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Purchase Agreement - SMOKE Token

Prepared for: Community.

Aug 13, 2017

Version: 1.0



SMOKE TOKEN PURCHASE AGREEMENT

Last Updated: August 13, 2017

This SMOKE Token Purchase Agreement (this "Agreement") contains the terms and conditions that govern your use of the SMOKE distribution (the "SMOKE Distribution on Bitshares"); use of the related Bitshares SMOKE tokens; and purchase of the related Bitshares compatible tokens distributed on the Bitshares blockchain (the "SMOKE Tokens") and is an agreement between you or the entity that you represent ("Buyer" or "you") and smoke.network ("smoke.network," together with its parent company, subsidiaries and affiliates, "Company"). Buyer, smoke.network and Company are herein referred to individually as a "Party" and collectively, as the "Parties".

NOW, THEREFORE, in consideration of the mutual representations, warranties and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Company and Buyer hereby agree as follows:



IMPORTANT INFORMATION: PLEASE READ THIS AGREEMENT CAREFULLY AND IN ITS ENTIRETY.

Buyer acknowledges, understands and agrees to the following:

• **MATTERS RELATING TO SMOKE.NETWORK SOFTWARE:**

1. smoke.network is developing the SMOKE.NETWORK software (the “SMOKE.NETWORK Software”) as further described in the SMOKE.NETWORK Technical White Paper (as it may be amended from time to time) (the “White Paper”);
2. at the end of its development stage, smoke.network will be releasing the SMOKE.NETWORK Software it has developed under an open source software license;
3. Company may not configure and/or launch any public software platform adopting the open source SMOKE.NETWORK Software (the “SMOKE.NETWORK Platform”) for any purpose;
4. any launch and implementation of the SMOKE.NETWORK Platform may occur by third parties unrelated to Company;
5. third parties launching the SMOKE.NETWORK Platform may delete, modify or supplement the SMOKE.NETWORK Software prior to, during or after launching the SMOKE.NETWORK; and
6. Company will have no control over when, how or whether the SMOKE.NETWORK Software is adopted or implemented, or how, when or whether the EOS Platform, that SMOKE.NETWORK is built on, is launched.



- **BINDING AGREEMENT:** Buyer understands and agrees that Buyer is subject to and bound by this Agreement by virtue of Buyer's purchase of SMOKE Tokens.
- **NO U.S. PURCHASERS:** SMOKE Tokens are not being offered or distributed to U.S. persons (as defined below). If you are citizen, resident of, or a person located or domiciled in, the United States of America including its states, territories or the District of Columbia or any entity, including, without limitation, any corporation or partnership created or organized in or under the laws of the United States of America, any state or territory thereof or the District of Columbia (a "U.S. person") do not purchase or attempt to purchase SMOKE Tokens.
- **SMOKE TOKENS HAVE NO RIGHTS, USES OR ATTRIBUTES:** The SMOKE Tokens do not have any rights, uses, purpose, attributes, functionalities or features, express or implied, including, without limitation, any uses, purpose, attributes, functionalities or features on the SMOKE.NETWORK Platform. Company does not guarantee and is not representing in any way to Buyer that the SMOKE Tokens have any rights, uses, purpose, attributes, functionalities or features.
- **NOT A PURCHASE OF SMOKE PLATFORM TOKENS:** SMOKE Tokens purchased under this Agreement are not tokens on the SMOKE.NETWORK or EOS Platform. Buyer acknowledges, understands and agrees that Buyer should not expect and there is no guarantee or representation made by Company that Buyer will receive any other product, service, rights, attributes, functionalities, features or assets of any kind whatsoever, including, without limitation, any cryptographic tokens or digital assets now or in the future whether through receipt, exchange, conversion, redemption or otherwise.



- **PURCHASE OF SMOKE TOKENS ARE NON-REFUNDABLE AND PURCHASES CANNOT BE CANCELLED. BUYER MAY LOSE ALL AMOUNTS PAID.**
- **SMOKE TOKENS MAY HAVE NO VALUE.**
- **COMPANY RESERVES THE RIGHT TO REFUSE OR CANCEL SMOKE TOKEN PURCHASE REQUESTS AT ANY TIME IN ITS SOLE DISCRETION.**
- **PLEASE READ THE RISKS SET FORTH IN SECTION 7 CAREFULLY AND IN THEIR ENTIRETY.**
- **THIS AGREEMENT INCLUDES PRE-DISPUTE RESOLUTION IN SECTION 9.1 AND REQUIRES ARBITRATION IN SECTION 9.2. ARTICLE ONE: ACCEPTANCE OF AGREEMENT AND PURCHASE OF EOS TOKENS**



ARTICLE ONE: SMOKE.NETWORK AGREEMENT

1.1. This Agreement shall be effective and binding on the Parties when Buyer: (a) clicks the check box on the official <https://smoke.network/> website (the "Website") to indicate that Buyer has read, understands and agrees to the terms of this Agreement; or, if earlier (b) upon Company's receipt of payment from Buyer on the Bitshares decentralized Exchange. Buyer agrees to be bound on this basis, and confirms that Buyer has read in full and understands this Agreement and the terms on which Buyer is bound.

