



Level Capital Limited registration
number 1958019, registration
address Trinity Chambers, PO BOX
4301,

✉ contact@levelnet.co

1.0.

**Confidential Private Placement Offering Memorandum
Purchase Rights for LVL Tokens pursuant to
Simple Agreement for Future Tokens and pre-launch Token offering conditions.**

THE OFFERING PERIOD OF THE PLACEMENT WILL EXPIRE ON THE EARLIER TO OCCUR OF: (I) THE DATE ON WHICH THE MAXIMUM PLACEMENT AMOUNT HAS BEEN SUBSCRIBED FOR AND ACCEPTED BY THE COMPANY AND A FINAL CLOSING IS CONDUCTED OR (II) January 15, 2017, UNLESS EXTENDED BY UP TO 70 DAYS IN THE DISCRETION OF THE COMPANY.

YOU MUST READ THIS DOCUMENT BEFORE MAKING ANY DECISION TO PURCHASE LVL.

**THIS MEMORANDUM OF INFORMATION SHOULD NOT BE
CONSIDERED AS A RECOMMENDATION BY ANY OTHER PERSON TO PARTICIPATE IN
ANY SAFT**

**OFFERING OR THE LEVELNET PLATFORM. PRESENT MEMORANDUM REPRESENT
THE GENERAL LEGAL UNDERSTANDING OF LVL TOKEN AND LVL TOKEN OFFERING**

WITHOUT LIMITING ANY OF THE ABOVE, YOU SHOULD NOT EXCHANGE ANY LVL
UNLESS YOU HAVE READ AND UNDERSTOOD THIS INFORMATION MEMORANDUM AND
ALL OTHER RELEVANT MATERIALS AND FULLY UNDERSTAND THE TOKEN SALE,
INCLUDING AT LEAST THE FOLLOWING:

- THE NATURE AND PURPOSE OF THE TOKEN SALE AND ITS CRYPTOGRAPHIC CONTEXT
- THE TERMS AND CONDITIONS OF THE TOKEN OFFERING
- THE PROCEDURES REQUIRED TO PURCHASE LVL
- THE NATURE AND THE EXTENT OF THE RISKS TO WHICH YOU MAY BE EXPOSED AS A RESULT OF PARTICIPATING IN THE TOKEN SALE AND HOLDING LVL
- THE REGULATORY, TAX AND ACCOUNTING TREATMENT OF PARTICIPATING IN THE TOKEN OFFERING AND HOLDING OF LVL, AS WELL AS ANY OTHER RELEVANT IMPLICATIONS

YOU MUST ALSO MONITOR THE www.levelnet.co WEBSITE FOR ANY ANNOUNCEMENTS THAT RELATE TO THIS SAFT ISSUANCE, AS THEY MAY ADD TO, OR ALTER, ITS TERMS. THIS INFORMATION MEMORANDUM AND RELATED MATERIALS MAY BE TRANSLATED. ANY TRANSLATION IS FOR REFERENCE PURPOSES ONLY AND IS NOT CERTIFIED BY ANY PERSON. ONLY THE ENGLISH VERSION HAS LEGAL EFFECT AND PREVAILS TO THE EXTENT OF ANY INCONSISTENCY.

