Cryptyk Token Sale (CTK)

CRYPTYK

Decentralized Security & Storage for Enterprise

Business White Paper

cryptyk.io

Contents

1. Overview of the Cryptyk Token Sale

1.1 What is a CTK Token?

The Cryptyk Token (or CTK Token) is the new digital crypto-currency for cyber-security and cloud storage applications. It enables enterprises, businesses and individuals to purchase cloud security and storage services from Cryptyk Inc. These customer purchases drive the CRYPTYK hybrid blockchain engine and fuel the resultant CTK crypto-economy. The hybrid blockchain engine securely stores confidential files, controls user access, tracks file sharing between users, and encrypts all stored data and network communications. These security services or transactions are authenticated and processed by a consensus of crypto-currency miners on a blockchain platform, who also get paid for their services in CTK tokens. The CTK token is a "utility" token whose long-term growth in value is driven much more by customer transactions than by investor market sentiment. Nonetheless the CTK is the first utility to meet SEC requirements for securities.

The CRYPTYK platform and the associated CTK crypto-economy is the first complete, cost-effective cyber-security and cloud storage solution that can be used by individuals, businesses and enterprises alike. It has the potential to revolutionize the global cyber-security industry by eliminating the profit from hacking, and removing risk from the cloud. The CTK economy is structured with multiple incentives for all participants including customers, developers, miners and token sale investors.

1.2 Summary of CTK Token Sale Event

Token Sale Structure:	2 Rounds (Pre-Sale Round for accredited investors + Public Sale Round)
Pre-Sale	Pre-sale round closed on November 23rd 2018 (1 year lock-in for USA)
Public Sale Open	12th December 2018 (9am UTC / 7pm AEST) – no lock-in period
Public Sale Finish Date	8th February 2019 (11pm UTC / 9am, 19th January AEST)
Price of CTK Token	US$ 0.10 for Pre-Sale Round / US$ 0.125 for Public Sale Round
Volume Bonus Offers	Limited bonus packages available for both pre-sale and public sale rounds
CTK Tokens for Pre-Sale	175,000,000 for Pre-Sale (soft cap / 1 year vesting for US investor only)
CTK Tokens for Public Sale	75,000,000 for Public Sale (hard cap / no vesting period/ not open to USA)
CTK Tokens for Cryptyk Inc.	250,000,000 (Team vesting over 4 years / Advisors vesting over 2 years)
CTK Tokens for Cryptyk Found[n]	250,000,000 (80% vesting after 1 year / 20% no vesting period)
Total CTK Tokens Created	750,000,000 as per vesting schedule (no more tokens will ever be created)
Minimum Raise Amount	US$3 million soft cap (already reached)
Maximum Raise Amount	US$15 - 20 million (hard cap at 250,000,000 tokens incl. bonuses)
Methods of Token Purchase	Fiat Payments (USD), Bitcoin (BTC), Ethereum (ETH) or via Shapeshift
CTK Token Distribution Date	No later than 28th February 2019 (5pm UTC / 12pm EST / 9am PST)

2. Cyber-Security Market Overview

2.1 Enterprise Security and Storage Markets

The enterprise security and storage markets are inextricably linked. While cloud storage offers massive advantages for all business including employee mobility and broad data accessibility for no capital costs, it also exposes the business enterprise to inevitable cyber-security breaches or hacks. Cyber-security costs for most individual consumers might be relatively small compared to their cloud storage costs. However, cyber-security costs far outweigh cloud storage costs for most small-medium businesses and all large enterprises. The cloud storage market is currently worth $30 billion per annum*. In contrast, the cyber-security market that is supposed to protect that stored data is now worth $120 billion. In total the cloud security and storage markets are currently worth $150 billion per annum and growing at over 20% CAGR.
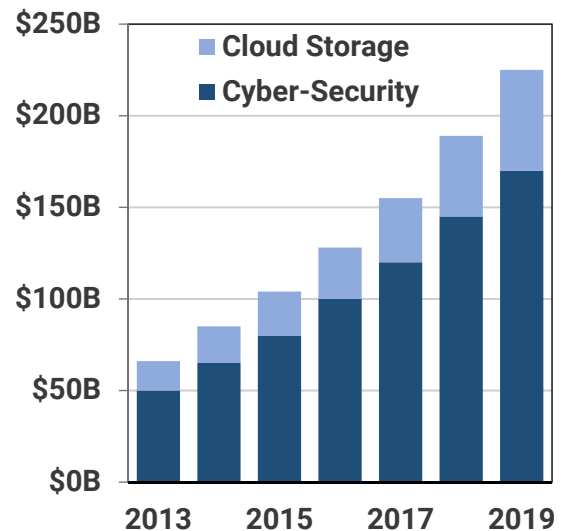
2.2 Industry Pain Point - Ineffectiveness

Spending $4 on cyber-security for every $1 spent on cloud storage might seem a cost-inefficient pursuit. However, the true reality is much worse. For every $1 spent on cyber-security over $6 is still lost to cyber-crime. Conventional cyber-security strategies necessitate a complex, multi-vendor approach that is not only expensive but largely ineffective against a myriad of potential security threats. By any measure, the cyber-security industry is losing the war against the hackers. With over 2 billion personal records stolen in 2017, annual losses due to cyber-crime now exceed $750 billion and are growing at 30% CAGR. A dramatic shift in strategy is now required to counter this trillion-dollar threat to online data.
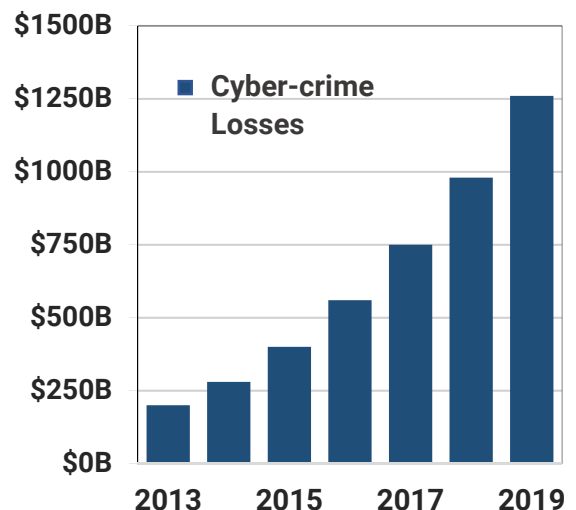
2.3 Decentralized Storage

The fundamental weakness of conventional cloud storage lies in its highly centralized nature. While offering fast, reliable data storage at low commodity pricing, centralized storage networks also offer hackers access to huge amounts of confidential data once security defenses have been breached. However, decentralized technologies such as blockchain are now emerging that can dramatically reduce or even eliminate the attack surface of online data. Instead of trying to prevent inevitable security breaches, encrypted decentralization can ensure that any data stolen is useless to the hackers. **The tables are turned, and hacking now becomes a cost-inefficient or unprofitable pursuit**.

* Industry References: Gartner, Forbes, Markets & Markets, Breachlevelindex.com

3. Hybrid Blockchain for Enterprise Security and Storage

Cryptyk Inc. is building the CRYPTYK platform as a complete cloud security and storage solution for business and enterprise. CRYPTYK utilizes a "hybrid blockchain" design comprised of two complementary decentralized platforms:

1. **VAULT** is a decentralized multi-cloud storage platform for encrypted file management and sharing.

2. **SENTRY** is a decentralized blockchain platform for tracking and auditing of all user access and file-sharing events.

VAULT
Multi-Cloud Storage

SENTRY
Blockchain Auditing
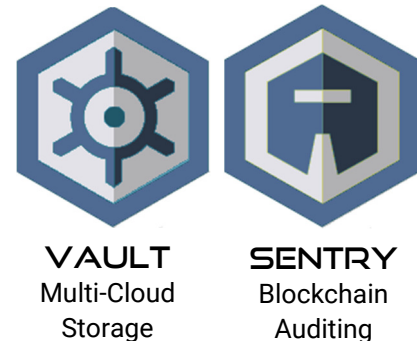
The CRYPTYK security and storage platform is a single vendor solution for all businesses, enterprises, and even individual consumers. The hybrid architecture offers dramatic reductions in both potential attack surface and ongoing operating costs. The platform offers **broad cyber-security protection against the five major threats to the cloud (ie: external, internal, viral, operational and surveillance threats)**, and includes cloud storage in the same product bundle.

3.1 VAULT – Decentralized Multi-Cloud Storage

VAULT represents a paradigm shift for online security and cloud storage. Instead of trying to prevent online security breaches from occurring, it assumes unwanted breaches will remain frequent and inevitable. This *safe-to-hack* multi-cloud storage platform passively ensures that any stolen data is rendered useless to external hackers, while also preventing the operation of viruses and malware.

Each individual file is first encrypted and then sliced into 5 different portions or shards. Each of these file portions is then encrypted again and stored separately on 5 third-party cloud storage providers (such as Amazon, Google Drive and Box). The encryption algorithm also determines a storage format that ensures storage node redundancy and 24/7/365 operational reliability. Each file is stored in a granular, distributed format across 5 independent cloud storage providers, using 6 encryption keys per file. Importantly, all encryption keys are only stored on the user's personal devices and offline back-up system. No encryption keys are stored in the cloud.

This encrypted, file-decentralized cloud storage design is passively immune to large-scale external attacks on cloud storage providers, even if data can be successfully copied and decrypted. File decentralization also prevents viruses and malware from being able to execute, even if successfully uploaded. Inbuilt storage node redundancy also means the platform is immune to operational failures and DDoS attacks against cloud providers. Consequently, VAULT represents a storage format that is **passively immune to three of the five main cyber-security threats (namely external, viral and operational).** The only remaining threats to counter are from disloyal internal sources and surveillance on individual users, which are addressed by the SENTRY blockchain platform.

VAULT

1 — File Upload
2 — Encryption
3 — Splicing
4 — Encryption
5 — Multi-Cloud Storage
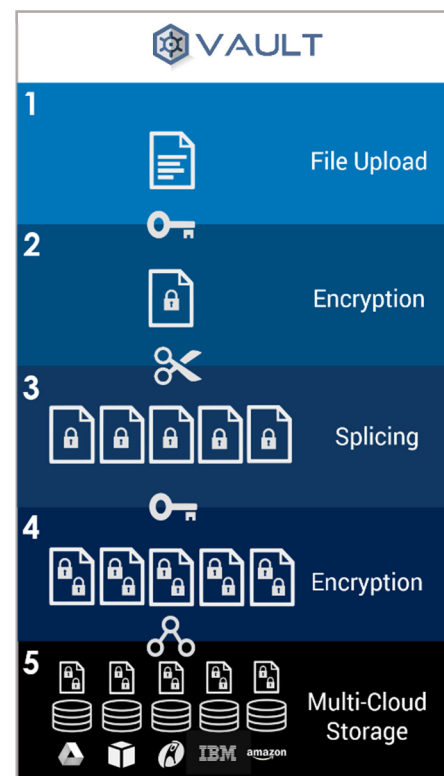
3.2   SENTRY – Decentralized Blockchain Auditing

SENTRY represents a uniquely powerful method of providing **cyber-security protection against both internal threats, and surveillance or intercept threats**. It leverages the immutable nature of the blockchain network to provide a permanent auditable record of all user access, file sharing and communication events. It also creates an ever-evolving cyber-security ecosystem that provides incentives for customer adoption, open-source development, and economic participation or crypto-investment.

The SENTRY private permission blockchain engine offers much more than simply monitoring user access and tracking all file-sharing activities. It offers encrypted communications for email and chat. It offers offline key back-up, digital leak protection, threat analysis, data geo-fencing and user quarantining for network administrators. It offers enterprise-level, group-level, user-level and file-level security permission management. Most important of all, it offers an open-source security and storage platform that can be integrated into third party software products for industry-wide security solutions. The independent crypto-economy that is powered by the SENTRY blockchain network is designed to incentivize third party developers and software providers to build APIs and plug-in integrations, thereby organically expanding the range of product applications and features. The design also incentivizes customers to trial the platform and stockpile crypto-currency to achieve significant cost savings from revenue-driven currency growth over the long term.

SENTRY, when combined with the VAULT storage platform forms the complete hybrid blockchain solution that offers highly effective, cost-efficient protection against all 5 main security threats to online data. The CRYPTYK hybrid blockchain platform is a **complete security and storage product, an incentivized cyber-security community, and a crypto-currency economy with viral network adoption, all in one product.**

3.3   Advantages of Hybrid Blockchain Technology

COMPLETE SOLUTION
The CRYPTYK platform is the first complete enterprise-class security solution that includes cloud storage and broad security protection against all external, internal, viral, surveillance and operational threats. Instead of a complex, piecemeal, multi-vendor approach, enterprises can now choose a **simple, complete solution from a single vendor**.
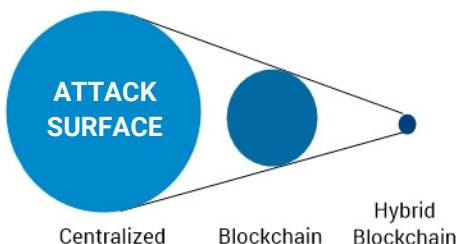
HIGHLY EFFECTIVE
Decentralized platforms based on blockchain-only file storage (eg: Sia, Storj, Filecoin) typically expose 1% of the potential attack surface to hackers compared to centralized storage systems. However, hybrid blockchain has two rings of decentralization, translating to a **miniscule attack surface** < 1% of blockchain-only networks, and < 0.01% of conventional centralized networks.

COST-EFFICIENT

This single vendor, all-in-one, security and storage solution has dramatic cost benefits over existing, patchwork, multi-vendor options. The CRYPTYK solution is typically < 50% of the total cost of equivalent multi-product solutions from 2-4 cloud vendors. Furthermore, by stockpiling crypto-currency assets for future product purchases, **enterprise customers can directly drive up the currency value** of the Cryptyk digital economy, thereby increasing their own cost savings over time.

