[Copy and paste on your corporate blank]

*This Token Warrant and the tokens issued on its exercise (the **"Token Warrant and Tokens"**) are not intended to be offered in any jurisdiction or under circumstances where not permitted under Applicable Law. Although the Token Warrant and Tokens are not intended to be a security, there is some uncertainty about the application of securities laws to virtual assets in many jurisdictions. The Token Warrant and Tokens have not been registered with any authority and cannot be offered or sold except with a registration, an offering, or under an exemption under the Applicable Law, as evidenced by a Legal Opinion of an outside counsel.* [1]

[Project Name]

TOKEN WARRANT

of [date] [month] 202[y]

Company [FULL NAME]; and

Investor [FULL NAME],

each a **"Party"** and collectively the "**Parties**" have entered into this Token Warrant (the **"Token Warrant"**):

I. Legal Status & Definitions

This Token Warrant, which gives the Investor a purchase right under the terms and conditions specified below, is entered in connection with a convertible equity instrument between the Company and the Investor of [date] (the **"Convertible Agreement"**).

Capitalised terms in this Token Warrant have the same meaning as in the Convertible Agreement, unless another definition is given to them in the Token Warrant.

The following terms shall have the following meaning:

"Affiliate" means, with respect to any person, any other person that directly or indirectly, controls, is controlled by, or is under common control with such a person. This includes but is not limited to general partners, directors, employees, officers, or trustees of such a person, any venture capital funds or registered investment companies that are controlled by one or more general partners, managing members, or investment advisers of, or shares the same management company, or investment adviser with, such person. Here,

[1] This document is a draft and provided to you for information purposes only. **It is not legal advice.** Before using it, make sure it is in line with the applicable law and a linked convertible equity instrument. Please consult a lawyer before using it.

"control" is defined as directly or indirectly having the power to direct or stir the direction of the management and policies of the Affiliate, whether through ownership of voting securities, by contract, or otherwise.

"Blockchain" means a blockchain network, where transactions are verified and recorded in a distributed ledger. Examples of blockchain networks include but are not limited to Ethereum, NEAR, Solana, etc.

"Company's or Contributors' Allocation" means the allocation and distribution of Tokens by Token Entity to the early investors into the Company and team members of the Company, including founders, employees, contractors, advisors, officers.

"DAO" means a decentralised autonomous organisation, governed by the rules of smart contracts within the Protocol and the DAO constitution.

"Discount Price" means Price per Network Token multiplied by the Discount Rate:

$$Price\ per\ Network\ Token\ *\ Discount\ Rate.$$

"Discount Rate" shall mean [_]%.[2]

"Ecosystem" means an interacting network of entities and individuals, to which the Company is a part, which is centred around the development of a common project.

"Investor's Pro Rata" means ratio of the number of shares of Capital Stock issued from the conversion of all of the convertible equity instruments with a post-money valuation cap to the Company Capitalization:

$$\frac{Shares\ of\ Capital\ Stock\ after\ conversion}{Company\ Capitalization}.$$

"Network" means a set of participants who work as a part of project infrastructure according to the rules of Protocol that is being developed by, or on behalf of, the Company.

"Network Token" means the token being developed by the Company or on behalf of the Company that is intended to be the primary utility token for the Network.

"Price per Network Token" means a price per Network Token sold immediately following the Token Generation Event.

"Protocol" means a set of permissionless and autonomous smart contracts, deployed by the Company on a Blockchain mainnet, which govern the infrastructure, interface, and interactions within the Network and between the Network and its participants. The Network's Protocol is responsible for, among other things, issuing the Network Tokens to the Investor, according to the rules which were pre-setup before the deployment of such a Protocol into the Blockchain mainnet.

"Token Generation Event" means the date on which, following the deployment of the Network's Protocol on the chosen Blockchain mainnet, the Network's Protocol developed by Company will autonomously generate the Network Tokens for initial Network Token

[2] Discount Rate equals to (100 - Discount)%. E.g., if you want the holder of the Token Warrant to purchase the Network Tokens with a Discount of 20%, the Discount Rate is 80%.

purchasers following the smart contract terms within the Protocol. The Token Generation Event shall occur no later than [date] (the **"Expiration Date"**).