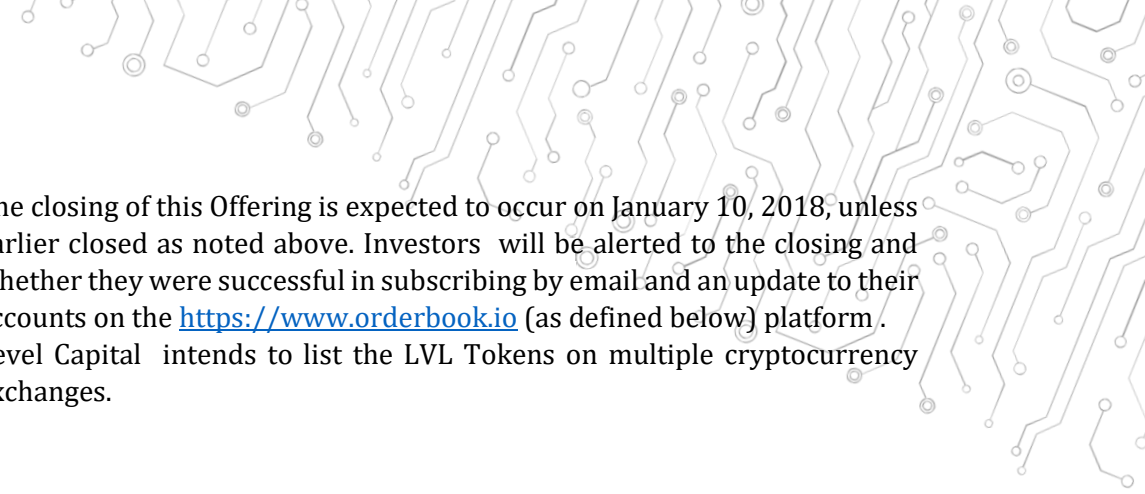
This Private Placement Offering Memorandum (this “**Memorandum**”) has been prepared by Level Capital Limited British Virgin Island Company for use by accredited investors to whom LC is offering (the “**Offering**”) the opportunity to purchase the right to acquire in the future pursuant to a Simple Agreement for Future Tokens (the “**SAFT**”) units of LVL tokens to be developed, produced and offered by Level Net USA (“**LVL or Tokens**”).

Offering Core points:

- A. The SAFT shall provide certain ownership rights on future LVL token (pre launched token and utility Token LVL) which will be issued on January 10, 2018. LVL token represents a new series of Ethereum—based smart contract digital tokens issued by Level Capital for USD \$0,1.00 per LVL Token. SAFT may be paid in United States dollars (“USD”), Bitcoin (“ETC”) or Ether (“ETH”).
- B. On or before January 10, 2018 following a successful closing of this offering of SAFT (this “Offering”), Level Capital, Managed by LevelNet team, will issue the LVL token for the net proceeds of this Offering.
- C. After LVL token issuance by **Level Capital** and before LevelNet network launch, LVL token will be partly managed by smart contract algorithm:
 - (i) Buy- Buck algorithm
 - (ii) Money Back guarantee algorithm

LVL pre launched token will represent itself a prepaid membership status with a future subscription rights, in same understanding that LVL value might be increase after LevelNet network launch, we (LevelNet team) will recognize
- D. Level Capital upon successful LVL token distribution will launch the LevelNet larger distributed security network¹.
- E. Investors on their discretion could change LVL token on the Membership subscription or, use LVL tokens as a kind of payment of the Level Capital shares distribution based on block chain.
- F. Level Capital will obtain financial license in BVI and in accordance with SIBA rules establish Public Fund as a segregated portfolio company. Level Capital Fund will issue the equity token LVLS which represents the share of the Level Capital Fund, Investors who bought LVL token could buy LVLS token with discount and LVL owners will have preemptive right to buy LVLS token.
- G. The Level Capital Fund will issue LVLS tokens or other kind of security tokens in order to invest in antivirus program developers or cybersecurity developers, and allocate the profits to LVLS holders.
- H. Level Capital Fund in five years perspective should be fully owned by LVLS holders, LevelNet team will sell his participation into the Level Capital during consecutive five years.
- I. This SAFT Offering will end at the earlier of: (1) January 10, 2018, (2) the date at which this Offering is earlier closed by Level Capital Limited —I in its sole discretion, or (3) the date at which this Offering is earlier terminated by BCTH in its sole discretion.

¹ more details please see a White Paper page 7

- 
- II. The closing of this Offering is expected to occur on January 10, 2018, unless earlier closed as noted above. Investors will be alerted to the closing and whether they were successful in subscribing by email and an update to their accounts on the <https://www.orderbook.io> (as defined below) platform.
- III. Level Capital intends to list the LVL Tokens on multiple cryptocurrency exchanges.