LOW LATENCY

The biggest drawback of all blockchain-only file storage platforms (such as Sia, Filecoin and Storj) is their large access latency. Nobody wants to wait 30-60 seconds to start uploading a single, small file. Consequently, blockchain file storage systems are not suitable for live editing or real-time enterprise applications. Their only real use case is for secondary backup storage of large-scale batch file content. In contrast, CRYPTYK hybrid technology exhibits **access latency < 200 milliseconds** which is comparable to conventional cloud storage latency, enabling real-time applications.

3.4   Cryptyk Token (CTK) Economy

The CRYPTYK security engine drives the economics of the Cryptyk Token (CTK) crypto-currency. The private permission blockchain design is a highly effective, cost-efficient method for providing protection against internal and surveillance security threats. Moreover, the decentralized blockchain platform is perfectly synergistic with the decentralized multi-cloud storage platform. Two separate rings of decentralization for file storage and user access security dramatically reduces the potential attack surface of the platform as a whole. Ultimately, the immutability of the blockchain ledger means that **user verification, file tracking and security auditing functions are the primary use cases for CTK tokens**. In addition to this fundamental token utility, the associated CTK economy that the blockchain security engine drives has four other ancillary functions and participant benefits.

VIRAL NETWORK EFFECTS

Cryptyk's primary focus on **financial, legal, banking, accounting and insurance markets** means that there is significant overlap between our enterprise customer base and token sale investor base. A targeted CTK token sale event combined with viral file sharing between users enables three powerful network growth effects to occur. These network effects are (1) investor adoption via conversion of customers, (2) customer adoption via conversion of investors, and (3) customer adoption via conversion of our customer's customer (ie: individual consumers).

COMMUNITY DEVELOPMENT

The Cryptyk Token Sale has been structured to **provide incentives for enterprise customer adoption and third-party developer participation**. One third of all CTK tokens created are to be managed by the non-profit Cryptyk Foundation entity. The Foundation will issue CTKs to customers for product trial participation, and to open source developers for building plug-ins for integration with enterprise software. This will ensure a healthy, thriving, evolving community for all CTK participants.

PRODUCT DEVELOPMENT
One third of all CTKs created via the token sale event will be issued to participating investors via a private pre-sale round and a global public sale round. The funds raised in USD, Bitcoin and Ethereum will be used by Cryptyk Inc. for product development and sales. To deliver a minimum viable product (hosted on AWS) at least US$3 million of funds are required (minimum raise amount). To deliver the ideal version of the CRYPTYK product (internally hosted) up to US$25 million of funds will be required. Hence **the sale is capped at 250 million tokens** as product development will not require any more funds.

LONG TERM VALUE
The fundamental utility of the CTK token is the primary driver of its long-term growth. The more security and storage services sold by Cryptyk Inc. to enterprise customers the greater the demand for CTKs compared to supply. Utility tokens driven by revenues offer stronger, more immediate growth potential than securities which typically reflect market sentiment of company earnings. Consequently, **CTK value will grow directly with revenue growth over the long term**, irrespective of speculative market sentiment.

3.5   Cryptyk Foundation and Global Community

The global Cryptyk community is a critical component of the entire CTK ecosystem and economy. For any permissioned blockchain technology to grow into a widely used open-source platform, it must correctly incentivize both customers and developers to use its crypto-currency. For this reason, one-third of all CTK tokens created (or 250,000,000 CTKs) are to be managed by the non-profit Cryptyk Foundation for the incentivization of customers and developers to participate in the CTK economy. The primary function of the Cryptyk Foundation is to grow the Cryptyk community globally and hold regular membership events to promote the CRYPTYK open source platform to both customers and developers.

While Cryptyk Inc. has its corporate headquarters located in San Francisco (USA), the non-profit Cryptyk Foundation will have its headquarters in Adelaide (Australia). This location is reflective of the pan-pacific history of Cryptyk with half of the founding team originating from Adelaide. Australia also offers some unique benefits as a global community base compared to common European locations for crypto-currency entities. It offers a supportive regulatory environment for utility crypto-currencies and has a large, stable, *transparent* financial services and banking industry. There also exists untapped potential in Australia for a thriving crypto-currency community, and significant scope to acquire some large enterprise customers. Moreover, its close proximity to Asia means easy access to the world's fastest growing enterprise security and crypto-currency markets. Nonetheless, the Cryptyk Foundation will develop a truly global community presence with additional offices planned for Zug (Switzerland) and New York (USA) by the end of 2018.

Customer members of the Cryptyk Foundation will be offered free CTKs to trial the CRYPTYK platform. They will also be offered additional discount incentives to stockpile CTKs for future purchase of security and storage services. Developer members of the Cryptyk Foundation will be offered attractive software development contracts (in CTKs) to develop APIs and plug-ins for integration with third-party enterprise software platforms (using the Cryptyk Software Developers Kit). The Foundation will also use CTKs to seed new research and development projects that are synergistic with the CRYPTYK platform. Ultimately, **the Foundation is responsible for managing the rate of release of new CTK's into the economy via customer and developer incentives**. Consequently, the Foundation can act to manage the liquidity of the CTK economy in order to minimize short-term volatility from opportunistic or speculative investors.

3.6 Economic Benefits of Token Utility

A security-based crypto-currency or digital token without real product functionality is typically structured as an equity-based asset class (similar to company shares). The value of a security token on public crypto-exchanges is ideally supposed to reflect the value of company performance as determined from company profitability or earnings. Earnings are equal to product revenues less product costs and operating costs. However, there is no direct relationship between earnings and token value, so company announcements are required to affect market sentiment. Furthermore, positive earnings typically follow the start of product revenues by 9 -18 months and usually do not grow as quickly as revenues. Ultimately, **securities are totally dependent on how accurately market sentiment reflects company earnings**, and they are susceptible to market manipulation. Hence, many security-based crypto-currencies exhibit highly volatile price fluctuations that cannot be managed by the company or regulators.

Typical Product Revenues and Company Earnings

Earnings start

Revenues start
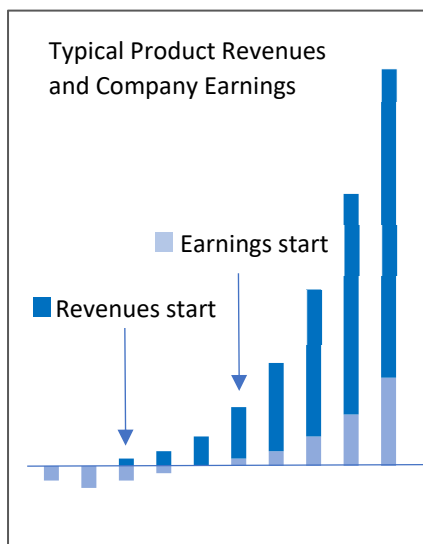
In contrast, the high product functionality of a utility token is the key factor that drives its long-term growth in value. Purchasing utility tokens is equivalent to investing in a product or commodity rather than investing in company equity. Consequently, **the success of a utility token is directly dependent on the success of the product** rather than company profitability or market sentiment. The value of utility tokens scale directly with customer demand and transaction volume. This direct relationship is an inherent behavior of all utility tokens, product commodities and even many fiat currencies. In the case of the CRYPTYK platform, customer purchases of security and storage products directly drive CTK demand versus available supply.

Critical to the Cryptyk business model is that all prices are fixed in fiat currency (eg: USD, Euros) but are variable in CTKs. Payments are made to cloud vendors (ie: third-party cloud storage providers) in fiat currency, while profits are retained in CTK digital currency. Customers can purchase products in USD which then gets converted into CTKs at the current exchange rate which automatically places demand on the CTK market. Alternatively, customers can stockpile CTKs and advance purchase several years of security and storage services. Given forecast modelling of CTK value growth with product revenues, this strategy for customers might pay for 5 years of cloud security and storage services for only 1 year of advance purchase of CTKs. For very large enterprise customers, this strategy is almost a self-fulfilling prophecy. **It is the customer's own advance purchase that places significant demand on the CTK market, driving up CTK price which translates to major purchase savings.**

Market sentiment may affect short-term CTK pricing, with market volatility and price growth dependent on overall market liquidity. Market liquidity is effectively the number of tokens that can be bought or sold before price increases or decreases naturally occur on the crypto-currency market exchanges. The more market liquidity, the less market volatility and susceptibility to investor sentiment or manipulation. The Cryptyk Foundation can increase market liquidity via the release of tokens to customer and developer members. Regardless of market liquidity, CTK value will increase over the long term due to network participation by enterprise customers, irrespective of short term market sentiment.

The CTK economy has been structured such that product utility and customer participation will be more significant to CTK value than speculative market effects. Hence investing in the CTK utility token offers more stable long-term growth, less price volatility and more immediate returns on investment. This applies to both customers of the CRYPTYK platform and participants in the CTK Token Sale Event. Because our customer focus is on financial, banking, legal and investment industries there is large overlap between potential customers and investors. This will result in a viral network effect that converts one into another. The best way to create a truly committed community is to have your customers want to be your investors.

3.7 Token Economic Design

The CTK Token Economy is structured within a framework that offers the potential for the economy and technology to evolve and change over time. Because our SENTRY blockchain platform uses other blockchain protocols to power its security verification and encryption processes the platform is basically blockchain agnostic. The CTK smart contract and exchange engine can sit on top of both public protocols such as Ethereum and private permissioned protocols such as Hyperledger Fabric. If a future blockchain protocol is developed that is superior to current options Cryptyk will be able to transition to an advanced next generation blockchain protocol when available. This design ensures that the Cryptyk platform is both state of the art and future proof. The initial starting conditions for this evolving economy are that 750,000,000 CTK tokens have been created and divided into 3 equal pools of tokens with different conditions.

(1) 250,000,000 CTK for Token Sale Investors (1 year vesting only for US pre-sale investors)
(2) 250,000,000 CTK for Cryptyk Stakeholders (4 year vesting period at 25% tradeable per year)
(3) 250,000,000 CTK for Cryptyk Foundation (Community Incentives and Economy Management)

Initially, only 250 million CTK owned by Token Sale Investors will be available to buy and sell on multiple cryptocurrency exchanges and via off-market trades. After 6 months CTK from the Cryptyk Foundation will start to be issued to enterprise customers to encourage participating in the 3 month customer trial phase in Q2 2019. As soon as customers spend the CTK on monthly product services this CTK enters the public marketplace via the Cryptyk Engine Exchange Pool. Community incentive payments to enterprise customers for a 3 month free trial of our product will continue until such incentives are not required for sustained growth in customer adoption rates and CTK price. After 1 year tokens owned by US investors and 25% of the

tokens owned by Cryptyk Stakeholders will start to enter the publicly traded exchange market. The remaining 75% of Cryptyk Stakeholder tokens will enter the market at a rate of 25% per year.

When customers purchase Cryptyk SaaS products at fixed USD prices these funds will purchase sufficient CTK from the public markets after vendor and operational expenses are paid. The non-profit Cryptyk Foundation who manages the release of CTK into customer and developer communities also receives a percentage of the CTK profit generated by customer adoption. This ensures that the Foundation can effectively manage the growing token economy by having sufficient control of both influx and outflux of CTK into the public markets. The exchange of fiat currency into CTK is variable with profit sharing between Cryptyk and the Foundation managed by the software platform itself via the Cryptyk Platform & Exchange Engine (as illustrated below). The engine interacts directly with the blockchain agnostic Currency Exchange Pools that purchases tokens for customer participation on a monthly or quarterly basis. If revenues increase the purchasing delay between pools facilitates greater demand than supply. Importantly, if the CTK price is undervalued the Foundation may also purchase and stockpile CTK tokens from the public crypto markets (via market making partners) in a process that is analogous to share buy-backs by public companies. Foundation management of exchange engine parameters and stockpiling levels is used to responsibly manage the effect of customer adoption on CTK markets. Ultimately the Foundation could control all product development and economic management with the company becoming redundant to the open-source ecosystem (ie: privately managed utility would become community managed).
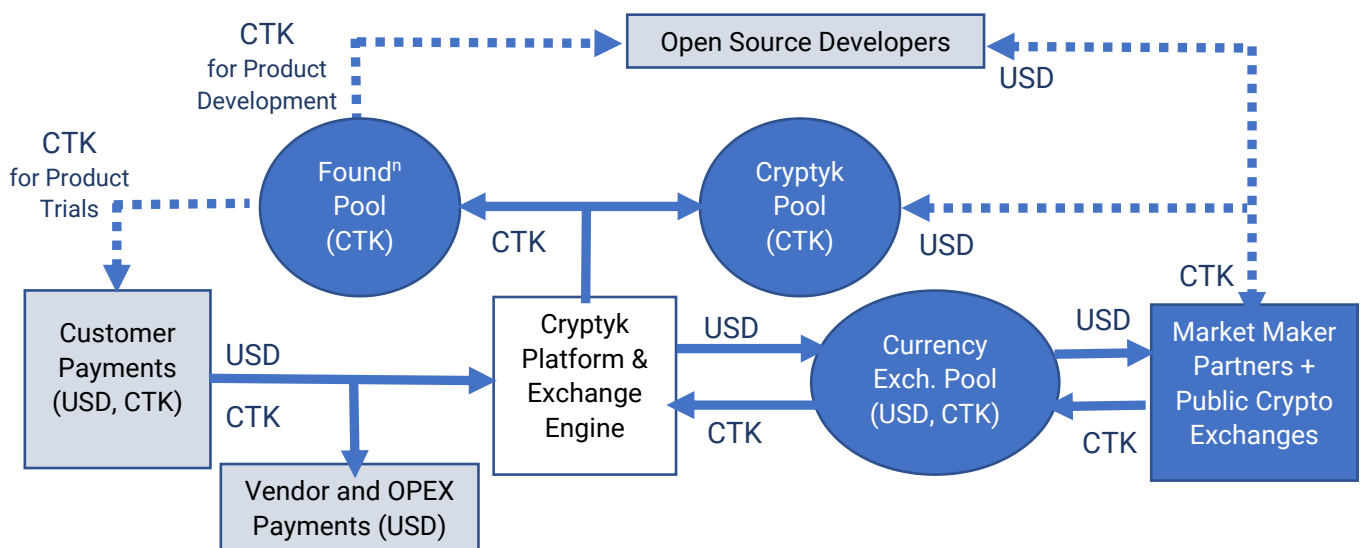
3.8   Regulatory Assessment of CTK Utility

A complete and detailed legal evaluation of the utility of the CRYPTYK platform and CTK Token economy has been performed by qualified legal advisors. This included a full regulatory assessment of CTK tokens being classified as either a utility or security token for various international regions. This regulatory assessment has resulted in the structure of the CTK Token Sale into 2 separate sale rounds (pre-sale and public). We will now discuss the regulatory assessment for major international jurisdictions.