1.2. Website Terms of Use. Company has established Terms of Use, as may be amended from time to time, located at <https://smoke.network>, which are hereby incorporated by reference. Buyer has read, understands and agrees to those terms.

1.3. White Paper. Company has prepared the White Paper, which is available at <https://www.smoke.network/smoke-network-whitepaper.pdf>, describing matters relating to the SMOKE.NETWORK Software. The White Paper, as it may be amended from time to time, is hereby incorporated by reference. Buyer has read and understands the White Paper and its contents.

1.4. SMOKE Tokens.

a. No Purpose. As mentioned above, the SMOKE Tokens do not have any rights, uses, purpose, attributes, functionalities or features, express or implied. Although SMOKE Tokens may be tradable, they are not an investment, currency, security, commodity, a swap on a currency, security or commodity or any other kind of financial instrument.



b. Company's Use of Proceeds. Buyer acknowledges and understands that the proceeds from the sale of the SMOKE Tokens will be utilized by Company in its sole discretion.

ARTICLE TWO: SMOKE TOKEN DISTRIBUTION

2.1. Allocation and Distribution of SMOKE Tokens. smoke.network intends to allocate and distribute SMOKE Tokens (the "SMOKE Token Distribution") in accordance with the material specifications as set forth in Exhibit A to this Agreement which includes details regarding the timing (the "SMOKE Distribution Period") and pricing of the SMOKE Token Distribution and the amount of SMOKE Tokens that will be distributed. During the SMOKE Distribution Periods, smoke.network will provide specific procedures on how Buyer should purchase SMOKE Tokens through the official Website. By purchasing SMOKE Tokens, Buyer acknowledges and understands and has no objection to such procedures and material specifications. Failure to use the official Website and follow such procedures may result in Buyer not receiving any SMOKE Tokens. Any buyer of SMOKE Tokens may lose some or all of the amounts paid in exchange for SMOKE Tokens, regardless of the purchase date. The receipt or purchase of SMOKE through any other means other than the official method mentioned on the Website are not sanctioned or agreed to in any way by the smoke.network Parties. Buyer should take great care that the website used to purchase SMOKE Tokens is trading the official SMOKE token running on the Bitshares blockchain.

2.2. No U.S. Buyers. The SMOKE Tokens are not being offered to U.S. persons. U.S. persons are strictly prohibited and restricted from purchasing SMOKE Tokens and Company is not soliciting purchases by U.S. persons in any way. If a U.S. person purchases SMOKE Tokens, such person has done so and entered into this Agreement on an unlawful, unauthorized and fraudulent basis and this Agreement is



null and void. Company is not bound by this Agreement if this Agreement has been entered into by a U.S. person as Buyer or Buyer has entered into this Agreement or has purchased SMOKE Tokens on behalf of a U.S. person, and Company may take all necessary and appropriate actions, in its sole discretion, to invalidate this Agreement, including referral of information to the appropriate authorities. Any U.S. person who purchases SMOKE Tokens or enters this Agreement on an unlawful, unauthorized or fraudulent basis shall be solely liable for, and shall indemnify, defend and hold harmless smoke.network and smoke.network's respective past, present and future employees, officers, directors, contractors, consultants, equity holders, suppliers, vendors, service providers, parent companies, subsidiaries, affiliates, agents, representatives, predecessors, successors and assigns (collectively, the "smoke.network Parties") from any damages, losses, liabilities, costs or expenses of any kind, whether direct or indirect, consequential, compensatory, incidental, actual, exemplary, punitive or special and including, without limitation, any loss of business, revenues, profits, data, use, goodwill or other intangible losses (collectively, the "Damages") incurred by a smoke.network Party that arises from or is a result of such U.S. person's unlawful, unauthorized or fraudulent use of the purchase of SMOKE Tokens.

2.3. Allocation and Sale of SMOKE Tokens to smoke.network Parties. Buyer understands and consents to the participation of the Company's past, present and future employees, officers, directors, contractors, consultants, equity holders, suppliers, vendors and service providers in the purchase of SMOKE Tokens, including people who may work on the development and implementation of the SMOKE.NETWORK Software or who may work for smoke.network's future businesses which smoke.network may establish with a portion of the proceeds from the SMOKE



Token Distribution. All such smoke.network Parties will participate on the same terms as every other buyer of SMOKE Tokens and will be bound by this Agreement.