- **Level Capital Limited** is a newly organized British Virgin Island Company private limited company with no operating history.
- Unless the context requires otherwise, in this Memorandum the terms “**LC**,” “**LevelNet**,” “**the Company**,” “**we**,” “**us**” and “**our**” refer to LC, and its subsidiaries and all dollar (\$) amounts set forth herein refer to United States dollars.
- This confidential Private Offering Memorandum (the “**Memorandum**”) has been prepared solely for use by the prospective purchasers of LVL tokens pursuant to a Simple Agreement for Future Tokens (“**SAFT**”) to be issued by LC (“**LC**” or the “**Company**”) with respect to certain units of LVL of the Company (the “**Tokens**”) and shall be maintained in strict confidence.
- Each recipient hereof acknowledges and agrees that (i) the contents of this Memorandum constitute proprietary and confidential information, (ii) PL and its affiliates derive independent economic value from such confidential information not being generally known, and (iii) such confidential information is the subject of reasonable efforts to maintain its secrecy. The recipient further agrees that the contents of this Memorandum are a trade secret, the disclosure of which is likely to cause substantial and irreparable competitive harm to the Company. Any reproduction or distribution of this Memorandum, in whole or in part, or the disclosure of its contents, without the prior written consent of the Company, is prohibited. Each person who has received this Memorandum is deemed to agree to return this memorandum to the Company upon request. The existence and nature of all conversations regarding the Company and this offering must be kept confidential.
- This Memorandum has been prepared in connection with a private offering to accredited investors of the SAFT and LVL token (LVL token with pre-launched status) accordingly. Each investor will be required to execute a SAFT (as amended, restated and/or otherwise modified from time to time) and investor questionnaire to effect its future investment in the Tokens. This Memorandum contains a summary of the SAFT, the Tokens and certain other documents referred to herein.

Pre Launched LVL token status:

The LVL Tokens provided before LevelNet network launch (pre-LVL Token) and SAFT have not been and will not be registered under the Securities Act of 1933, as amended (the “Securities Act”), or any other law or regulation governing the offering, sale or exchange of securities in the United States or any other jurisdiction.

The SAFTs described in this Memorandum are subject to restrictions on transferability and resale (see page 17) and may not be transferred or resold until LVL token issuance and sale, Investors should be aware that they would be required to bear the financial risks of this investment for an indefinite period.

During the LVL token issuance SAFT will be converted to LVL token in same time until the LevelNet network launch, the LC and Investor will be bind by SAFT terms and condition(see SAFT survival clause). SAFT should be terminated and conditions of SAFT shall be not binding any more after LevelNet Network launch.

The closing of this Offering is expected to occur on January 15, 2017, unless earlier closed as noted above. Subscribers will be alerted to the closing and whether they were successful in subscribing by email and an update to their accounts on the **LevelNet** (as defined below) platform at <https://levelnet.co/> LC intends to list the LVL Tokens on multiple cryptocurrency exchanges.

Rules and transfer restriction for LVL tokens before LevelNet network launch:

- On or before January 10, 2017 following a successful closing of this offering of SAFT (this “offering”), Level Capital Limited, will issue LVL tokens in exchange for the SAFT net proceeds of this Offering.
- After, LVL token issuance, but before LevelNet network launch, LVL token might be considered as security, due to the fact that LevelNet network will be not launched yet. Thus due to uncertainty of the LVL token status LevelNet team decided to recognize pre launched token as security until LevelNet network launch.
- This SAFT and as a consequence pre-Network launch LVL Token offering is being made (1) inside the United States to accredited investors (as defined in Section 501 of the Securities Act) in reliance on Regulation D under the Securities Act who are U.S. persons (as defined in Section 902 of Regulation S under the Securities Act and (2) outside the United States to non-U.S. persons in reliance on Regulation S, and other exemptions of similar import in the laws of the states and other jurisdictions where the offering will be made
- Persons purchasing as U.S. accredited investors will be required to maintain lock up LVL Tokens until the first anniversary of the issuance of the LVL Tokens or after LevelNet Network launch and will be required to make undertakings to **LC and Order book Vault** if they sell their LVL Tokens thereafter, they will not sell such LVL Tokens to any U.S. person unless they sell all of their LVL Tokens to a single U.S. person.
- Persons purchasing as non-U.S. persons will only be entitled to resell their LVL Tokens to other non-U.S. persons in an offshore transaction (as defined in Rule 902 of the Securities Act), and US persons after the end of 40 (forty) compliance period. See “Notice to Investors,” “Transfer Restrictions” and “Risk Factors.
- **LC** expects to deliver the LVL Tokens through the Orderbook platform against payment through the Orderbook platform, directly or by other means on or before January **15, 2018**.
- The SAFT and pre-launched LVL Tokens might be a suitable investment only for those investors who are able to understand the unique nature of this Offering, SAFT , the LVL Token, digital tokens and cryptocurrency exchanges, See “Risk Factors” beginning on page ___ of this offering memorandum to read about important factors you should consider before purchasing tokens via SAFT.
- Until LevelNet Network launch, Persons purchasing as non-U.S. persons will only be entitled to resell their LVL Tokens to other non-U.S. persons in an offshore transaction (as defined in Rule 902 of the Securities Act). See “Notice to Investors,” “Transfer Restrictions” and “Risk Factors. We will not be required to, nor do we currently intend to, offer to exchange the LVL Tokens for any securities registered under the Securities Act or any other law or register the LVL Tokens for resale under the Securities Act.