II. Exercise

If another legal entity in the Ecosystem (the **"Token Entity"**) launches or otherwise makes available Network Tokens during the Token Generation Event, that Investor shall have the right to purchase the number of the Network Tokens in an amount equal to up to the Investor's Pro Rata portion of the Company's or Contributors' Allocation at the time of issuance (the **"Investor's Portion"**) if the Investor expresses the intention to purchase said Investor's Portion:

$$Company's\ or\ Contributors'\ Allocation\ *\ Investor's\ Pro\ Rata$$

The total consideration to be paid by the Investor to the Token Entity shall equal to the total number of the Network Tokens (up to the Investor's Portion) to be purchased multiplied by the Discount Price (the **"Purchase Price"**):

$$Number\ of\ the\ Network\ Tokens\ *\ Discount\ Price.$$

If the Network Tokens are issued before the convertible equity instruments with a post-money valuation are converted, the Investor's Pro Rata shall be determined as if the convertible equity instruments with a post-money valuation are converted without actually converting them.

The Company shall provide the Investor with a written notice of the Token Generation Event no later than 10 days before the said Token Generation Event. The notice shall contain the number of the Network Tokes that can be purchased by the Investor.

Upon receipt of the request, the Investor shall have the right but not the obligation to exercise this Token Warrant by delivering a duly-filled (exercised) form of the Exercise Notice, attached as Annex A below to the Company or the Token Entity (whichever the Investor finds more practicable) and making a payment of the Purchase Price to the Token Entity no later than the date of the Token Generation Event.

The payment of the Purchase Price for the Investor's Portion shall be made in [USD/EUR/BTC/ETH/USDT/...] using payment information provided by the Token Entity to the Investor together with the notice of the Token Generation Event.

To avoid any doubts and for the purposes of giving an example only:

EXAMPLE 1 – if:

(1) the Token Entity makes the Company's or Contributors' Allocation in an amount of 40% of the total Network Token supply, which is equal to 1,000,000 Network Tokens;

(2) the Investor holds 100,000 of the Company's shares after the conversion of all convertible equity instruments with a post-money valuation cap; and

(3) the total number of shares in the Company is 1,000,000,

(4) the Discount Rate is 80%,

(5) the Network Tokens are sold during the Token Generation Event for a price of $2 each,

then the Investor shall have the right to purchase Network Tokens for <u>up to</u> the Investor's Portion calculated as follows:

$$40\% * \frac{100{,}000}{1{,}000{,}000} = 40\% * 10\% = 4\%,$$

and if the Investor decides to purchase all of their Investor's Portion, the Purchase Price will then be as follows:

$$1{,}000{,}000 * 4\% * 2 * 80\% = \$64{,}000.$$

EXAMPLE 2 – if:

(1) the Token Entity makes the Company's or Contributors' Allocation in an amount of 40% of the total Token supply (equal to 10,000,000 Network Tokens) before the convertible equity instruments with a post-money valuation cap are converted;

(2) the Investor holds a convertible equity instruments with a post-money valuation cap $2,000,000.00 and a value of $50,000.00;

(3) there is another person holding a convertible equity instruments with a post-money valuation cap $2,000,000.00 and a value of $20,000.00 and the two of them are the only holders of such instruments with the same investment terms of such instruments (including valuation and discount rates); and

(4) the total number of shares in the Company is 1,000,000,

(5) the Discount Rate is 90%,

(6) the Network Tokens are sold during the Token Generation Event for a price of $5 each

then the Investor shall have the right to purchase the Network Tokens for <u>up to</u> the Investor's Portion calculated as follows:

$$40\% * \frac{\frac{50{,}000}{\frac{2{,}000{,}000}{1{,}000{,}000}}}{1{,}000{,}000 + \frac{50{,}000}{\frac{2{,}000{,}000}{1{,}000{,}000}} + \frac{20{,}000}{\frac{2{,}000{,}000}{1{,}000{,}000}}} = 40\% * \frac{25{,}000}{1{,}035{,}000} = 40\% * 2.41\% = 0.97\%,$$

and if the Investor decides to purchase 10% of their Investor's Portion, the Purchase Price will then be as follows:

$$10{,}000{,}000 * 0.97\% * 5 * 90\% * 10\% = \$43{,}650.$$

III. General Provisions

When this Token Warrant is exercised, the Investor shall issue and deliver in the Exercise Form with a public key(s) (addresses) that will be used by the Token Entity to deliver the

Network Tokens. The Investor is solely responsible for the correctness of the public keys (addresses) they deliver. The Company or the Token Entity will not be liable for any losses resulting from the Investor providing wrong public keys (addresses) in the Exercise Form. The Investor is also solely responsible for securely storing the private keys to the respective public keys (addresses).

The Company or the Token Entity shall not be responsible for any losses that result from the Investor not delivering the Exercise Notice or delivering it late.

The Network Tokens under this Token Warrant may be subject to restrictions on transferability:

(a) as required by any applicable law;

(b) as determined by the board of directors of the issuer, acting in good faith and according to the advice of external legal counsel; and/or

(c) as determined in the DAO constitution of the Network, to which the Network Tokens are native tokens.