USA – Utility (but sale structure will meet SEC's Reg D exempt security requirements)

A common guideline for assessment of a security is that it must pass all four measures or prongs of the *Howey* test. These four prongs relate to (1) the investment of money by participants, (2) in a common enterprise structure, (3) with the natural expectation of profits that are (4) solely derived by the efforts of others. After detailed evaluation it appears the CTK token has a strong case for failing classification as a security because it would likely fail at least one of the four key prongs of the Howey test. If the Securities

Exchange Commission (SEC) follows the Howey test guidelines, the CTK appears likely to be classified as a utility in the US. This would mean that the Token Sale Event would not have to meet SEC investment regulations. Unfortunately, the SEC has not yet issued firm and clear rulings on its assessment of digital tokens and crypto-currencies as either securities or utilities.

Despite the very strong case for CTKs being classified as a utility because of the Howey test, there exists recent evidence that the SEC may ultimately not apply this test to its assessment of digital tokens. Importantly, the Howey test has not yet been directly applied by US courts to any digital currency or blockchain token. Furthermore, recent SEC announcements on its analysis of DAO tokens (created by German company Slock.it UG) and MUN tokens (created by US company Munchee Inc.) have added more uncertainty about future SEC regulatory assessment in the US. In both cases the SEC ruled that the issued tokens were securities, despite both companies claiming their tokens had significant product utility.

Although the CTK token has significantly more utility than DAO or MUN tokens (or even Bitcoin or Ethereum), the regulatory environment in the US is still very unclear. Cryptyk Inc. does not want to structure the CTK Token Sale Event as a utility in the US, just to find that the SEC retrospectively rules that it is in fact a security. Consequently, the CTK Token Sale event has been structured as a security for US investors. Although CTKs will be assessed as securities for US investors, Cryptyk Inc. will qualify for an exemption under rule 506(c) of Regulation D of the Securities Act. This exemption means that Cryptyk Inc. will not be required to register as a security with the SEC. It also means that only verified accredited investors in the US can participate in the private pre-sale round and there is a one year holding period to receive tokens. **No US investors can participate in the public sale round for non-accredited investors.**

Canada – Utility (but sale structure will meet SEC's Reg D exempt security requirements)
The Canadian Securities Administrators (CSA) has recently released guidance that the test of a crypto-currency as a security will be evaluated under the *Pacific Coast* test. The Pacific Coast test is similar to the Howey test. If one of the four conditions for classification as a security is not met, a digital token is likely to be classed as a utility. However, there have been no cases of the CSA applying this test yet to determine whether a token is a utility or security. The exact CSA assessment of each Pacific Coast test condition may vary significantly from our internal Howey assessment. Consequently, the company has decided to err on the side of caution and structure the CTK Token Sale Event as an exempt security for Canadian investors. As with US investors, only verified accredited Canadian investors can participate in the pre-sale round. **No Canadian investors can participate in the public sale round for non-accredited investors.**

Australia – Utility
The Australian Securities and Investments Commission (ASIC) has multiple investment classifications to define its treatment of securities. Securities are defined by ASIC as either shares, derivatives, non-cash payment (NCP) facilities or managed investment schemes. The CTK token sale is not an offer of shares since the tokens do not represent ownership or equity in Cryptyk Inc., confer voting or governance rights, or have any other characteristic of shares. CTK tokens are also not derivatives since their value is dependent on the nature and number of transactions within the Cryptyk network, and they also do not directly depend on any underlying instrument or reference asset, including the price of Bitcoin or Ethereum tokens. CTK tokens are also not NCP facilities since no non-cash payments will be made to payees. Finally, the token sale cannot be defined as a managed investment scheme as investors are not brought together to contribute pooled monies so that they receive interest in a scheme managed solely by a responsible entity. Ultimately, because customer participation in the network can directly affect CTK price, the CTK token is not classified as a security by ASIC. Hence, the CTK token will likely be treated as a utility product or commodity, and Australian investors will be allowed to participate in both the private pre-sale round for accredited investors and the public sale round for non-accredited investors.

**European Union, Switzerland and Russia – Utility**

European regulators, most notably in Switzerland, have developed a supportive environment for utility based crypto-currencies, ICOs and token sale events. The CTK has a very strong case to be defined as either a utility token or commodity product in the European Union (EU), Switzerland and Russia. Consequently, all European Union, Swiss and Russian investors will be allowed to participate in both the private pre-sale round for accredited investors and the public sale round for non-accredited investors.

Singapore, Hong Kong, Macau and Abu Dhabi – Utility

The Monetary Authority of Singapore (MAS) has issued guidance on digital currency case studies whereby tokens that function strictly as utilities, even pre-functional utilities, will not be subject to any requirements under the Securities and Futures Act. In other Asian regions such as Hong Kong, Macau and Abu Dhabi that have issued clear guidance on the definition of security tokens, digital tokens with utility have been defined as commodities or products. Consequently, most Asian investors will be allowed to participate in both the private pre-sale round and the final public sale round of the CTK token sale event.

China and Brazil – Banned from Public Sale

The Peoples Bank of China (PBOC) has recently announced that virtual currency transactions are "unapproved" illegal activities. The announcement is effectively an indefinite freeze on all ICOs and token sales. It is also likely that Brazil may soon ban token sale investments. Hence **Chinese and Brazilian citizens and residents will not be allowed to participate in the public sale round of the CTK token sale event and are banned as investors**. **Note Chinese Institutional investors may participate in pre-sale round via Hong Kong or Macau entities.**

Pre-Sale + Public Rounds

Pre-sale Round Only

No participation allowed
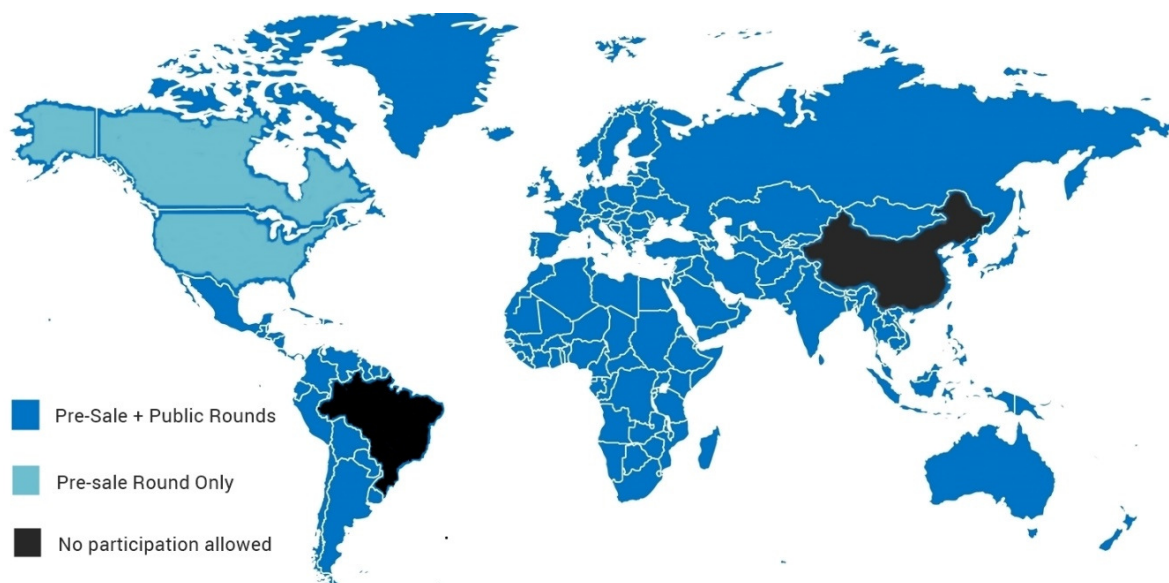
Regulatory Filing and KYC / AML Requirements

As an exempt security in the US under Rule 506(c) of Regulation D the company will file a Form D for an exemption with the SEC within 15 days of the private pre-sale round commencing. Cryptyk will also file registration notices of the exemption filing in the states of California and New York (if required). Only pre-verified accredited investors from the US and Canada will be allowed to participate in the initial private pre-sale round of the CTK token sale event. Participation in the private pre-sale round will require pre-verification of proof-of-identity under Know-Your-Customer (KYC) and Anti-Money Laundering (AML) guidelines. US and Canadian citizens and residents will also require their accreditation status verified. US and Canadian citizens or residents cannot participate in the public round for non-accredited investors.

4. Cryptyk Business Model

4.1   Product Suite and Customer Adoption

Cryptyk Inc. is building the CRYPTYK platform as a complete enterprise-class cloud security and storage solution for large enterprises, small-medium businesses (SMBs), and even individual public consumers. This complete market approach necessitates three different versions of the VAULT and SENTRY product bundle for each type of customer, delivered as a Software-as-a-Service (SaaS) offering.

LITE Individual Free User (Vault only)	PRO 1 - 100 Individual / SMB Users (Vault + Sentry)	ENTERPRISE 100+ Enterprise Users (Vault + Sentry)
1 GB Storage	500 GB / User + SENTRY	1TB / User + SENTRY PLUS
	All of LITE, plus:	All of PRO, plus:
Sub-File Level Decentralization	API Integrations Suite / SDK	Hybrid Drive Link
Two-level RSA User Encryption	File-level Access Permissions	Shadow Data Analysis / Full Audit
Multiple Vendor Redundancy	File Watermarking & Versioning	File Tracking & Monitoring
18 Factor Device Fingerprinting	File History / Logging / Auditing	Network Admin, Security Control
Encrypted UN, PW, Hashes, Keys	Group Admin, Migration, Back-up	Data Leak Prevention (DLP)
Secure 2FA File Sharing via SMS	MFA / Time Sensitive File Sharing	Configurable Geofencing
Cold Storage Back-up of all Keys	Online Document Editing / Signing	Industry Specific Compliance / GRC
File Preview (PDF, Images only)	File Preview (all file types)	Network/ Group / User/ File AI Tools
Web-based User Interface	Web, Desktop Client, Mobile Sync	Remote Wipe & Quarantining
API for PW Managers / Digital Wallet	Encrypted Email, Chat & Messaging	Mobile User Tracking & Analysis
FREE	$15 / USER / MONTH	$30 / USER/ MONTH

The basic '*Lite*' version is free for all individual users and includes 1GB of secure cloud storage. This free VAULT storage account is passively immune to external, viral and operational threats. Any individual that a VAULT user shares a file with also receives a free 1GB VAULT account. Users can choose to upgrade to the paid '*Pro*' version which includes the SENTRY blockchain security platform and an upgrade to 500GB of storage on VAULT. This professional product bundle has advanced security features such as file-level access permissions, API integrations and encrypted email and chat. The Pro package will cost around $15 / user / month and is ideally suited for professional users and SMBs up to 100 users.

Most important of all products is the fully featured '*Enterprise*' version of the VAULT and SENTRY PLUS product bundle priced at around $30 / user / month. This includes next-generation security features such as File Tracking, Digital Leak Prevention, Geo-fencing, Shadow Data Analysis, Remote Wipe and User Quarantining. The platform protects against internal and surveillance security threats, and includes up to 1TB of VAULT cloud storage per enterprise user. The enterprise market is our primary market focus and acquisition of enterprise customers will be the sole goal of our marketing and sales teams. Acquisition of individual and SMB customers will occur organically via enterprises sharing confidential files with their customers. By targeting the ideal enterprise markets in financial, legal, accounting and insurance industries, the CRYPTYK platform will quickly generate viral adoption by SMB's and individuals via file sharing between enterprises and their customers. **Acquiring a customer also means acquiring our customer's customer**.
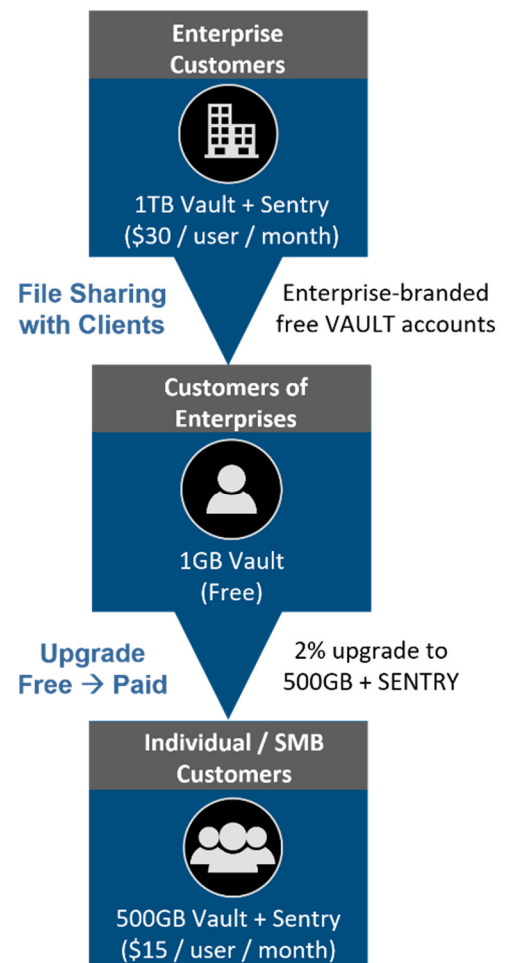
4.2   Go-to-Market Strategy and Customer Adoption

The CRYPTYK platform is ideally suited as a secure file storage and sharing solution for use by large enterprises in almost all global industries. However, our primary market focus is on industries that need to store large amounts of confidential user information, and who also have significant regulatory compliance requirements. We also want to target industries that have a large overlap with potential investors in our Token Sale Event. This will enable the CTK Token Sale to act as our initial phase of market penetration. Hence Cryptyk will **specifically target enterprises in the financial services, banking, investment, legal and insurance industries**. Once these security-critical industries adopt the CRYPTYK platform for its cyber-security protection, we expect other industries to follow suit.