2.4. No Representations and Warranties. The SMOE Tokens will be distributed to buyers thereof pursuant to the SMOKE Distribution held on the Bitshares decentralized exchange. None of the smoke.network Parties makes any representations or warranties, express or implied, including, without limitation, any warranties of title or implied warranties of merchantability or fitness for a particular purpose with respect to the SMOKE Distribution method, or the SMOKE Tokens or their utility, or the ability of anyone to purchase or use the SMOKE Tokens. Without limiting the foregoing, none of the smoke.network Parties represent or warrant that the process of purchasing the SMOKE Tokens or receiving the SMOKE Tokens will be uninterrupted or error-free or that the SMOKE Tokens are reliable and error-free. As a result, Buyer acknowledges and understands that Buyer may never receive SMOKE Tokens and may lose the entire amount Buyer paid to Company. Buyer shall provide an accurate digital wallet address to Company for receipt of any SMOKE Tokens distributed to Buyer pursuant to the SMOKE Distribution.

2.5. Not an Offering of Securities, Commodities, or Swaps. The sale of SMOKE Tokens and the SMOKE Tokens themselves are not securities, commodities, swaps on either securities or commodities or a financial instrument of any kind. Purchases and sales of SMOKE Tokens are not subject to the protections of any laws governing those types of financial instruments. This Agreement and all other documents referred to in this Agreement including the White Paper do not constitute a prospectus or offering document, and are not an offer to sell, nor the solicitation of an offer to buy an investment, a security, commodity, or a swap on either a security or commodity.



2.6. Not an Investment. Buyer should not participate in the SMOKE Token Distribution or purchase SMOKE Tokens for investment purposes. SMOKE Tokens are not designed for investment purposes and should not be considered as a type of investment. Buyer acknowledges, understands and agrees that Buyer should not expect and there is no guarantee or representation or warranty by Company that: (a) the SMOKE.NETWORK Software will ever be adopted; (b) the SMOKE.NETWORK Software will be adopted as developed by smoke.network and not in a different or modified form; (c) a blockchain utilizing or adopting the SMOKE.NETWORK Software will ever be launched; and (d) a blockchain will ever be launched with or without changes to the SMOKE.NETWORK Software and with or without a distribution matching the SMOKE Token balances after the snapshot event. Furthermore, SMOKE Tokens will not have any functionality or rights on the SMOKE.NETWORK Platform and holding SMOKE Tokens is not a guarantee, representation or warranty that the holder will be able to use the SMOKE.NETWORK, or receive any tokens utilized on the SMOKE.NETWORK Platform, even if the SMOKE.NETWORK is launched and the SMOKE.NETWORK Software is adopted, of which there is no guarantee, representation or warranty made by Company.

2.7. Not for Speculation. Buyer acknowledges and agrees that Buyer is not purchasing SMOKE Tokens for purposes of investment, speculation, as some type of arbitrage strategy, for immediate resale or other financial purposes.

ARTICLE THREE: NO OTHER RIGHTS CREATED

3.1. No Claim, Loan or Ownership Interest. The purchase of SMOKE Tokens: (a) does not provide Buyer with rights of any form with respect to the Company or its revenues or assets, including, but not limited to, any voting, distribution, redemption, liquidation, proprietary (including all forms of intellectual property), or



other financial or legal rights; (b) is not a loan to Company; and (c) does not provide Buyer with any ownership or other interest in Company.

3.2. Intellectual Property. Company retains all right, title and interest in all of Company's intellectual property, including, without limitation, inventions, ideas, concepts, code, discoveries, processes, marks, methods, software, compositions, formulae, techniques, information and data, whether or not patentable, copyrightable or protectable in trademark, and any trademarks, copyright or patents based thereon. Buyer may not use any of Company's intellectual property for any reason without Company's prior written consent.

ARTICLE FOUR: SECURITY AND DATA; TAXES

4.1. Security and Data Privacy.

a. Buyer's Security. Buyer will implement reasonable and appropriate measures designed to secure access to: (i) any device associated with Buyer and utilized in connection with Buyer's purchase of SMOKE Tokens; (ii) private keys to Buyer's wallet or account; and (iii) any other username, passwords or other login or identifying credentials. In the event that Buyer is no longer in possession of Buyer's private keys or any device associated with Buyer's account or is not able to provide Buyer's login or identifying credentials, Buyer may lose all of Buyer's SMOKE Tokens and/or access to Buyer's account. Company is under no obligation to recover any SMOKE Tokens and Buyer acknowledges, understands and agrees that all purchases of SMOKE Tokens are non-refundable and Buyer will not receive money or other compensation for any SMOKE Tokens purchased.

b. Additional Information. Upon Company's request, Buyer will immediately provide to Company information and documents that Company, in its sole discretion, deems



necessary or appropriate to comply with any laws, regulations, rules or agreements, including without limitation judicial process. Such documents include, but are not limited to, passport, driver's license, utility bills, photographs of associated individuals, government identification cards, or sworn statements. Buyer consents to Company disclosing such information and documents in order to comply with applicable laws, regulations, rules or agreements. Buyer acknowledges that Company may refuse to distribute SMOKE Tokens to Buyer until such requested information is provided.