It is the sole responsibility of the Investor to analyse the potential restrictions on the transferability of the Network Tokens in the law applicable to the Investor, their jurisdiction of residence, domicile and/or incorporation.

IV. Additional Provisions

The Investor guarantees that they have full power and capacity to enter into this Token Warrant.

The Investor confirms that they have received and made themselves familiar with all the information about the Ecosystem, the Network, the Company's business, management, financial affairs, technical capabilities, white paper (if any), and the terms of this Token Warrant with the Company's representatives, confirms that they understand all of the above and accept it as is.

The Investor confirms that they:

(i) are considered [qualified/accredited/…] investor as defined under the applicable law and them entering into this Token Warrant does not constitute a violation of their personal law[3]; and

(ii) have sufficient knowledge and experience in blockchain technology, virtual assets, financial, business, and technical matters to be able to evaluate the risks of acquiring the Network Tokens and entering into this Token Warrant. In doing so, the Investor has and will rely upon the advice of Investor's own technical, business, financial advisors, legal counsel, tax advisors, and/or investment advisors.

[3] Check the exemption requirements in the applicable jurisdiction.

[Copy and paste on your corporate blank]

The Investor confirms that them and their Affiliates, equity investors, directors, officers, managers, or direct or indirect beneficial owners are not:

(i) on the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control of the United States Department of the Treasury, nor are they otherwise a party with which Purchaser is prohibited to deal under the Laws of the United States;

(ii) citizens, residents, or incorporated in high-risk jurisdictions according to the latest FATF public statements, State Sponsors of Terrorism as identified by the U.S. Department of State, high-risk jurisdictions as identified by the European Commission;[4]

(iii) person identified as a terrorist organisation on any other relevant lists maintained by governmental authorities; and

(iv) senior foreign political figures, or any immediate family member or close associate of a senior foreign political figure.

The Investor acknowledges and agrees that:

(i) neither the Network Tokens nor this Token Warrant have been registered under any laws of any jurisdiction, and that the Company or the Token Entity have no plans to do so;

(ii) there is substantial uncertainty as to the application of securities, financial, and other laws to virtual assets such as Network Tokens, and that the interpretation of existing laws or new laws may affect the regulatory status of the Network Tokens and/or this Token Warrant, the offer or sale of the Network Tokens or this Token Warrant, and the use of the associated blockchain network;

(iii) in light of this uncertainty, although the Company or the Token Entity do not intend for the Network Tokens to be securities under any law, the Investor assumes that this Token Warrant and the Network Tokens could be considered securities under the law, meaning that the Network Tokens could be subject to restrictions including, but not limited to, restrictions on transfer;

(iv) in the event that transactions of the Network Tokens are considered transactions of securities, the Purchaser may not sell, resell, assign, encumber or transfer all or any part of the Network Tokens except if (a) registered under the applicable law; (b) under an exemption from such registration; or (c) it will not construe a violation under the personal law applicable to the Investor;

(v) the Investor may be required to deliver to the Company or the Token Entity a certification and/or other information satisfactory to the Company or the Token Entity prior to any resale or transfer of Network Tokens, including but not limited to proofs of the special investor status and the source of funds, followed by a check performed by the Company or the Token Entity;

[4] This can be further expanded depending on where the Company is incorporated.

(vi) any transfer not made in compliance with these restrictions shall be void and the Company or the Token Entity may refuse to recognize any transfer not made in accordance with these restrictions. If the Investor decides to resell the Network Tokens after any applicable restriction period has expired, it is Investor's sole responsibility to determine if it is permitted under the applicable law; and

(vii) they have read and understood the restrictions and limitations that could be imposed on the Network Tokens. The Investor agrees to comply with all such restrictions and consents to the imposition of any such restrictions on transfer as the board of directors of the Company or the Token Entity may, pursuant to the advice of external legal counsel, consider necessary or prudent to comply with applicable law and/or the restrictions set forth in the DAO constitution or according to the results of the vote of the DAO members, if any.

V. Lock-Up

The Investor's Portion of the Network Tokens shall be subject to a lockup (the "**Lock-Up**") as follows:

(a) the Investor cannot Transfer the Network Tokens acquired by Investor through the exercise of this Token Warrant until the date that is [one/two]-year anniversary of the Token Generation Event (the "**Token Generation Event Anniversary**"); and

(b) 1/[12/24] of such Network Tokens shall become transferable on a one-month anniversary of the Token Generation Event Anniversary, and the remaining [11/23]/[12/24] shall become transferable in equal monthly installments over the next [11/23] months occurred (the "**Lock-Up Period**").[5]

The DAO community may, via a voting procedure, in their discretion, waive or change the Lock-Up and/or the Lock-Up Period if it determines, in good faith and pursuant to the advice of legal counsel, that such change is necessary to comply with legal or regulatory requirements under the law.