The CTK Token Sale Event will act as an initial market penetration tool for the financial, legal, accounting and insurance industries. However, this will only create a founding community of interested participants and supportive believers in the CTK economy. It will not directly create participants in our product trial phase or convert investors into long-term enterprise customers. The Cryptyk Foundation will be responsible for growing the initial community of CTK participants and converting them into customers. Key to achieving this goal will be the organization of regular community events and the provision of attractive financial incentives for participation in the product trial phase, and ultimately for purchase of the final product release.

While Cryptyk will build up internal marketing and sales teams that focus on fostering community development and increasing customer adoption, we will also leverage large OEM sales channels with major global IT service providers**. Cryptyk is already in detailed partnership talks with some of the world's largest IT service providers to financial services and banking industries**. By providing an OEM version of the CRYPTYK platform for major IT providers to add to their existing financial services product suites, Cryptyk will gain immediate access to our OEM partners global sales channels.

The acquisition of targeted enterprise customers will automatically result in the conversion of our customer's customer into free network users (ie: individual consumers). Our modelling assumes that up to 2% of these free users will upgrade to the paid professional version of the platform within a year of use. As an example, if we acquire an enterprise customer with 1000 employees and 100,000 customers, we assume we will also acquire up to 2,000 additional paid users after the first year.

TARGET ENTERPRISE MARKET NICHES

FINANCE FINRA | INSURANCE NAIS | LEGAL PCI DSS

Enterprise Customers
1TB Vault + Sentry ($30 / user / month)

File Sharing with Clients — Enterprise-branded free VAULT accounts

Customers of Enterprises
1GB Vault (Free)

Upgrade Free → Paid — 2% upgrade to 500GB + SENTRY

Individual / SMB Customers
500GB Vault + Sentry ($15 / user / month)

4.3   Competitive Analysis

The CRYPTYK hybrid blockchain platform combines the best features of 2 different decentralized networks to provide a broad range of product features and capabilities that meet the security, cost and performance requirements for real-time cloud-based applications used by large enterprise. Moreover, the CRYTPYK platform offers product versions that also meet the pricing demands of individual consumers.

PRODUCT FEATURE		Conventional Enterprise Security + Storage Bundle (eg: Amazon + Netskope)	Blockchain-only File Storage (eg: Sia, Storj, Filecoin)
Relative Attack Surface for hacker breach	< 0.01%	10%	1%
Number of Vendors	1	2 - 3	1
File Access Latency	< 200 msec	< 200 msec	> 20 sec
Secure Data-in-Use, Live Editing, Chat, Apps	Yes ✓	Yes ✓	No ✗
Threat Analysis, DLP, User Auditing	Yes ✓	Yes ✓	No ✗
File Tracking, Geofence, Compliance	Yes ✓	No ✗	No ✗
Redundant Storage Format for 24/7/365	Yes ✓	No ✗	Yes ✓
Suitable for Enterprise	Yes ✓	Yes ✓	No ✗
Suitable for Consumers	Yes ✓	No ✗	Yes ✓
PRICE	$15 - $30 /user/month	$40 - $60 /user/month	$5 - $10 /user/month

In comparison to conventional enterprise-class cyber-security solutions for centralized cloud storage which typically eliminate 90% of the attack surface, the CRYPTYK platform can eliminate > 99.99% of the potential attack surface exposed to hackers. CRYPTYK also offers a complete security and storage solution from a single vendor compared to the 2-3 vendors that are required for equivalent conventional solutions (eg: Amazon plus Netskope). This translates to dramatic cost reductions of 50-60%, which also makes our enterprise-class cyber-security solution affordable enough for SMBs and even individual consumers. The Pro version of the CRYPTYK product bundle offers orders of magnitude more cyber-security protection than equivalently priced cloud storage offerings for SMBs and consumers. Regardless of potential advantages for consumers, **CRYPTYK is the first complete security and storage solution for our primary target market of large enterprise organizations** that store enormous amounts of confidential data.

In comparison to decentralized blockchain-only file storage systems (eg: Sia, Storj, Filecoin), the two rings of decentralization built into the CRYPTYK hybrid platform can reduce the potential attack surface exposed to external hackers by an additional factor of 100. Blockchain-only platforms also do not offer protection against internal and surveillance threats which are a requirement for enterprise-class cyber-security solutions. Hence, they are very much targeted at the consumer market where internal threats don't normally exist. Most importantly, blockchain access latencies are typically between 20 and 60 seconds compared to the low access latency of the CRYPTYK platform (ie: < 200 msec). The very large latencies of blockchain-only file storage platforms restrict their application to uploading large batch file content as a data back-up service. Hence blockchain-only platforms cannot be used for real-time cloud applications required by enterprises, such as real-time file editing and collaborative work applications. **Ultimately blockchain-only file storage platforms cannot compete in the enterprise market space.**
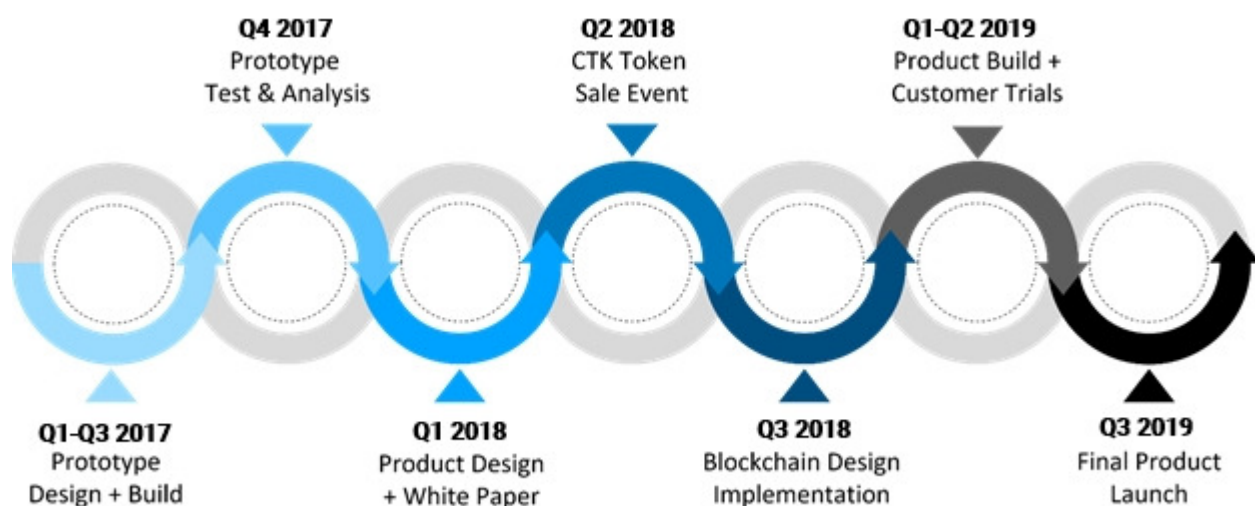
4.4   Product Roadmap

The CRYPYTK project has already spent over two years in system design, prototype development, security analysis and customer testing. Experimental prototype testing and customer feedback analysis was critical in optimizing the final technology design for the CRYPTYK hybrid blockchain platform (as described in the related Cryptyk Technology White Paper document). The CTK Token Sale commencing February 8, 2018 represents the scaling up of the CRYPTYK technology into a fully featured product suite, community ecosystem and cyber-security economy.

Delivery of the ideal SaaS product suite, hosted on Cryptyk's own internal server engines, is expected take approximately one year to develop, trial and then release. The product development schedule involves three key milestones, namely, (1) finalizing the blockchain design implementation in Q3 2018, (2) building the final product and hosting customer trials by Q2 2019, and (3) delivery of the final product to enterprise customers by Q3 2019. Product development, sales and operating costs to achieve positive cash flow is not expected to exceed US$20 million. Hence the token sale event is capped at 250 million total CTKs, which translates to a maximum raise amount between US$15 million to US$20 million, dependent on the relative uptake of various bonus deal offers and price volatility of digital currency assets .

Delivery of a minimum viable product, hosted on Amazon Web Services (AWS), will require at least US$3 million for product development. Hence the minimum raise amount for the CTK Token Sale is set at US$3 million. If this raise amount is not achieved the project will be cancelled and all monies refunded to investors. Assuming that the minimum US$3 million raise amount is achieved, any unsold CTK tokens remaining in the investor pool will be destroyed after the sale event to ensure transparency of the economy. An overview of the product roadmap is given below, with a detailed breakdown of the future product roadmap given on the following page.

Q4 2017 Prototype Test & Analysis

Q2 2018 CTK Token Sale Event

Q1-Q2 2019 Product Build + Customer Trials

Q1-Q3 2017 Prototype Design + Build

Q1 2018 Product Design + White Paper

Q3 2018 Blockchain Design Implementation

Q3 2019 Final Product Launch

	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
DESIGN									
Roadmap Brief	●	●							
Prototype Analysis	●	●							
Customer Feedback	●	●							
User Requirements	●	●							
Product Features	●	●							
VAULT Specifications	●	●							
SENTRY Specifications	●	●							
Blockchain Design			●						
DEVELOPMENT									
VAULT Engine Build		●	●	●	●	●			
SENTRY Engine Build			●	●	●	●	●		
Platform Integration				●	●	●	●		
Platform Optimization					●	●	●	●	
Trial Phase Analysis							●	●	
UI and CUSTOMER EXPERIENCE									
Wireframe Design		●							
Style Template Design			●						
UI Design / UX Flow			●	●					
UI / UX Build				●	●	●	●		
Customer Trials							●	●	
Final Product Release								●	●
Product Marketing						●	●	●	●
Product Sales								●	●
HR and QA									
CPO Hire				●					
Key Developer Hires		●	●	●	●	●			
Platform Test / Debug						●	●		
Security Auditing						●	●		
QA System Review						●	●		
QA System Approval							●	●	

4.5   Blockchain Design Implementation

While the prototype platform is integrated with the Ethereum ERC-20 protocol the final product may be built on top of a newer, better blockchain protocol such as Hyperledger Fabric. There are numerous potential third party options for implementing a blockchain into the CRYPTYK hybrid platform as our platform is protocol agnostic. The natural evolution of public blockchains into the private permissioned blockchain space, combined with the extension of private blockchains for public consumer applications, means that this area is undergoing rapid transformation and change. There exist at least five main contenders for our final blockchain consensus design implementation. However, this may change significantly over the next 6 months. Hence the final design decision will not be made until October 2018.