4.2. Taxes. Buyer acknowledges, understands and agrees that: (a) the purchase and receipt of SMOKE Tokens may have tax consequences for Buyer; (b) Buyer is solely responsible for Buyer's compliance with Buyer's tax obligations; and (c) Company bears no liability or responsibility with respect to any tax consequences to Buyer.

ARTICLE FIVE: REPRESENTATIONS AND WARRANTIES OF BUYER

By buying EOS Tokens, Buyer represents and warrants to each of the smoke.network Parties that:

5.1. Not a US Person: Buyer is not a U.S. person.

5.2. Authority. Buyer has all requisite power and authority to execute and deliver this Agreement, to purchase SMOKE Tokens, and to carry out and perform its obligations under this Agreement.

a. If an individual, Buyer is at least 18 years old and of sufficient legal age and capacity to purchase SMOKE Tokens.

b. If a legal person, Buyer is duly organized, validly existing and in good standing under the laws of its domiciliary jurisdiction and each jurisdiction where it conducts business.



5.3. No Conflict. The execution, delivery and performance of this Agreement will not result in any violation of, be in conflict with, or constitute a material default under, with or without the passage of time or the giving of notice: (a) any provision of Buyer's organizational documents, if applicable; (b) any provision of any judgment, decree or order to which Buyer is a party, by which it is bound, or to which any of its material assets are subject; (c) any material agreement, obligation, duty or commitment to which Buyer is a party or by which it is bound; or (d) any laws, regulations or rules applicable to Buyer.

5.4. No Consents or Approvals. The execution and delivery of, and performance under, this Agreement require no approval or other action from any governmental authority or person other than Buyer.

5.5. Buyer Status. Buyer is not subject to any of the disqualifying events listed in Rule 506(d)(1) of Regulation D under the Securities Act of 1933 (a "Buyer Event"), and there is no proceeding or investigation pending or, to the knowledge of Buyer, threatened by any governmental authority, that would reasonably be expected to become the basis for a Buyer Event.

5.6. Buyer Knowledge and Risks of Project. Buyer has sufficient knowledge and experience in business and financial matters, including a sufficient understanding of blockchain or cryptographic tokens and other digital assets, smart contracts, storage mechanisms (such as digital or token wallets), blockchain-based software systems and blockchain technology, to be able to evaluate the risks and merits of Buyer's purchase of SMOKE Tokens, including but not limited, to the matters set forth in this Agreement, and is able to bear the risks thereof, including loss of all amounts paid, loss of SMOKE Tokens, and liability to the smoke.network Parties and others for its acts and omissions, including with limitation those constituting breach of this



Agreement, negligence, fraud or willful misconduct. Buyer has obtained sufficient information in order to make an informed decision to purchase SMOKE Tokens.

5.7. Funds; Payments.

a. Funds. The funds, including any fiat, virtual currency or cryptocurrency, Buyer uses to purchase SMOKE Tokens are not derived from or related to any unlawful activities, including but not limited to money laundering or terrorist financing, and Buyer will not use the SMOKE Tokens to finance, engage in, or otherwise support any unlawful activities.

b. Payments. All payments by Buyer under this Agreement will be made only in Buyer's name, from a digital wallet or bank account not located in a country or territory that has been designated as a "non-cooperative country or territory" by the Financial Action Task Force, and is not a "foreign shell bank" within the meaning of the U.S. Bank Secrecy Act (31 U.S.C. § 5311 et seq.), as amended, and the regulations promulgated thereunder by the Financial Crimes Enforcement Network, as such regulations may be amended from time to time.

5.8. Miscellaneous Regulatory Compliance.

a. Anti-Money Laundering; Counter-Terrorism Financing. To the extent required by applicable law, Buyer complies with all anti-money laundering and counterterrorism financing requirements.

b. Sanctions Compliance. Neither Buyer, nor any person having a direct or indirect beneficial interest in Buyer or SMOKE Tokens being acquired by Buyer, or any person for whom Buyer is acting as agent or nominee in connection with SMOKE Tokens, is the subject of sanctions administered or enforced by any country or



government (collectively, "Sanctions") or is organized or resident in a country or territory that is the subject of country-wide or territory-wide Sanctions.

ARTICLE SIX: DISCLAIMERS

6.1. Buyer expressly acknowledges, understands and agrees that Buyer is using the purchasing SMOKE Tokens is at the Buyer's sole risk and that the SMOKE Distribution, and SMOKE Tokens are each provided, used and acquired on an "AS IS" and on an "AS AVAILABLE" basis without representations, warranties, promises or guarantees whatsoever of any kind by Company and Buyer shall rely on its own examination and investigation thereof.

