tokens must seek their own tax advice in connection with purchasing Qurrex Tokens, which may result in adverse tax consequences to purchasers of Qurrex Tokens, including withholding taxes, income taxes and tax reporting requirements.

## **12. Risk of Competing platforms**

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 the services provided by Qurrex. This could materially affect the market share of Qurrex, which, in turn, limits the utility of Qurrex Tokens.

## **13. Risks Arising from Lack of Control**

Because Qurrex Tokens confer no control or governance rights of any kind with respect to Qurrex or the Company, all decisions involving the Company's products or services will be made by the Company at its sole discretion. These decisions could adversely affect Qurrex and the utility of Qurrex Tokens, including their utility for obtaining discounts.

## **14. Risk Associated with KYC**

Qurrex reserves the right to conduct a "know your client" assessment (KYC) on all purchasers of Qurrex Tokens. Such KYC may be conducted following the receipt of funds from purchasers of Qurrex Tokens. In the event KYC is not satisfied (as determined by the Company, in its sole discretion), the Company may return any such funds and refuse to issue Qurrex Tokens. In such cases purchasers of Qurrex

Tokens will not be compensated for any loss of use of such funds during the period beginning with such payment until so returned.

#### **15. Risk Associated with Qurrex Deployment Delays**

It is possible that Qurrex will be deployed later than anticipated due to various factors. Until the Qurrex has been deployed and has clients Qurrex Tokens will not have a utility or be effective.

#### **16. Risk Associated with the Quantity of Qurrex Tokens**

Depending on the number of Qurrex Tokens issued in the Qurrex Ltd ICO and the number of tokens subsequently issued by an issuer using Qurrex platform, there may be more holders of Qurrex Tokens wishing to purchase such subsequently issued tokens than are available for purchase. In such cases the discounts available to Qurrex Token holders will be available on a first-come, first-serve basis, and not all holders of Qurrex Tokens wishing to purchase tokens from such issuers will receive the discounts associated with Qurrex Tokens.

#### **17. Unanticipated Risks**

Cryptographic tokens such as Qurrex Tokens are a new and untested technology. In addition to the risks included in this list of Risk Factors, there are other risks associated with purchase, possession and use of Qurrex Tokens, including unanticipated risks. Such risks may further materialize as unanticipated variations or combinations of the risks discussed in this list of Qurrex Risk Factors.

### **DISCLAIMER OF LIABILITY**

To the maximum extent permitted by the applicable laws, regulations and rules, neither Qurrex Ltd nor its respective past, present and future employees, officers, directors, contractors, consultants, equity holders, suppliers, vendors, service providers, parent companies, subsidiaries, affiliates, agents, representatives, predecessors, successors and assigns (the “**Qurrex Team**”) shall be liable for any indirect, special, incidental, consequential or other losses of any kind, in tort, contract or otherwise (including but not limited to loss of revenue, income or profits, and loss of use or data), arising out of or in connection with any acceptance of, or reliance on, the White Paper or any part thereof by purchasers of Qurrex Tokens.

### **NO QURREX REPRESENTATIONS AND WARRANTIES**

Qurrex Ltd does not make nor purport to make, and hereby disclaims, any representation, warranty or undertaking in any form whatsoever to any entity or person, including any representation, warranty or undertaking in relation to the truth, accuracy and completeness of any of the information set out in the White Paper.

### **CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS**

All statements contained in the White Paper, statements made in press releases or in any place accessible by the public and oral statements that may be made by Qurrex Ltd or any of Qurrex Team on behalf of Qurrex Ltd, that are not statements of historical fact, constitute “forward-looking statements”. Some of these statements

can be identified by forward-looking terms such as “aim”, “target”, “anticipate”, “believe”, “could”, “estimate”, “expect”, “if”, “intend”, “may”, “plan”, “possible”, “probable”, “project”, “should”, “would”, “will” or other similar terms. However, these terms are not the exclusive means of identifying forward-looking statements. All statements regarding Qurrex Ltd’s financial position, business strategies, plans and prospects and the future prospects of the industry which Qurrex Ltd is in are forward-looking statements. These forward-looking statements, including but not limited to statements as to Qurrex Ltd’s revenue and profitability, prospects, future plans, other expected industry trends and other matters discussed in the White Paper regarding Qurrex Ltd are matters that are not historical facts, but only predictions.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual future results, performance or achievements of Qurrex, Qurrex Tokens, or Qurrex Ltd and its affiliates to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. These factors include, amongst others:

- (a) changes in political, social, economic and/or cryptocurrency market conditions, and the regulatory environment in the countries in which any of Qurrex, Qurrex Ltd, and/or its affiliates conducts its respective businesses and operations;
- (b) the risk that any of Qurrex, Qurrex Ltd., and/or its affiliates may be unable or execute or implement their respective business strategies and future plans;
- (c) changes in interest rates and exchange rates of fiat currencies and cryptocurrencies;
- (d) changes in the anticipated growth strategies and expected internal growth of any of Qurrex, Qurrex Ltd, and/or its affiliates;
- (e) changes in the availability and fees payable to any of Qurrex, Qurrex Ltd, and/or its affiliates in connection with their respective businesses and operations;
- (f) changes in the availability and salaries of employees who are required by any of Qurrex, Qurrex Ltd, and/or its affiliates to operate their respective businesses and operations;
- (g) changes in preferences of customers of any of Qurrex, Qurrex Ltd, and/or its affiliates;
- (h) changes in competitive conditions under which any of the Qurrex, Qurrex Ltd, and/or its affiliates operate, and the ability of any of the Qurrex, Qurrex, and/or its affiliates to compete under such conditions;
- (i) changes in the future capital needs of any of Qurrex, Qurrex Ltd, and/or its affiliates and the availability of financing and capital to fund such needs;
- (j) war or acts of international or domestic terrorism;

(k) occurrences of catastrophic events, natural disasters and acts of God that affect the businesses and/or operations of any of the Qurrex, Qurrex Ltd, and/or its affiliates; and

(l) other factors beyond the control of any of Qurrex, Qurrex, and/or its affiliates.