4.6   Financial Forecasts

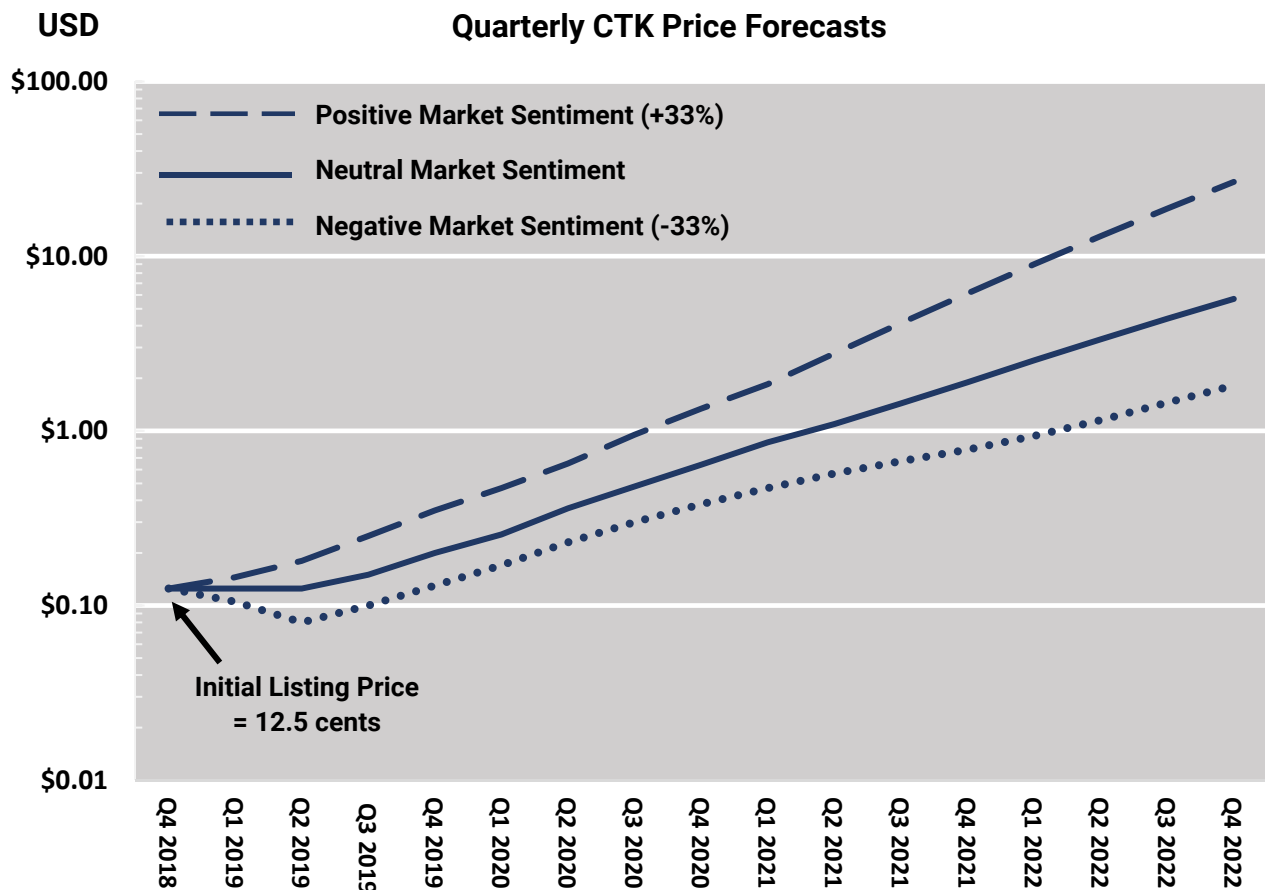**Quarterly Revenues Forecast**
The Cryptyk platform will be deployed for trials with strategic enterprise customers in Q2 2019 with revenues starting in Q3 2019. After 3 years quarterly revenues are forecasts to exceed $80 million in Q2 2022 with annual revenues exceeding $425 million for 2022. This represents approximately 0.17% of the $250 billion forecast market for cyber-security and cloud storage so is a modest target. Financial modelling has been performed based on validated business model assumptions, anticipated pricing structures, customer adoption parameters and the product development schedule described in the previous section. Financial forecasts for Cryptyk Inc quarterly product revenues are shown below.

USD   Quarterly Forecast Revenues for SaaS Products
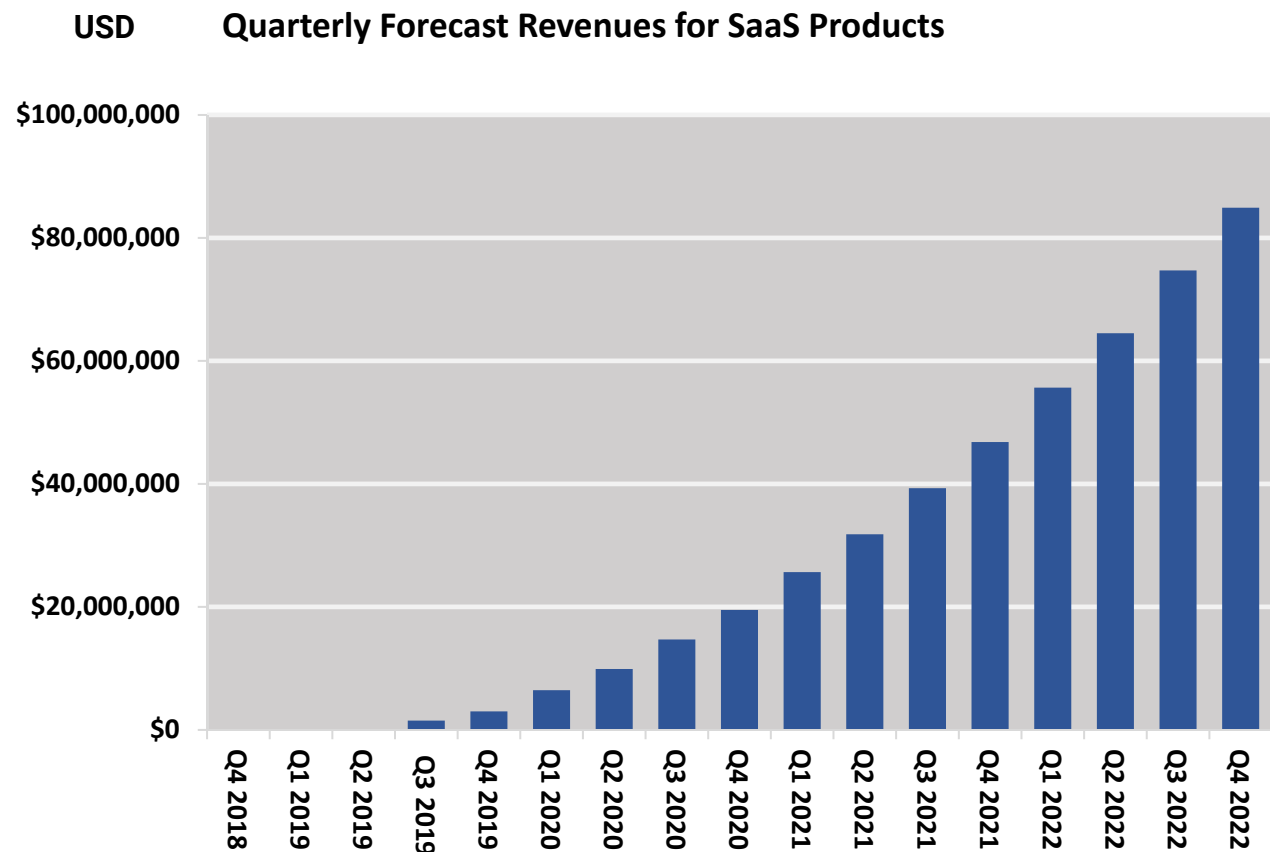
CTK Price Forecasts
As a utility token, forecast revenues for Cryptyk products will represent significantly more demand for CTK tokens from customer use than speculative investment market demand over the long term. Nonetheless, Cryptyk Tokens will be susceptible to investor speculation and market sentiment until Q3 2019 when product revenues start. In other words, CTK will behave just like a security token with no direct relationship between customer adoption and value. Market perception of revenue potential will determine CTK in the first 6 months of listing on crypto-currency exchanges. However, from Q3 2019 the CTK token value will start to be dominated by customer adoption and use. This utility behavior will dominate regardless of positive or negative market sentiment. In other words, if Cryptyk reaches revenues forecasts no amount of negative market sentiment can stop its long term growth potential. Note these forecasts are no guarantee of results.

The forecast CTK price growth, driven by market demand for Cryptyk products and services, has been calculated for 3 different market sentiment conditions that last for over 3.5 years. Analysis forecasts assume 10% market liquidity and investor demand versus supply ratios of 1.33, 1.00 and 0.67. Note that our analysis also assumes a market liquidity of 10% of the total investment pool, and multiple market making channels to maintain this liquidity. By Q4 2022 CTK price is forecast to grow from its public sale price of $0.125 to $1.80 (for 33% negative market sentiment), $5.60 (for neutral market sentiment) and $26.60 (for 33% positive market sentiment). After 3.5 years of product sales this represents a CTK price growth of 14x, 45x and 212x respectively as shown in the graph below.

Quarterly CTK Price Forecasts

Legend:
- Positive Market Sentiment (+33%)
- Neutral Market Sentiment
- Negative Market Sentiment (-33%)

Initial Listing Price = 12.5 cents

5. Cryptyk Team and Mission

5.1   The Cryptyk Story

In mid-2015, Cryptyk CEO Adam Weigold was investigating how to design a secure Bitcoin wallet. He found it ironic that a digital online currency such as Bitcoin could not be safely stored online. While very convenient online digital wallets are highly vulnerable to security breaches. Once a hacker identifies the private key address in a victim's digital wallet file, they have access to all funds contained in that wallet. Consequently, most significant amounts of digital currency are stored offline in what is commonly called cold storage (typically on a USB thumb-drive). Adam came up with the idea of storing digital currency private keys in distributed portions using a decentralized cloud format with two additional layers of encryption. He coined this secure cloud storage technology "safe-to-hack" storage and this became the initial concept behind the VAULT storage platform.

Adam discussed his ideas with long-time colleague and now Cryptyk COO, Indra Singhal, who had numerous investor contacts throughout Silicon Valley. Indra organized meetings with leading investment firms Sequoia Capital and Silicon Valley Bank to discuss the viability of the technology. They suggested that the technology needed to be vetted by a world-class cyber-security expert and recommended white-hat hacker Raghu Kotha (who had formerly managed security at Silicon Valley Bank). When Raghu's name was offered as a technical reviewer, Indra immediately disclosed that he had known Raghu for many years since they worked together at Bell Labs. Serendipity had just smiled on the project, and not for the last time.

Raghu spent the better part of a month reviewing the technology concept and then called Adam to discuss his analysis. Raghu agreed that the technology could be built into a truly "safe-to-hack" storage format that was immune to large scale external breaches. He also pointed out that it could be applied to every type of file format, not just to digital currency wallets. He believed it could become an ultra-secure file storage format that had enormous potential for enterprise markets. However, Raghu had one major word of caution for Adam. He told him that transforming his idea into an enterprise-class product would become a very large and complicated project, and that he needed a world-class software developer to design it for him. Then Raghu stated in his typical humble manner, that he himself would be an ideal candidate to design such a product. Adam immediately agreed, offered him the CTO position, and their partnership was born. The two co-founded the company at the end of 2015 and the CRYPTYK project began in earnest. The original mission statement of the company remains as true today as the day it was formed. **Cryptyk's ultimate mission is to take the profit out of hacking and the risk out of the cloud**.
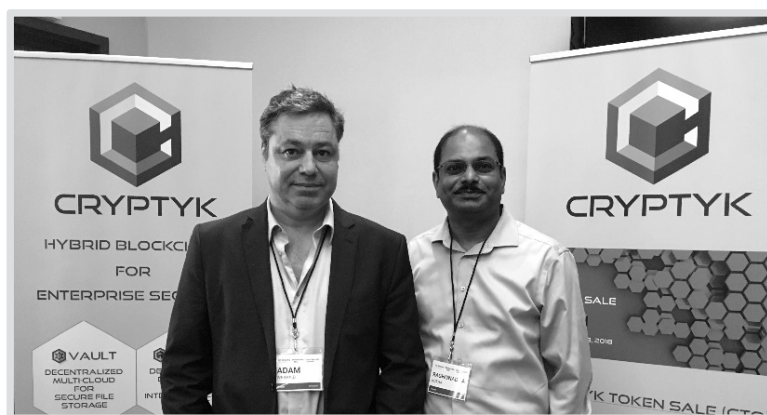
Cryptyk co-founders Adam Weigold and Raghu Kotha

5.2   Management Team and Board

The Cryptyk Management Team and Board of Directors has evolved organically over the past two years. While founders and angel investors have contributed almost US$500,000 in funding, all members of the management team have contributed some level of cash funds to the project. Moreover, every team member has worked for "sweat equity" with no full-time salaries having yet been paid to the senior management team. For the entire team and board, the Cryptyk project has become a true labor of love. The team includes world-class technology innovators and experienced business managers who are all committed to helping Cryptyk revolutionize the cloud security and storage industry.

Dr. Adam Weigold
CEO & Chairman

Quantum Physicist,
Tech Startup Veteran,
6 Startups, 1 IPO,
2 Public Acquisitions

Raghu Kotha
CTO

White-hat Hacker,
Cyber-Security Expert,
Blockchain Designer,
former SVB, Bell Labs

Indra Singhal
Director & Advisor
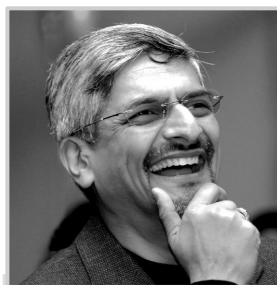
Seasoned Silicon
Valley Director / COO
Venture Capitalist,
Startup Mentor

Dennis McMasters
Chief Architect

Automation Expert,
Platform Architect,
"guy who automated
the NYSE"

Robert Garaguso
COO

Operations, Bus.Dev.
Production Specialist,
Quality Assurance
Expert, ex Swisscom

Dr. Daniel Floreani
Community Development

Computer Scientist,
Research Fellow,
Enterprise Architect,
former Cisco

Mihkel Trink
Platform Development

Network Architect,
Systems Manager,
Software Developer,
former Ericsson

Jen Peng
Investor & Director

Corporate lawyer,
CorpFin expert, former
Executive Director at
Morgan Stanley

5.3 Advisors and Investors

Aly Madhavji
ICO Marketing Strategist

ICO Marketing Advisor, Award winning author, Crypto Investor

Robert Bender
Fintech Specialist

Financial Security Specialist, CTO of Founders Federal Credit Union

Michael Kapilkov
Crypto-Strategist

Crypto-Currency Expert & Strategist, Founder of Healthi and Altcoinz

Bradley Rotter
Cyber/ Crypto Evangelist

Hedge Fund Pioneer, Cyber-security expert for blockchain and crypto-currency

Ian Scarffe
Blockchain / ICO Expert

Bitcoin, Blockchain, ICO Specialist. Rated Top 10 Blockchain Expert on ICOBench

Dr. Sead Muftic
Blockchain Technologist

Computer Scientist, CEO of Blockchain Information Exchange Security (BIX)

Chris Guidroz
Cyber UX Specialist

Founder of the Leap Labs, Cyber-security UX specialist and product developer

Prof. Erich Weigold, A.M
Foundation Chair & Investor

World Renowned Quantum Physicist, Humboldt Prize, Lyle Medal, A.M.