6.2. No Representation or Warranty. (A) COMPANY DOES NOT MAKE AND EXPRESSLY DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES, EXPRESS, IMPLIED OR STATUTORY; AND (B) WITH RESPECT TO THE SMOKE TOKENS, COMPANY SPECIFICALLY DOES NOT REPRESENT AND WARRANT AND EXPRESSLY DISCLAIMS ANY REPRESENTATION OR WARRANTY, EXPRESS, IMPLIED OR STATUTORY, INCLUDING WITHOUT LIMITATION, ANY REPRESENTATIONS OR WARRANTIES OF TITLE, NONINFRINGEMENT, MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, OR AS TO THE WORKMANSHIP OR TECHNICAL CODING THEREOF, OR THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT.

ARTICLE SEVEN: RISKS

SMOKE TOKENS MAY HAVE NO VALUE. BUYER MAY LOSE ALL AMOUNTS PAID.

Buyer has carefully reviewed, acknowledges, understands and assumes the following risks, as well as all other risks associated with the SMOKE Tokens (including those not discussed herein), all of which could render the SMOKE Tokens worthless or of little value:



7.1. No Rights, Functionality or Features. SMOKE Tokens have no rights, uses, purpose, attributes, functionalities or features, express or implied. SMOKE Tokens do not entitle holders to participate on the SMOKE.NETWORK Platform, even if the SMOKE.NETWORK Platform is launched and the SMOKE.NETWORK Software's development is finished and the SMOKE.NETWORK Software is adopted and implemented.

7.2. SMOKE.NETWORK Platform. Buyer should not purchase SMOKE Tokens in reliance on the SMOKE.NETWORK Platform because SMOKE Tokens are not usable on the SMOKE.NETWORK Platform and do not entitle Buyer to anything with respect to the SMOKE.NETWORK Platform.

7.3. Purchase Price Risk. The distribution of SMOKE Tokens will occur during each set Phase. The purchase price a buyer receives for SMOKE Tokens is set at 0.042BTS per SMOKE Token during the pre-distribution phase and TBA during the final phase. There are no guarantees as to the price of SMOKE Tokens purchased by Buyer and no guarantees that the price per SMOKE Token by the market will be equal to or higher in the subsequent periods of the SMOKE Distribution Period. There is the possibility that the price per SMOKE Token in subsequent periods of the SMOKE Distribution Period falls below the price paid by initial buyers of SMOKE Tokens during the SMOKE pre-distribution period. smoke.network reserves the right to change the duration of the SMOKE Distribution Period for any reason, including, without limitation, any unforeseen procedural or security issues.

7.4. Blockchain Delay Risk. On most blockchains, timing of block production is determined by proof of work so block production can occur at random times. Buyer acknowledges and understands that the blockchain may not include the Buyer's



transaction at the time Buyer expects and Buyer may not receive SMOKE Tokens the the Buyer intends to purchase.

7.5. Buyer acknowledges and understands that Bitshares block producers may not include Buyer's transaction when Buyer wants or Buyer's transaction may not be included at all.

7.6. Ability to Transact or Resell. Buyer may be unable to sell or otherwise transact in SMOKE Tokens at any time, or for the price Buyer paid. By purchasing SMOKE Tokens, Buyer acknowledges, understands and agrees that: (a) SMOKE Tokens may have no value; (b) there is no guarantee or representation of liquidity for the SMOKE Tokens; and (c) the smoke.network Parties are not and shall not be responsible for or liable for the market value of SMOKE Tokens, the transferability and/or liquidity of SMOKE Tokens and/or the availability of any market for SMOKE Tokens through third parties or otherwise.

7.7. Token Security. SMOKE Tokens may be subject to expropriation and or/theft. Hackers or other malicious groups or organizations may attempt to interfere with the SMOKE Tokens in a variety of ways, including, but not limited to, malware attacks, denial of service attacks, consensusbased attacks, Sybil attacks, smurfing and spoofing. Furthermore, because the Bitshares platform rests on open source software and SMOKE Tokens are based on open source software, there is the risk that Bitshares User Issued Assets may contain intentional or unintentional bugs or weaknesses which may negatively affect the SMOKE Tokens or result in the loss of Buyer's SMOKE Tokens, the loss of Buyer's ability to access or control Buyer's SMOKE Tokens or the loss of Cryptocurrency in Buyer's account. In the event of such



a software bug or weakness, there may be no remedy and holders of SMOKE Tokens are not guaranteed any remedy, refund or compensation.

7.8. Access to Private Keys. SMOKE Tokens purchased by Buyer may be held by Buyer in Buyer's digital wallet or vault, which requires a private key, or a combination of private keys, for access. Accordingly, loss of requisite private key(s) associated with Buyer's digital wallet or vault storing SMOKE Tokens will result in loss of such SMOKE Tokens, access to Buyer's SMOKE Token balance and/or any initial balances in blockchains created by third parties. Moreover, any third party that gains access to such private key(s), including by gaining access to login credentials of a hosted wallet or vault service Buyer uses, may be able to misappropriate Buyer's SMOKE Tokens. Company is not responsible for any such losses.