All forward-looking statements made by or attributable to Qurrex Ltd and/or Qurrex Team or other persons acting on behalf of the Qurrex Team are expressly qualified in their entirety by such factors. Given that risks and uncertainties that may cause the actual future results, performance or achievements of any of Qurrex, Qurrex Ltd, and/or its affiliates to be materially different from that expected, expressed or implied by the forward-looking statements in the White Paper, undue reliance must not be placed on these statements. These forward-looking statements are applicable only as of the date of the White Paper.

Neither Qurrex Ltd nor any other person represents, warrants and/or undertakes that the actual future results, performance or achievements of Qurrex Ltd will be as discussed in those forward-looking statements. The actual results, performance or achievements of Qurrex Ltd may differ materially from those anticipated in these forward-looking statements.

Nothing contained in the White Paper is or may be relied upon as a promise, representation or undertaking as to the future performance or policies of Qurrex Ltd.

Further, Qurrex Ltd disclaims any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances, even if new information becomes available or other events occur in the future.

## **MARKET AND INDUSTRY INFORMATION AND NO CONSENT OF OTHER PERSONS**

The White Paper includes market and industry information and forecasts that may have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Such surveys, reports, studies, market research, publicly available information and publications generally state that the information that they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information.

Save for Qurrex Ltd and Qurrex Team, no person has provided his or her consent to the inclusion of his or her name and/or other information attributed or perceived to be attributed to such person in connection therewith in the White Paper or Website, and no representation, warranty or undertaking is or purported to be provided as to the accuracy or completeness of such information by such person and such persons shall not be obliged to provide any updates on the same.

Neither Qurrex Ltd nor any member of Qurrex Team has conducted any independent review of the information extracted from third party sources, verified the accuracy or completeness of such information or ascertained the underlying economic

assumptions relied upon therein. Consequently, neither Qurrex Ltd nor any of member of Qurrex Team makes any representation or warranty as to the accuracy or completeness of such information and shall not be obliged to provide any updates on the same.

## **TERMS USED**

To facilitate a better understanding of Qurrex Tokens being offered for purchase by Qurrex Ltd, and the businesses and operations of Qurrex Ltd, certain technical terms and abbreviations, as well as, in certain instances, their descriptions, have been used in the White Paper. These descriptions and assigned meanings should not be treated as being definitive of their meanings and may not correspond to standard industry meanings or usage.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

## **NO ADVICE**

No information in the White Paper should be considered to be business, legal, financial or tax advice regarding Qurrex Ltd, Qurrex Tokens, and/or the Qurrex Ltd token sale. Purchasers of Qurrex Tokens should consult their own legal, financial, tax or other professional adviser regarding Qurrex Ltd and its business and operations, Qurrex Tokens, Qurrex Ltd token sale. Purchasers of Qurrex Tokens should be aware that they may be required to bear the financial risk of any purchase of Qurrex Tokens for an indefinite period of time.

## **NO FURTHER INFORMATION OR UPDATE**

No person has been or is authorized to give any information or representation not contained in the White Paper in connection with Qurrex Ltd and its business and operations, Qurrex Tokens, the Qurrex Ltd token sale, and, if given, such information or representation must not be relied upon. The Qurrex Ltd token sale (as referred to in the White Paper) shall not, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change, or development reasonably likely to involve a material change in the affairs, conditions and prospects of Qurrex Ltd or in any statement of fact or information contained in the White Paper since the date hereof.

## **RESTRICTIONS ON DISTRIBUTION AND DISSEMINATION**

The distribution or dissemination of the White Paper or any part thereof may be prohibited or restricted by the laws, regulatory requirements and rules of certain jurisdictions. In the case where any restriction applies, purchasers of Qurrex Tokens are to inform themselves about, and to observe, any restrictions which are applicable to them, possession of the White Paper or such part thereof (as the case may be) at

their own expense and without liability to Qurrex Ltd or any member of the Qurrex Team.

Persons to whom a copy of the White Paper has been distributed or disseminated, provided access to or who otherwise have the White Paper in their possession shall not circulate it to any other persons, reproduce or otherwise distribute the White Paper or any information contained herein for any purpose whatsoever nor permit or cause the same to occur, if doing any of the above would be prohibited by applicable legislation.

## **NO OFFER OF SECURITIES OR REGISTRATION**

The White Paper is not intended to constitute an offer of securities or a solicitation for investment in securities in any jurisdiction. Any agreement in relation to any sale and purchase of Qurrex Tokens is to be governed by only the Terms and no other document. In the event of any inconsistencies between the Terms and the White Paper, the Terms shall prevail.

No regulatory authority has examined or approved of any of the information set out in the White Paper. No such action has been or will be taken under the laws, regulatory requirements or rules of any jurisdiction.

In the event Qurrex Ltd chooses to comply with securities laws and/or an applicable exemption from securities registration or other obligations, such compliance shall be without prejudice to any position of, or assertion by, Qurrex Ltd that Qurrex Tokens are not securities.

**THIS LEGAL / RISK FACTORS DOCUMENT IS SUPPLEMENTAL TO THE TERMS AND THE WHITE PAPER AND SHOULD BE READ IN CONJUNCTION THEREWITH.**