5.4 Cryptyk Foundation Board

The Cryptyk Foundation will be headquartered in Adelaide, Australia and managed by Dr. Daniel Floreani as CTO and Robert Garaguso as CEO. Daniel is charged with growing global community engagement and reports to the Foundation's board of directors, which includes Prof. Erich Weigold, Dr. Adam Weigold and Raghu Kotha. Erich's distinguished career of managing large research institutions and sitting on government appointed boards makes him the ideal Chairman of the Foundation board. Two additional directors will be appointed during 2018 to represent the views of strategic customer partners and software development partners. Like Cryptyk Inc, the Cryptyk Foundation will publish annual returns for investors and community participants.

6. CTK Token Sale Event

6.1   Token Sale Structure and Schedule

The CTK Token Sale Event will create 750 million CTK tokens. 250 million of these tokens will be offered to investors over two phased rounds (ie: Private Pre-Sale and Public Sale rounds). Another 250 million tokens will be reserved for Cryptyk team members and angel investors (with vesting periods of 4 years and 2 years respectively). The remaining 250 million tokens will be reserved for the Cryptyk Foundation for distribution to customer and open source developer partners. The Cryptyk Foundation effectively manages this pool for the global growth of the Cryptyk community. The Cryptyk Foundation pool will also be used to pay for new development projects, future Foundation events, token sale costs, and bonuses to advisors / partners for promoting the sale. **Tokens are priced at 10 cents for pre-sale investors and 12.5 cents for public sale investors.**

CTK TOKEN SALE STRUCTURE

CRYPTYK FOUNDATION POOL

Total No. of CTK Tokens forever: 750,000,000
  Investor CTK Pool: 250,000,000
  Cryptyk Inc. CTK Pool   250,000,000
  Cryptyk Foundation CTK Pool: 250,000,000

Vesting Structure
  Management Vesting Period: 4 years
  Advisor / Partner Vesting Period: 2 years
  Pre-Sale Vesting Period: 1 year lock-in for USA
                                    No lock-in for RoW

Public Sale Round Vesting Period: None
Pre--Sale Round Closed: November 23, 2018
Public Sale Round Opens: December 12, 2018
Public Sale Round Closes: February 8, 2019

Public Sale not open to residents of USA, China or Brazil

6.2   Private Pre-Sale Round (US residents require accredited status verified)

The private pre-sale round is available to sophisticated and large volume investors. In the US and Canada investors must have their KYC and investor accreditation status formally verified by VerifyInvestor and OnFido. In the US, to be considered an accredited investor, one must have a net worth of at least $1,000,000, excluding the value of one's primary residence, or have income at least $200,000 each year for the last two years and have the expectation to make the same amount this year. The term "accredited investor" is defined in Rule 501 of Regulation D of the U.S. Securities and Exchange Commission (SEC). For the CTK Token Sale to qualify for a securities exemption under Rule 506(c) of Regulation D, accredited investors must also not be able to sell their tokens for a 1 year holding period. Hence there applies a 1-year vesting period for pre-sale investors which is written into the smart contract for the ERC-20 standard token. There are no investor verification requirements or vesting period for residents outside the US or Canada, although KYC verification is part of the sign-up process. The pre-sale round is being executed in a gradual 3 phase process to allow for different vesting conditions and enable the company responsible manage the ratio of investors with 1 year vesting to no vesting for market liquidity purposes. The 3 phases are (i) Family & Friends (1 year vesting), (ii) US Investors (1 year vesting) and (iii) Non-US investors (no vesting). **Institutional Investors, citizens and residents of Brazil cannot participate in the private pre-sale round.**

Pre-Sale Opened	Monday June 18th, 2018, (5pm UTC / 12pm US EST / 9am US PST)
Pre-Sale Closed	Friday November 23rd, 2018, (11pm UTC / 9am Australian EST next day)
Tokens available for sale	up to 175,000,000 (unsold tokens transferred to public sale)
Tokens sold at close	167,000,000 for ~US$11.5M (8 million tokens transferred to public sale)
Purchase Price of CTK Token	US$ 0.10 each (20% discount on public sale price)
Minimum Purchase Amount	50,000 CTK (= US$ 5,000 or equivalent in BTC / ETH)
Bonuses for Volume Purchases	10% - 50% bonuses available for various investment levels > $100k
Vesting Period	1 year for US and Canada only, No vesting period for Rest of World
CTK Token Standard	ERC - 20
CTK Wallet Transfer Date	No later than Feb 28th, 2019 (contract issues tokens after 1 year if vested)
CTK Wallet	Cryptyk Web Wallet developed by Ambisafe (www.ambisafe.co)
Initial Exchange Listing	CTKs will be listed first on the Orderbook exchange (www.orderbook.io)
KYC / Investor Verification	US / Canadian Investors must be pre-verified as accredited and complete Know-Your-Customer verification before participating in token sale.
KYC Verification Method	Know-Your-Customer verification operated by OnFido (www.onfido.com)
Investor Verification Method	Accreditation verification operated by VerifyInvestor (verifyinvestor.com) required for US / Canadian residents only
Methods of Token Purchase	Fiat Payments (USD), Bitcoin (BTC), Ethereum (ETH)
Banned Countries	Residents of Brazil and China are not allowed to participate in the Private Pre-Sale round of the CTK Token Sale.

6.3 Public Sale Round (for all investors outside the US / Canada / China / Brazil)

The public sale round is available to all investors outside the US and Canada. Know-Your-Customer (KYC) verification and accreditation verification is not required to participate in the open public sale round. There is no vesting period for tokens purchased in the public sale and they can be traded on cryptocurrency exchanges as soon as investors are issued with their CTK wallets. **Citizens and residents of the United States of America, Canada, China and Brazil cannot participate in the public sale round.**

Public Sale Launch Date	Wednesday December 12th, 2018, (9am UTC / 7pm Australian EST)
Public Sale Close Date	Friday February 8th, 2019 (11pm UTC / 9am Australian EST next day)
Tokens available for sale	75,000,000 (plus 8 million unsold tokens from pre-sale round)
Purchase Price of CTK Token	US$ 0.125 each
Minimum Purchase Amount	800 CTK (= US$ 100 or equivalent in BTC / ETH / alt-coins)
Bonuses for Volume Purchases	Additional 5%, 10%, bonuses available for purchases > $500, $1000
Early Investor Bonus Periods	Additional 10% bonus tokens if purchased in first 2 days of round Additional 5% bonus tokens if purchased in days 3 - 10 of round
10% Bonus Period Ends	Friday December 14th, 2018 (11pm UTC / 9am Australian EST next day)
5% Bonus Period Ends	Friday December 21st, 2018 (11pm UTC / 9am Australian EST next day)
Vesting Period	None
CTK Token Standard	ERC - 20
CTK Wallet Transfer Date	No later than Feb 28th, 2019 (smart contract issues tokens immediately)
CTK Wallet	Web Wallet from Ambisafe (www.ambisafe.co)
Initial Exchange Listing	CTKs will be listed first on the Orderbook exchange (www.orderbook.io)
KYC / Investor Verification	Not applicable
Methods of Token Purchase	Fiat Payments (USD), Bitcoin (BTC), Ethereum (ETH)
Banned Countries:	Residents of USA, China and Brazil are not allowed to participate in Public Round of CTK Token Sale

6.4 Corporate Governance and Public Announcement Policy

The directors of Cryptyk Inc. have held 9 quarterly board meetings since the company's inception in 2015. The board will continue to hold regular quarterly meetings and it will publish annual reports for all investors and CTK token holders starting Q1 2019. The directors of the Cryptyk Foundation will also hold quarterly board meetings and publish annual reports for community members starting Q1 2019. From time to time, both Cryptyk Inc. and the Cryptyk Foundation will release public announcements relating to company performance, customer acquisition, developer partnerships, market conditions and other information that may be of interest to investors. All investors in the CTK token sale will be emailed annual reports, public announcements and press releases. All announcements will be posted on www.cryptyk.com.

6.5   Use of Funds and Business Risk Mitigation

USE OF FUNDS

The funds generated via the Cryptyk Token Sale will be used for product development, business development, market and sales activities. While some capital expenses are required most expenses are operational in nature including salaries, rental, advertising and contract services. Depending on the success of the sale, the funds generated could range from between $3 Million and $25 Million in total. The planned use of funds can be broken down as follows for the max $25M raise (smaller raises distributed in same relative proportions):

- Capital Expenses including application / storage servers, employee computers and furniture ($3M)
- Development of VAULT product using AWS or internal hosting ($3M)
- Development of SENTRY product using AWS or internal hosting ($7M)
- Marketing and branding of VAULT + SENTRY products ($4M)
- Business Development and Strategic Partnerships ($4M)
- Global Enterprise Sales Channel Development ($4M)

BUSINESS RISK MITIGATION

Cryptyk is implementing numerous business risk mitigation strategies before, during and after the CTK Token Sale. This is to ensure that industry standard quality assurance and corporate governance procedures are adhered to during the deployment and operation of the Cryptyk platform and trading of CTK digital currency. These risk mitigation strategies specifically involve:

- Cyber security procedures including MFA secure access for employees to all Cryptyk web sites, product platforms, digital currency wallets, web wallet interfaces.

- Audit controls, quality assurance, security auditing and traceable reporting of all operational procedures, digital assets and material liabilities for the business

- Business continuity and disaster recovery strategies using multiple redundant assets and tested emergency operational procedures

- Financial governance rules that do not allow over-leveraging of company debt to equity ratio

- Customer protection disclosures including published user agreements, legal disclosures, terms and conditions of sale and corporate privacy policy

- Implementation of Anti-Money-Laundering (AML) and fraud protection policies including well known Know-Your-Customer (KYC) and Investor / User Verification policies

- Asset management policies that include multiple FDC insured US bank accounts and multiple redundant copies of digital currency in offline wallets in multiple locations (including one copy of all digital wallets to be stored in a bank security box)

- Disclosure of the principal location of business and correct mailing address for regulatory jurisdiction, and for all customers and investors to submit complaints about products or services

- Submission of all necessary state and federal filing requirements for exempt security status in case the SEC rules that the CTK token is not a utility token (or tradable crypto-currency) and is instead classified as a security token.

7. Important Investor Information

7.1   Terms and Conditions of CTK Token Sale

The following Terms and Conditions ("Terms") govern your ("you" or the "Purchaser") purchase of Cryptyk Tokens ("CTK") from Cryptyk Inc. an exempted company incorporated in the State of Nevada, USA (the "Company"). Each of you and the Company is a "Party" and, together, the "Parties" to these Terms. This Business White Paper document is not a solicitation for investment in securities or shares, and does not pertain in any way to an offering of securities in any jurisdiction. Nonetheless, the Terms incorporate anticipated regulatory evaluation of CTK as a security in specified jurisdictional regions. This section describes the full Terms of the CTK token sale.

IF YOU DO NOT AGREE TO THESE TERMS, DO NOT PURCHASE CTK FROM THE COMPANY. BY PURCHASING CTK FROM THE COMPANY, YOU WILL BE BOUND BY THESE TERMS AND ANY TERMS INCORPORATED BY REFERENCE. IF YOU HAVE ANY QUESTIONS REGARDING THESE TERMS, PLEASE CONTACT THE COMPANY AT INFO@CRYPTYK.COM

By purchasing CTK tokens, and to the extent permitted by law, you are agreeing not to hold any of the Company and its respective past, present and future employees, officers, directors, contractors, consultants, equity holders, suppliers, vendors, service providers, parent companies, subsidiaries, affiliates, agents, advisors, representatives, predecessors, successors and assigns (the "Cryptyk Team") liable for any losses or any special, incidental, or consequential damages arising from, or in any way connected, to the sale of CTK, including losses associated with the terms set forth below.

DO NOT PURCHASE CTK IF YOU ARE NOT AN EXPERT IN DEALING WITH CRYPTOCURRENCY TOKENS AND BLOCKCHAIN-BASED SOFTWARE SYSTEMS. PRIOR TO PURCHASING CTK, YOU SHOULD CAREFULLY CONSIDER THE TERMS LISTED BELOW AND, TO THE EXTENT NECESSARY, CONSULT AN APPROPRIATE LAWYER, ACCOUNTANT, TAX OR FINANCIAL PROFESSIONAL. IF ANY OF THE FOLLOWING TERMS ARE UNACCEPTABLE TO YOU, YOU SHOULD NOT PURCHASE CTK.

PURCHASES OF CTK SHOULD BE UNDERTAKEN ONLY BY INDIVIDUALS, ENTITIES, OR COMPANIES THAT HAVE SIGNIFICANT EXPERIENCE WITH, AND UNDERSTANDING OF, THE USAGE AND INTRICACIES OF CRYPTOCURRENCY TOKENS, INCLUDING ETHEREUM TOKENS, AND BLOCKCHAIN BASED SOFTWARE SYSTEMS. PURCHASERS SHOULD HAVE A FUNCTIONAL UNDERSTANDING OF STORAGE AND TRANSMISSION MECHANISMS ASSOCIATED WITH OTHER CRYPTOCURRENCY TOKENS. WHILE THE COMPANY WILL BE AVAILABLE TO ASSIST PURCHASERS OF CTK DURING THE SALE, THE COMPANY WILL NOT BE RESPONSIBLE IN ANY WAY FOR LOSS OF BTC, ETH OR CTK RESULTING FROM ACTIONS TAKEN BY, OR OMITTED BY PURCHASERS. IF YOU DO NOT HAVE SUCH EXPERIENCE OR EXPERTISE, THEN YOU SHOULD NOT PURCHASE CTK OR PARTICIPATE IN THE SALE OF CTK. YOUR PARTICIPATION IN CTK SALE IS DEEMED TO BE YOUR UNDERTAKING THAT YOU SATISFY THE REQUIREMENTS MENTIONED IN THIS PARAGRAPH.