7.9. Some cryptocurrency exchanges may on their own accord enable SMOKE Tokens trading before the end of the distribution period,.

7.10. New Technology. The SMOKE.NETWORK Software and the SMOKE.NETWORK Platform and all of the matters set forth in the White Paper are new and untested. The SMOKE.NETWORK Software might not be capable of completion, implementation or adoption. It is possible that no blockchain utilizing the SMOKE.NETWORK Software will be ever be launched and there may never be an operational SMOKE.NETWORK Platform. Buyer should not rely on the SMOKE.NETWORK Software or the ability to receive tokens associated with the SMOKE.NETWORK Platform in the future. Even if the SMOKE.NETWORK Software is completed, implemented and adopted, it might not function as intended, and any tokens associated with a blockchain adopting the SMOKE.NETWORK Software may not have functionality that is desirable or valuable. Also, technology is changing



rapidly, so the SMOKE Tokens and any tokens transferable on the SMOKE.NETWORK Platform may become outdated.

7.11. Reliance on Third-Parties. Even if completed, the SMOKE.NETWORK Software will rely, in whole or partly, on third parties to adopt and implement it and to continue to develop, supply, and otherwise support it. There is no assurance or guarantee that those third parties will complete their work, properly carry out their obligations, or otherwise meet anyone's needs, all of which might have a material adverse effect on the SMOKE.NETWORK Software and SMOKE.NETWORK.

7.12. Failure to Import a Private Key onto EOS blockchain. Failure of Buyer to import a private key to the EOS blockchain once the SMOKE snapshot event occurs may result in third parties being unable to recognize Buyer's SMOKE Token balance on the EOS blockchain when and if they configure the initial balances of SMOKE.NETWORK based upon the SMOKE.NETWORK distribution, of which Company makes no representation or guarantee.

7.13. Exchange & Counterparty Risks. Buyer's SMOKE Tokens may be stolen or lost. In addition, third parties may not recognize Buyer's claim to any derivative tokens if and when launched by third parties according to the distribution rules set in the SMOKE.NETWORK Software. By purchasing SMOKE Tokens, Buyer acknowledges and agrees that Buyer sends Cryptocurrency through an exchange account and/or holds SMOKE Tokens on a cryptocurrency exchange or with another third party at Buyer's own and sole risk.

7.14. Changes to the SMOKE.NETWORK Software. The SMOKE.NETWORK Software is still under development and may undergo significant changes over time. Although Company intends for the SMOKE.NETWORK Software to have the features and specifications set forth in the White Paper, Company may make changes to such



features and specifications for any number of reasons, and any party that adopts the SMOKE.NETWORK Software and launches the SMOKE.NETWORK Platform also may make changes, any of which may mean that the SMOKE.NETWORK Platform does not meet Buyer's expectations.

7.15. Risk of Alternative Blockchains based on SMOKE.NETWORK Software. The SMOKE.NETWORK Software will not likely be licensed under an open source license until after the end of the SMOKE.NETWORK Distribution Period; however, it is possible somebody will not respect the SMOKE.NETWORK Software copyright or will modify the SMOKE.NETWORK Software after it has been released under an open source license. Therefore, it is possible for someone to utilize the SMOKE.NETWORK Software to build and launch blockchain protocols using a token distribution other than the one intended for the SMOKE Tokens pursuant to the SMOKE.NETWORK Software both prior to or after the SMOKE.NETWORK Software has become licensed as open source.

7.16. Risk of Lack of Transferability in Blockchain Cryptographic Token. The SMOKE.NETWORK Software is built such that any blockchain that adopts the SMOKE.NETWORK Software will require approval of holders of not less than 15% of the total issued and outstanding SMOKE Tokens before tokens on such blockchain (the "Blockchain Tokens") can be transferred.

7.17. Project Completion. The development of the SMOKE.NETWORK Software may be abandoned for a number of reasons, including, but not limited to, lack of interest from the public, lack of funding, lack of commercial success or prospects, or departure of key personnel.

7.18. Lack of Interest. Even if the SMOKE.NETWORK Software is finished and adopted and the SMOKE.NETWORK Platform is launched, the ongoing success of



the SMOKE.NETWORK Platform relies on the interest and participation of third parties like developers. There can be no assurance or guarantee that there will be sufficient interest or participation in the SMOKE.NETWORK Platform.

7.19. Uncertain Regulatory Framework. The regulatory status of cryptographic tokens, digital assets and blockchain technology is unclear or unsettled in many jurisdictions. It is difficult to predict how or whether governmental authorities will regulate such technologies. It is likewise difficult to predict how or whether any governmental authority may make changes to existing laws, regulations and/or rules that will affect cryptographic tokens, digital assets, blockchain technology and its applications. Such changes could negatively impact SMOKE Tokens in various ways, including, for example, through a determination that SMOKE Tokens are regulated financial instruments that require registration. Company may cease the distribution of SMOKE Tokens, the development of the SMOKE.NETWORK Software or cease operations in a jurisdiction in the event that governmental actions make it unlawful or commercially undesirable to continue to do so.