By signing this Token Warrant and purchasing the Network Tokens, you understand and consent to the limitations imposed by the Lock-Up during the Lock-Up Period and acknowledge that the DAO members may extend or change any of them via a voting procedure. The DAO members shall agree on the DAO constitution during the first voting event and the said DAO constitution shall contain detailed provisions on how decisions related to the Network Tokens can be made.

VI. Non-Disclosure

The Parties, their directors, officers, employees, consultants, counsel, accountants, and other agents shall not disclose any information disclosed to them in the process of

[5] Normally, a 1-year lock-up with monthly vestings, meaning this clause should be filled with "one", "12", "11", "12", and "11" respectively.

negotiation of this Token Warrant, its terms, and its existence, as well as any information about the business of the other Party.

VII. Own Account

The Investor is acquiring this Token Warrant for their own account and not as a nominee or agent, and not with a view to the resale or distribution of any part.

The Investor, if a legal entity, has not been formed for the specific purpose of acquiring this Token Warrant.

VIII. Dispute Resolution

This Token Warrant is governed by the laws applicable to the Convertible Agreement.

If the Parties face a dispute, they shall attempt to resolve it by negotiations. The contact email addresses mentioned below shall be used to resolve the dispute. If the Parties are unable to resolve the dispute by negotiations in 60 days after its commencement, it shall be resolved by the same means as specified in the Convertible Agreement.

IX. End-Terms

This Token Warrant and rights under it cannot be assigned, conveyed, or transferred by Investor, in whole or in part, without the Company's prior written consent.

For the purposes of issuing the Investor's Portion of the Network Tokens, this Token Warrant shall be assigned by the Company to the Token Entity after the Token Entity is incorporated but, in any way, no later than the date of the Token Generation Event.

This Token Warrant may be amended in writing together by the Company and the Investor.

This Token Warrant shall expire automatically on the Expiration Date.

If one or more provisions of this Token Warrant are found unenforceable under the applicable law, such provision shall be excluded from this Token Warrant to the extent they are unenforceable. The remainder of the Token Warrant shall be interpreted as if such provisions were excluded and shall be enforceable in accordance with the remaining terms.

If this Token Warrant cannot be executed without causing a violation of laws applicable to the Investor, their jurisdiction of residence, domicile and/or incorporation, this Token Warrant shall be voided in full. The Company shall not be liable for any damages caused by the inability to execute this Token Warrant due to regulatory restrictions. It is the sole responsibility of the Investor to analyse the potential restrictions on the execution of the Token Warrant before entering into it.

[Copy and paste on your corporate blank]

X. Signatures of the Parties

COMPANY	INVESTOR
[FULL NAME]	**[FULL NAME]**
Address: [address]	Address: [address]
Company number: [number]	[Company number / ID]: [number]
Email: [email]	Email: [email]
______________________	______________________
[name], [position]	**[name], [position]**

[Copy and paste on your corporate blank]

ANNEX A

EXERCISE NOTICE

to the Token Warrant of [date] [month] 202[y] (the **"Token Warrant"**)

(to be completed by the purchaser themselves if they wish to exercise their right to purchase the Network Tokens and delivered with the payment of the Purchase Price)

Date: [date]

To: [Company / Token Entity]

Subject to the terms of the Token Warrant, [I/we] hereby exercise the purchase right under the Token Warrant in respect of **[number of Network Tokens] Network Tokens** and request the issue of said Network Tokens to the following public key (address):

[wallet address]

[I/we] understand that the Token Warrant may only be exercised subject to the restrictions specified in the Token Warrant. By delivering this Exercise Notice, [I/we] confirm that all warranties and representations in the Token Warrant remain true. [I/we] accept the risks associated with the Network Tokens.

[I/we] attach a proof of [bank transfer / blockchain transaction] made for the payment of the Purchase Price in an amount equal to **[price] [currency]**.

[I/we] authorise the Token Entity to enter [my/our] full name into the distributed register of initial tokenholders of the Network Tokens, if any. [I/we] understand that holding Network Tokens does not confer rights equivalent to the shareholders of the Token Entity.

DELIVERED BY:

[Investor]

[address]

[e-mail]

____

by [name], [position]

RECEIVED:

on ____________________ *(date)*

____

by ____ *(name, position, company)*