PURCHASER AGREES TO BUY, AND COMPANY AGREES TO SELL, THE CTK TOKENS IN ACCORDANCE WITH THE FOLLOWING TERMS:

(1) Conditions of CTK token sale
YOU MAY NOT ACQUIRE CTK TOKENS DURING THE PRIVATE PRE-SALE ROUND IF YOU ARE A CITIZEN OR RESIDENT OF THE PEOPLES REPUBLIC OF CHINA, OR A CITIZEN OR RESIDENT OF THE FEDERATIVE REPUBLIC OF BRAZIL.

YOU MAY NOT ACQUIRE CTK TOKENS DURING THE PUBLIC SALE ROUND IF YOU ARE A CITIZEN, RESIDENT (TAX OR OTHERWISE) OR GREEN CARD HOLDER OF THE UNITED STATES OF AMERICA, OR A CITIZEN OR RESIDENT OF CANADA, OR A CITIZEN OR RESIDENT OF THE PEOPLES REPUBLIC OF CHINA, OR A CITIZEN OR RESIDENT OF THE FEDERATIVE REPUBLIC OF BRAZIL.

When you purchase, or otherwise receive, a CTK token, you may only do so by accepting the following conditions and, by doing so, you warrant and represent that the following are a true and accurate reflection of the basis on which you are acquiring the CTK tokens:

- neither the Company nor any of the Cryptyk Inc. Team has provided you with any advice regarding whether CTK is a suitable investment for you;
- you have sufficient understanding of the functionality, usage, storage, transmission mechanisms and intricacies associated with cryptocurrency tokens, such as Bitcoin and Ether, as well as blockchain-based software systems generally;
- you are legally permitted to receive and hold and make use of CTK in your and any other relevant jurisdiction;
- you will supply us with all information, documentation or copy documentation that we require in order to allow us to accept your purchase of CTK and allocate CTK to you;
- you have not supplied us with information relating to your acquisition of CTK or otherwise which is inaccurate or misleading;
- you will provide us with any additional information which may be reasonably required in order that we can fulfill our legal, regulatory and contractual obligations, including but not limited to any anti-money laundering obligation;
- you will notify us promptly of any change to the information supplied by you to us;
- you are of a sufficient age (if an individual) to legally obtain CTK, and you are not aware of any other legal reason to prevent you from obtaining CTK;
- you take sole responsibility for any restrictions and risks associated with receiving and holding CTK, including but not limited to these set out in the next section (ANNEX – Investor Risks);
- by acquiring CTK, you are not making a regulated investment, as this term may be interpreted by the regulator in your jurisdiction;
- you are not obtaining or using CTK for any illegal purpose, and will not use CTK for any illegal purpose;
- you waive any right you may have / obtain to participate in a class action lawsuit or a class wide arbitration against any entity or individual involved with the sale of CTK;
- your acquisition of CTK does not involve your purchase or receipt of shares, ownership or any equivalent in any existing or future public or private company, corporation or other entity in any jurisdiction;
- to the extent permitted by law and provided we act in good faith, the Company makes no warranty whatsoever, either expressed or implied, regarding the future success of CTK or the CRYPTYK platform;
- you accept that CTK is created and you obtain CTK on an "as is" and "under development" basis. Therefore, provided the Company acts in good faith, you accept that the Company is providing CTK without being able to provide any warranties in relation to CTK, including, but not limited to, title, merchantability or fitness for a particular purpose;
- you accept that you bear sole responsibility for determining if (i) the acquisition, the allocation, use or ownership of CTK, (ii) the potential appreciation or depreciation in the value of CTK over time, if any, (iii) the sale and purchase of CTK; and/or (iv) any other action or transaction related to CTK has tax implications.

(2) Overview of CTK Token Sale
CTK is required for proper operation and comprehensive utilization of the CRYPTYK platform (the "Product") as defined in the Business White Paper (the "BWP") and the Technology White Paper (the "TWP") provided at www.cryptyk.io (the "Website") as of the date the Purchaser acquires CTK tokens. After the CTK sale, the value of CTK is dependent on the purchase of CTK tokens by customers and the supply of underlying assets, as described in the White Paper. To the extent they do not contradict these Terms, the rights connected to CTK are subject to the limitations set out in the BWP and White Paper, but this should in no case create obligations for the Company in addition to the ones contained in these Terms. The Company reserves the right to circumvent the algorithm used to select the underlying assets if it believes, in its sole discretion, that such selected underlying assets could adversely affect the Company or CTK from a financial, regulatory or legal perspective. The Company shall have the right to restructure any such underlying assets for business purposes.

The maximum total amount of CTKs issued to investors is 250,000,000 (equivalent to US$ 15 -25 million depending on any bonuses issued and currency exchange rates). CTK tokens will be created according the CTK Token Sale structure and issued to purchasers within 30 days of the public round close. The total supply of CTKs will be fixed at the end of the CTK sale. No more CTKs will be issued after the CTK sale. Ownership of CTK after the CTK token sale carries no rights express or implied relating to the Company, its shareholder equity or intellectual property. Purchases of CTK are non-refundable. The anticipated distribution of the CTK tokens is as follows:

- 33.3% Token Sale Participants (1 year vesting for Pre-sale (US / Canada only) / no vesting for Public)
- 33.3% Cryptyk Inc. Team (with 4 year / 2 year vesting schedules)
- 33.3% Cryptyk Foundation (with 1 year vesting for 80% of CTK pool / no vesting for 20% of CTK pool)

(3) CTK Purchase Price
Purchasers in the CTK token sale will be allocated their CTK tokens in exchange for US Dollars, or the equivalent in Bitcoin (BTC) or Ethereum (ETH), at the following rate:

- US$ 0.10 per CTK token during the Private Pre-Sale Round (ie: 10 cents each)
- US$ 0.125 per CTK token during the Public Sale Round (ie: 12.5 cents each)

The US Dollars to ETH exchange rate is used to dynamically set the ETH to CTK rate. The US Dollars to BTC exchange rate is used to dynamically set the BTC to CTK rate. As a result, for the duration of the CTK sale, the price to purchase a CTK token will be set as an amount in US Dollars. The Token Sale will also be compatible with the Shapeshift crypto-asset conversion platform to allow payment from multiple other cryptocurrencies (shapeshift.io).

Purchaser must have an Ethereum wallet that supports the ERC-20 token standard in order to receive any CTK purchased from the Company. The Company will issue all purchasers of CTK Tokens a free Multi-Sig Web Wallet (called "CTK Web Wallet") for this purpose. The ERC-20 smart contract will vest tokens as per vesting schedules.

(4) Timing of CTK Token Sale
The CTK pre-sale investment round will initially be open only to Family and Friends of Cryptyk shareholders and employees starting 8th February 2018 (5pm UTC /12pm EST /9am PST).. The pre-sale round will be opened for US accredited investors beginning 30th March 2018, (5pm UTC /12pm EST /9am PST). The pre-sale round will be open to non-US accredited investors for all other countries from 18th June (5pm UTC /12pm EST /9am PST). The CTK pre-sale round will end on 23rd November 2018 (12am UTC / 7pm EST / 4pm PST) or when the CTK soft pre-sale cap is set and reached. The CTK public sale investment round for non-accredited investors outside the US is scheduled to begin on 12th December 2018, (9am UTC / 7pm Australian EST) and will end on February 8th 2019 (11pm UTC / 9am Australian EST next day), or when the CTK public sale hard cap is reached. The Company reserves the right to change the sale dates, the soft cap, or extend the sale duration for any reason, including market conditions, the unavailability of the Website, or other unforeseen security or procedural issues.

After the US investor phase of the pre-sale round the public will be able to see the number of CTK tokens currently sold, as well as the distribution of all CTK tokens between the participating crypto-currencies. The Company will then regularly update the number of CTK tokens sold and their value in US Dollars on the www.cryptyk.io website.

(5) After the CTK Token Sale
The Purchasers should have no expectation of influence over governance of the Company, or the Cryptyk Foundation. Upon the conclusion of a successful CTK sale, the digital assets backing each CTK token will be transparently purchased.

The Company will provide you with an official and regular audit conducted on the existence of the digital assets backing each CTK token. Through this audit, you can track and confirm that the digital assets backing your CTK have been received and acquired. Access to the audit results does not constitute a CTK purchase receipt or indicate in any way that the party possessing such access has rights to or ownership of the purchased CTK tokens.

CTK Tokens purchased in the private pre-sale round (ie: with a 1 year vesting period) will be available to sell on the Orderbook Exchange (www.orderbook.io) one year after the CTK web wallet and smart contract is issued to the Purchaser. CTK Tokens purchased in the public sale round (ie: with no vesting period) will be available to sell on the Orderbook Exchange (www.orderbook.io) as soon as the web wallet and smart contract is issued to the Purchaser. After all CTK web wallets and smart contracts are issued to all Purchasers, the Company will make reasonable efforts to have CTK tokens quickly listed on multiple other crypto-currency exchanges around the world.

Prior to a Purchaser selling CTK after the CTK token sale completion, such Purchaser shall ensure that the buyer of any such CTK undertakes to comply with all the provisions of these Terms as if such person were a Purchaser in the CTK token sale.

(6) The Company Will Not Purchase CTK During the CTK Sale
The Company warrants that neither it nor its shareholders will purchase CTK during the CTK sale. The Company further warrants that neither it nor its shareholders will purchase CTK from any third party during the period of the CTK sale until the public sale round is closed.

(7) All purchases of CTK are final
ALL PURCHASES OF CTK ARE FINAL. PURCHASES OF CTK ARE NON-REFUNDABLE. BY PURCHASING CTK, THE PURCHASER ACKNOWLEDGES THAT NEITHER THE COMPANY NOR ANY OF ITS MANAGEMENT, AFFILIATES, DIRECTORS OR SHAREHODELRS ARE REQUIRED TO PROVIDE A REFUND FOR ANY REASON.

IF THE COMPANY BELIEVES, IN ITS SOLE DISCRETION, THAT ANY INDIVIDUALS OR ENTITIES OWNING CTK CREATES MATERIAL REGULATORY OR OTHER LEGAL RISKS OR ADVERSE EFFECTS FOR THE COMPANY AND/OR CTK, THE COMPANY RESERVES THE RIGHT TO: (A) BUY ALL CTK FROM SUCH CTK OWNERS AT THE THEN-EXISTING MARKET PRICE AND/OR (B) SELL ALL CRYPTOCURRENCY ASSETS OF THE COMPANY.

(8) Taxation of CTK and Taxation Related to the Token Sale
The Purchaser bears the sole responsibility to determine if the purchase of CTK with BTC, ETH or the potential appreciation or depreciation in the value of CTK over time has tax implications for the Purchaser in the Purchaser's home jurisdiction. By purchasing CTK, and to the extent permitted by law, the Purchaser agrees not to hold any of the Company, its affiliates, shareholders, director, or advisors liable for any tax liability associated with or arising from the purchase of CTK.

(9) Privacy
The Purchasers may be contacted by email by the Company. Such emails will be informational only. The Company will not request any information from Purchasers in an email. See our Privacy Policy available on the Website at www.cryptyk.io/privacy/ for additional information.

(10) Force Majeure
The Cryptyk Inc Team, Board, Management and Advisors are not liable for failure to perform solely caused by:

- unavoidable casualty
- delays in delivery of materials, or the stoppage of services such as telecommunications or utilities
- embargoes, strokes or wages stoppages
- government orders or acts of civil or military authorities
- acts by common carriers
- emergency conditions (including weather conditions)
- security issues arising from the technology used
- security issues arising from viruses, ransomware or targeted attacks by hackers or bad actors
- acts of god, acts of terrorism or the threat of nuclear war

or any similar unforeseen event that renders performance commercially implausible.

If an event of force majeure occurs, the party injured by the other's inability to perform may elect to suspend the Terms, in whole or part, for the duration of the force majeure circumstances. The party experiencing the force majeure circumstances shall cooperate with and assist the injured party in all reasonable ways to minimize the impact of force majeure on the injured party.

(11) Disclaimer of Warranties
THE PURCHASER EXPRESSLY AGREES THAT THE PURCHASER IS PURCHASING CTK AT THE PURCHASER'S SOLE RISK AND THAT CTK IS PROVIDED ON AN "AS IS" BASIS WITHOUT WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF TITLE OR IMPLIED WARRANTIES, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE (EXCEPT ONLY TO THE EXTENT PROHIBITED UNDER APPLICABLE LAW WITH ANY LEGALLY REQUIRED WARRANTY PERIOD TO THE SHORTER OF THIRTY DAYS FROM FIRST USE OR THE MINIMUM PERIOD REQUIRED). WITHOUT LIMITING THE FOREGOING, NONE OF THE CRYPTYK TEAM WARRANTS THAT THE PROCESS FOR PURCHASING CTK WILL BE UNINTERRUPTED OR ERROR-FREE.