7.20. Risk of Government Action. As noted above, the industry in which Company operates is new, and may be subject to heightened oversight and scrutiny, including investigations or enforcement actions. There can be no assurance that governmental authorities will not examine the operations of Company and/or pursue enforcement actions against Company. Such governmental activities may or may not be the result of targeting Company in particular. All of this may subject Company to judgments, settlements, fines or penalties, or cause Company to restructure its operations and activities or to cease offering certain products or services, all of which could harm Company's reputation or lead to higher operational costs, which may in turn have a



material adverse effect on the SMOKE Tokens and/or the development of the SMOKE.NETWORK Software.

ARTICLE EIGHT: LIMITATION OF LIABILITY; INDEMNIFICATION

8.1. Limitation of Liability. To the fullest extent permitted by applicable law, Buyer disclaims any right or cause of action against the smoke.network Parties of any kind in any jurisdiction that would give rise to any Damages whatsoever, on the part of any smoke.network Party. Each of the smoke.network Parties shall not be liable to Buyer for any type of Damages, even if and notwithstanding the extent a smoke.network Party has been advised of the possibility of such Damages. Buyer agrees not to seek any refund, compensation or reimbursement from a smoke.network Party, regardless of the reason, and regardless of whether the reason is identified in this Agreement.

8.2. Damages. In no circumstances will the aggregate joint liability of the smoke.network Parties, whether in contract, warrant, tort or other theory, for Damages to Buyer under this Agreement exceed the amount received by Company from Buyer.

8.3. Force Majeure. Buyer understands and agrees that Company shall not be liable and disclaims all liability to Buyer in connection with any force majeure event, including acts of God, labour disputes or other industrial disturbances, electrical, telecommunications, hardware, software or other utility failures, software or smart contract bugs or weaknesses, earthquakes, storms, or other nature-related events, blockages, embargoes, riots, acts or orders of government, acts of terrorism or war, technological change, changes in interest rates or other monetary conditions, and, for the avoidance of doubt, changes to any blockchain-related protocol.



8.4. Release. To the fullest extent permitted by applicable law, Buyer releases the smoke.network Parties from responsibility, liability, claims, demands, and/or Damages (actual and consequential) of every kind and nature, known and unknown (including, but not limited to, claims of negligence), arising out of or related to disputes between Buyer and the acts or omissions of third parties.

8.5. Indemnification.

a. To the fullest extent permitted by applicable law, Buyer will indemnify, defend and hold harmless and reimburse the smoke.network Parties from and against any and all actions, proceedings, claims, Damages, demands and actions (including without limitation fees and expenses of counsel), incurred by a smoke.network Party arising from or relating to: (i) Buyer's purchase or use of SMOKE Tokens; (ii) Buyer's responsibilities or obligations under this Agreement; (iii) Buyer's breach of or violation of this Agreement; (iv) any inaccuracy in any representation or warranty of Buyer; (v) Buyer's violation of any rights of any other person or entity; and/or (vi) any act or omission of Buyer that is negligent, unlawful or constitutes willful misconduct.

b. Company reserves the right to exercise sole control over the defense, at Buyer's expense, of any claim subject to indemnification under this Section 8.5. This indemnity is in addition to, and not in lieu of, any other indemnities set forth in a written agreement between Buyer and Company.

ARTICLE NINE: DISPUTE RESOLUTION

9.1. Informal Dispute Resolution. Buyer and Company shall cooperate in good faith to resolve any dispute, controversy or claim arising out of, relating to or in connection with this Agreement, including with respect to the formation, applicability, breach, termination, validity or enforceability thereof (a "Dispute"). If the Parties are unable to resolve a Dispute within ninety (90) days of notice of such



Dispute being received by all Parties, such Dispute shall be finally settled by Binding Arbitration as defined in Section 9.2 below.

9.2. Binding Arbitration. Any Dispute not resolved within 90 days as set forth in Section 9.1 shall be referred to and finally resolved by arbitration under the London Court of International Arbitration (LCIA) rules in effect at the time of the arbitration, except as they may be modified herein or by mutual agreement of the Parties. The number of arbitrators shall be one who shall be selected by Company. The seat, or legal place, of arbitration shall be London, England. The language to be used in the arbitral proceedings shall be English. The governing law of the Agreement shall be as set forth in Section 10.1 herein. The arbitration award shall be final and binding on the Parties ("Binding Arbitration"). The Parties undertake to carry out any award without delay and waive their right to any form of recourse insofar as such waiver can validly be made. Judgment upon the award may be entered by any court having jurisdiction thereof or having jurisdiction over the relevant Party or its assets. Company and Buyer will each pay their respective attorneys' fees and expenses. Notwithstanding the foregoing, Company reserves the right, in its sole and exclusive discretion, to assume responsibility for any or all of the costs of the arbitration.