(12) Limitations Waiver of Liability
THE PURCHASER ACKNOWLEDGES AND AGREES THAT, TO THE FULLEST EXTENT PERMITTED BY ANY APPLICABLE LAW, THE DISCLAIMERS OF LIABILITY CONTAINED HEREIN APPLY TO ANY AND ALL DAMAGES OR INJURY WHATSOEVER CAUSED BY OR RELATED TO (i) USE OF, OR INABILITY TO USE, CTK OR (ii) THE CRYPTYK INC. TEAM, DIRECTORS AND ADVISORS UNDER ANY CAUSE OR ACTION WHATSOEVER OF ANY KIND IN ANY JURISDICTION, INCLUDING, WITHOUT LIMITATION, ACTIONS FOR BREACH OF WARRANTY, BREACH OF CONTRACT OR TORT (INCLUDING NEGLIGENCE) AND THAT NONE OF THE CRYPTYK INC. TEAM SHALL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY OR CONSEQUENTIAL DAMAGES, INCLUDING FOR LOSS OF PROFITS, GOODWILL OR DATA, IN ANY WAY WHATSOEVER ARISING OUT OF THE USE OF, OR INABILITY TO USE, OR PURCHASE OF, OR INABILITY TO PURCHASE, CTK, OR ARISING OUT OF ANY INTERACTION WITH THE SMART CONTRACT IMPLEMENTED IN RELATION TO CTK. THE PURCHASER FURTHER SPECIFICALLY ACKNOWLEDGES THAT THE CRYPTYK INC. TEAM IS NOT LIABLE FOR THE CONDUCT OF THIRD PARTIES, INCLUDING OTHER PURCHASERS OF CTK, AND THAT THE RISK OF PURCHASING AND USING CTK RESTS ENTIRELY WITH THE PURCHASER. TO THE EXTENT PERMISSIBLE UNDER APPLICABLE LAWS, UNDER NO CIRCUMSTANCES WILL ANY OF THE CRYPTYK INC. TEAM BE LIABLE TO ANY PURCHASER FOR MORE THAN THE AMOUNT THE PURCHASER HAVE PAID TO THE COMPANY FOR THE PURCHASE OF CTK. SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OF CERTAIN WARRANTIES OR THE LIMITATION OR EXCLUSION OF LIABILITY FOR CERTAIN TYPES OF DAMAGES. THEREFORE, SOME OF THE ABOVE LIMITATIONS IN THIS SECTION AND ELSEWHERE IN THE TERMS MAY NOT APPLY TO A PURCHASER. IN PARTICULAR, NOTHING IN THESE TERMS SHALL AFFECT THE STATUTORY RIGHTS OF ANY PURCHASER OR EXCLUDE INJURY ARISING FROM ANY WILFUL MISCONDUCT OR FRAUD OF THE CRYPTYK INC. TEAM.

(13) Complete Agreement
These Terms set forth the entire understanding between the Purchaser and the Company with respect to the purchase and sale of CTK tokens. For facts relating to the sale and purchase, the Purchaser agrees to rely only on the Terms in determining purchase decisions and understands that the Terms govern the sale of CTK and supersede any public statements about the CTK token sale made by third parties or by the Cryptyk Inc. Team or individuals associated with any of the Cryptyk Inc. Team, past and present and during the CTK token sale.

(14) Severability
The Purchaser and the Company agree that if any portion of these Terms is found illegal or unenforceable, in whole or in part, such provision shall, as to such jurisdiction, be ineffective solely to the extent of such determination of invalidity or unenforceability without affecting the validity or enforceability thereof in any other manner or jurisdiction and without affecting the remaining provisions of the Terms, which shall continue to be in full force and effect.

(15) No Waiver
The failure of the Company to require or enforce strict performance by the Purchaser of any provision of these Terms or the Company's failure to exercise any right under these Terms shall not be construed as a waiver or relinquishment of the Company's right to assert or rely upon any such provision or right in that or any other instance. The express waiver by the Company of any provision, condition, or requirement of these Terms shall not constitute a waiver of any future obligation to comply with such provision, condition or requirement. Except as expressly and specifically set forth in these Terms, no representations, statements, consents, waivers, or other acts or omissions by the CRYPTYK INC. Team shall be deemed a modification of these Terms nor be legally binding.

(16) Updates to the Terms
The Company reserves the right, at its sole discretion, to change, modify, add, or remove portions of the Terms at any time during the sale by posting the amended Terms on the Website. Any Purchaser will be deemed to have accepted such changes by purchasing CTK. The Terms may not be otherwise amended except by express consent of both the Purchaser and the Company after the sale.

(17) Cooperation with Legal Authorities
The Company will cooperate with all law enforcement enquiries, subpoenas, or requests provided they are fully supported and documented by the law in the relevant jurisdictions.

(18) Indemnification
To the fullest extent permitted by applicable law, you will indemnify, defend and hold harmless the Cryptyk Team (including Management, Board, Investors and Advisors) from and against all claims, demands, actions, damages, losses, costs and expenses (including attorneys' fees) that arise from or relate to: (i) your purchase or use of CTK; (ii) your responsibilities or obligations under these Terms; (iii) your violation of these Terms; or (iv) your violation of any rights of any other person or entity.

The Company reserves the right to exercise sole control over the defense, at your expense, of any claim subject to indemnification under this Section 18. This indemnity is in addition to, and not in lieu of, any other indemnities set forth in a written agreement between you and the Company.

(19) Security
You are responsible for implementing reasonable measures for securing the web wallet, vault or other storage mechanism you use to receive and hold CTK purchased from the Company, including any requisite private key(s) or other credentials necessary to access such storage mechanism(s). If your private key(s) or other access credentials are lost, you may lose access to your Tokens. The Company is not responsible for any losses, costs or expenses relating to lost access credentials.

(20) Language
Currently, only English versions of any communications from Cryptyk Inc or the Cryptyk Foundation is considered official. The English version shall prevail in case of differences in translation.

(21) Governing Law
The Terms, the arbitration clause contained in them, and all non-contractual obligations arising in any way whatsoever out of or in connection with these Terms are governed by, construed, and take effect in accordance with US federal law and Nevada state law.

(22) Arbitration
Any dispute or difference arising out of, or in connection with, these Terms or the legal relationships established by these Terms, including any question regarding its existence, validity or termination ("Dispute"), shall be referred

to and finally resolved by arbitration in the United States under Nevada State Law which will be deemed to be incorporated by reference into this clause, save for any waiver of any rights the parties would otherwise have to any form of appeal or recourse to a court of law or other judicial authority, which rights are expressly reserved. The number of arbitrators shall be three. The seat of the arbitration shall be Carson City, Nevada, USA. The language of the arbitration shall be English.

A dispute arising out of or related to these Terms is personal to you and the Company and will be resolved solely through individual arbitration 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.

(23) Further Information
For further information regarding the CTK token sale, please contact info@cryptyk.com or visit the Frequently Asked Questions (FAQ) section of the web site at www.cryptyk.io/faq/

ANNEX: CTK Purchase Risks

By purchasing, owning, and using CTK, you expressly acknowledge and assume the following risks:

(1) Risk of Losing Access to CTK 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 CTK stored in your digital wallet or vault. Accordingly, loss of requisite private key(s) associated with your digital wallet or vault storing CTK will result in loss of such CTK. Moreover, any third party that gains access to such private key(s), including by gaining access to login credentials of a hosted wallet service you use, may be able to misappropriate your CTK. Any errors or malfunctions caused by or otherwise related to the digital wallet or vault you choose to receive and store CTK in, including your own failure to properly maintain or use such digital wallet or vault, may also result in the loss of your CTK. Additionally, your failure to follow precisely the procedures set forth in for buying and receiving Tokens using the Ambisafe Web Wallet product, including, for instance, if you provide the wrong address for the receiving CTK, or provides an address that is not ERC-20 compatible, may result in the loss of your tokens.

(2) Risks Associated with the Ethereum Protocol
Because CTK Tokens are based on the Ethereum ERC-20 protocol, any malfunction, breakdown or abandonment of the Ethereum protocol may have a material adverse effect on the platform or CTK. Moreover, advances in cryptography, or technical advances such as the development of quantum computing, could present risks to the CTK and the platform, including the utility of the CTK for obtaining services, 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 Ethereum and similar protocols, CTKs are susceptible to attacks by miners in the course of validating CTK 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 CTK, including, but not limited to, accurate execution and recording of CTK transactions. There also exists a risk that the Cryptyk platform will not sufficiently reward miners for the platform to function properly.

(4) Risk of Hacking and Security Weaknesses
Hackers or other malicious groups or organizations may attempt to interfere with the platform or CTK in a variety of ways, including, but not limited to, malware attacks, denial of service attacks, consensus-based attacks, Sybil attacks, smurfing, phishing and spoofing. Furthermore, because the platform is based on open-source software, there is a risk that a third party or a member of the Company team may intentionally or unintentionally introduce weaknesses into the core infrastructure of the platform, which could negatively affect the CRYPTYK platform and CTK token economy, including the utility of CTK for obtaining services.

(5) Risks Associated with Markets for CTK
If secondary trading of CTK Tokens is facilitated by third party crypto-currency 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 CTK (e.g., as denominated in a digital or fiat currency), such value may be extremely volatile or be affected by market liquidity.

(6) Risk of Uninsured Losses
Unlike bank accounts or accounts at some other financial institutions, CTK are uninsured unless you 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 Company, to offer recourse to you.

(7) Risks Associated with Business Operations, Uncertain Regulations and Enforcement Actions
The regulatory status of CTK and distributed ledger technology is unclear or unsettled in many jurisdictions. It is difficult to predict how or whether regulatory agencies may apply existing regulation with respect to such technology and its applications, including the CRYPTYK platform and CTK token. 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 the CRYPTYK platform and CTK. Regulatory actions could negatively impact the platform and CTK in various ways, including, for purposes of illustration only, through a determination that the purchase, sale and delivery of CTK constitutes unlawful activity or that CTK are a regulated security that require registration or licensing of those securities or some or all of the parties involved in the purchase, sale and delivery thereof. The Company may cease operations in the event that regulatory or legal actions are filed, or changes to law or regulation, make it illegal to operate or commercially undesirable to obtain the necessary regulatory approval(s) to continue business operations. This includes the filing of Chapter 11 bankruptcy in the US if the company becomes financially unviable or over-indebted. The company may also face penalties or fines in relation to government regulatory enforcement which may act to hurt company performance.

(8) Risks Arising from Taxation
The tax characterization of CTK is uncertain. You must seek your own tax advice in connection with purchasing CTK, which may result in adverse tax consequences to you, including withholding taxes, income taxes, capital gains taxes and tax reporting requirements.

(9) 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 CRYPTYK platform.

(10) Risks Arising from Lack of Governance Rights
Because CTK confer no governance rights or shareholder voting rights of any kind with respect to the CRYPTYK platform or the Company, all decisions involving the Company's products or services within the platform or the Company itself will be made by the Company at its sole discretion. These decisions could adversely affect the platform and the utility of any CTK you own, including their utility for obtaining services.

(11) Regulatory Filing Risks
The Company plans to file for exempt security status with the US Securities Exchange Commission (SEC) within 15 days of the token sale commencing on February 8, 2018. It also plans to file notice of the exemption filing in the states of California and New York (if required). Neither the SEC nor state regulators have yet evaluated the Company or its token sale offering and there exists a risk that they may not grant exempt security status to the company's offering. This may result in fines or penalties for the Company which may adversely affect company performance.

(12) Unanticipated Risks
Cryptocurrency tokens such as CTK are a new and untested technology. In addition to the risks included in this Annex A of these Terms, there are other risks associated with your purchase, possession and use of CTK, including unanticipated risks. Such risks may further materialize as unanticipated variations or combinations of the risks discussed in this Annex A of these Terms.

(13) Further Information
For further information please visit the online Frequently Asked Questions (FAQ) section at www.cryptyk.io/faq/.

7.2 Disclaimer Statements

Forward-looking Statement

Certain information set forth in this document (the "Business White Paper") contains "forward-looking information", including "future oriented financial information" and "financial outlook", under applicable securities laws (collectively referred to herein as forward-looking statements). Except for statements of historical fact, information contained herein constitutes forward-looking statements and includes, but is not limited to, the (i) projected financial performance of Cryptyk Inc. ("the Company"), the Cryptyk Foundation and the CTK token value; (ii) completion of, and the use of proceeds from the sale of CTK tokens being offered hereunder; (iii) the expected development of the Company's business, products, projects and joint ventures; (iv) execution of the Company's vision and growth strategy, including with respect to future M&A activity and global growth; (v) sources and availability of third-party financing for the Company's projects; (vi) completion of the Company's projects that are currently underway, in development or otherwise under consideration; (vi) renewal of the Company's current customer, supplier, partner and other material agreements; and (vii) future liquidity, working capital, and capital requirements. Forward-looking statements are provided to allow potential investors the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment in CTK Tokens.

The forward-looking statements contained within this Business White Paper are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or result, expressed or implied, by such forward-looking statements.

Although forward-looking statements contained in the Business White Paper are based upon what the management and directors of the Company believes are reasonable assumptions, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. Potential purchaser, investors and readers of this Business White Paper are cautioned not to place undue reliance on forward-looking statements.

Regulatory Statement

The Company will file with the SEC as an exempt security in the United States under Rule 506(c) of Regulation D, within 15 days of the pre-sale round commencing. The Company may also file notices of the SEC exemption filing in the states of California and New York (if required by investor location). To meet US exempt security requirements (i) only pre-verified and accredited investors from the USA are allowed to participate in the token sale, and (ii) investors or purchasers must not sell their CTK tokens for at least 1 year after purchasing them. US and Canadian investors are not permitted to participate in the public sale round. These conditions will be enforced via KYC / Accreditation verification processes, geo-fencing and a 1 year vesting in the pre-sale round for residents of US/ Canada. Access to the public sale round is geo-fenced to prohibit access from the US, Canada, China or Brazil. Investors from China and Brazil will be prohibited from access to both the pre-sale and public sale rounds. The Company has performed a detailed regulatory assessment of CTK token utility for most major international jurisdictions (see Section 3.7 - Regulatory Assessment of CTK Utility). However, international regulation and laws relating to cryptocurrencies, initial coin offerings and token sale events are evolving rapidly in many locales. The Company undertakes no obligation that it meets the regulatory assessment of classification as a utility token (as opposed to classification as a security) in any specific region or country. If regulatory assessments occur that act to prohibit by law investors from a certain region to participate, the Company will make reasonable efforts to prohibit purchases from that region. It may also refund purchases from citizens or residents from any country that prohibits participation in ICO's or Token Sale events.

CRYPTYK

Token Sale Site

cryptyk.io

Corporate Site

cryptyk.com

token@cryptyk.com