9.3. No Class Arbitrations, Class Actions or Representative Actions. Any dispute arising out of or related to this Agreement is personal to Buyer and Company and will not be brought as a class arbitration, class action or any other type of representative proceeding. There will be no class arbitration or arbitration in which an individual attempts to resolve a dispute as a representative of another individual or group of individuals. Further, a dispute cannot be brought as a class or other type of representative action, whether within or outside of arbitration, or on behalf of any other individual or group of individuals.



ARTICLE TEN: MISCELLANEOUS

10.1. Governing Law and Venue. This Agreement shall be governed in all respects, including as to validity, interpretation and effect, by the laws of the Seychelles Islands, without giving effect to its principles or rules of conflict of laws, to the extent such principles or rules are not mandatorily applicable by statute and would permit or require the application of the laws of another jurisdiction.

10.2. Assignment. Buyer shall not assign this Agreement without the prior written consent of smoke.network. Any assignment or transfer in violation of this Section 10.2 will be void. Company may assign this Agreement to an affiliate. Subject to the foregoing, this Agreement, and the rights and obligations of the Parties hereunder, will be binding upon and inure to the benefit of their respective successors, assigns, heirs, executors, administrators and legal representatives.

10.3. Entire Agreement. This Agreement, including the exhibits attached hereto and the materials incorporated herein by reference, constitutes the entire agreement between the Parties and supersedes all prior or contemporaneous agreements and understandings, both written and oral, between the Parties with respect to the subject matter hereof, including, without limitation, any public or other statements or presentations made by any smoke.network Party about the SMOKE Tokens, the SMOKE.NETWORK Software, the SMOKE.NETWORK Platform, Blockchain Tokens or any other tokens.

10.4. Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, inoperative or unenforceable for any reason, the provision shall be modified to make it valid and, to the extent possible, effectuate the original intent of the Parties as closely as possible in an acceptable manner in



order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

10.5. Modification of Agreement. Company may modify this Agreement at any time by posting a revised version on the Website, available at

https://www.smoke.network/purchase_agreement. The modified terms will become effective upon posting. It is Buyer's responsibility to check the Website regularly for modifications to this Agreement. This Agreement was last modified on the date listed at the beginning of this Agreement.

10.6. Termination of Agreement; Survival. This Agreement will terminate upon the completion of all sales in the SMOKE Token Distribution. Company reserves the right to terminate this Agreement, in its sole discretion, in the event that Buyer breaches this Agreement. Upon termination of this Agreement: (a) all of Buyer's rights under this Agreement immediately terminate; (b) Buyer is not entitled to a refund of any amount paid; and (c) Articles 3, 4, 6, 7, 8, 9, and 10 will continue to apply in accordance with their terms.

10.7. No Waivers. The failure by Company to exercise or enforce any right or provision of this Agreement will not constitute a present or future waiver of such right or provision nor limit Company's right to enforce such right or provision at a later time. All waivers by Company must be unequivocal and in writing to be effective.

10.8. No Partnership; No Agency; No Third Party Beneficiaries. Nothing in this Agreement and no action taken by the Parties shall constitute, or be deemed to constitute, a partnership, association, joint venture or other co-operative entity between the Parties. Nothing in this Agreement and no action taken by the Parties



pursuant to this Agreement shall constitute, or be deemed to constitute, either Party the agent of the other Party for any purpose. No Party has, pursuant to this Agreement, any authority or power to bind or to contract in the name of the other Party. This Agreement does not create any third party beneficiary rights in any person.

10.9. Electronic Communications. Buyer agrees and acknowledges that all agreements, notices, disclosures and other communications that Company provides Buyer pursuant to this Agreement or in connection with or related to Buyer's purchase of SMOKE Tokens, including this Agreement, may be provided by Company, in its sole discretion, to Buyer, in electronic form.



EXHIBIT A

SMOKE TOKEN DISTRIBUTION

The SMOKE Token Distribution will take place over 2 periods. The first starting on August 15th, 2017 at 13:00 UTC. Four hundred and twenty million (420,000,000) SMOKE Tokens will be distributed according to the schedule below:

1. 84,000,000 SMOKE Tokens (20% of the total amount of SMOKE Tokens to be distributed) will be distributed during a 30 day period beginning on August 15, 2017 at 13:00 UTC and ending on September 15, 2017 at 12:59:59 UTC.
2. 294,000,000 SMOKE Tokens (70% of the total amount of SMOKE Tokens to be distributed) will then be sold in the second distribution phase. TBA.
3. 42,000,000 SMOKE (10% of the total amount of SMOKE Tokens to be distributed) will be reserved for smoke.network and cannot be traded or transferred on the Bitshare network.