Certain Notices:

- However, the summaries in this Memorandum do not purport to be complete and are subject to and qualified in their entirety by reference to the actual text of the relevant document, copies of which will be provided to each prospective investor upon request.
- Each prospective investor should review the SAFT and such other documents for complete information concerning the rights, privileges and obligations of SAFT investors. If any of the terms, conditions or other provisions of the SAFT or such other documents are inconsistent with or contrary to the descriptions or terms in this Memorandum, the SAFT or such other documents shall control. The Company reserves the right to modify the terms of the offering and the SAFTs and the Tokens described in this Memorandum, and the SAFTs are offered subject to the Company's ability to reject any commitment in completely or in part. The SAFTs and the Tokens have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or any United States state securities laws or the laws of any foreign jurisdiction. Subscriptions for SAFT Tokens may be paid in United States dollars ("USD"), Bitcoin ("ETC") or Ether ("ETH").
- This Offering will end at the earlier of: (1) January 10, 2017, (2) the date at which this Offering is earlier closed by LC —l in its sole discretion, or (3) the date at which this Offering is earlier terminated by LC in its sole discretion.

Cautionary Statements Regarding Forward-Looking Statements.

- Certain statements in this Memorandum constitute forward-looking statements. When used in this Memorandum, the words "may," "will," "should," "project," "anticipate," "believe," "estimate," "intend," "expect," "continue," and similar expressions or the negatives thereof are generally intended to identify forward-looking statements. Such forward-looking statements, including the intended actions and performance objectives of the Company, involve known and unknown risks, uncertainties, and other important factors that could cause the actual results, performance, or achievements of the Company in its development of the Level Net Network to differ materially from any future results, performance, or achievements expressed or implied by such forward-looking statements. No representation or warranty is made as to future performance or such forward-looking statements. All forward-looking statements in this
- Memorandum speak only as of the date hereof. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in its expectation with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.
- Prospective investors are not to construe this Memorandum as investment, legal, tax, regulatory, financial, accounting or other advice, and this Memorandum is not intended to provide the sole basis for any evaluation of an investment in an interest. Prior to acquiring an interest, a prospective investor should consult with its own legal, investment, tax, accounting, and other advisors to determine the potential benefits, burdens, and other consequences of such investment.



Definitions:

LevelNet network – network based on distributed ledger technology network of Users that integrates their antivirus and security programs into a single universal network of cybersecurity. Exchange data in real time about emerging threats on your devices. Combining all anti-virus capabilities into one network.

Level Capital Limited - a British Virgin Island Company with registration number 1958019, registration address Trinity Chambers, PO BOX 4301, the holding company which provides the present SAFT offering.

LevelNet Incorporated USA, Californian, with registration C4046746, 34 PEACH BLOSSOM, IRVINE, CA 92618, the producer of LVL tokens and main developer of LevelNet network, subsidiary of Level Capital.

“Issuer”, “LC” “our”, “we” or “us” is Level Capital Limited.

“Non-U.S. Person(s)” means any person not meeting the definition of a “US, person” set forth in Rule 902 of Regulation S under the Securities Act.

“Offshore transaction” has the meaning set forth in Rule 902 of Regulation S under the Securities Act;

“OrderBook ” is a technology solution for the issuance and management of digital tokens and exchange of them and may be found at <https://www.orderbook.io> and, specifically with regard to this Offering, Orderbook is operated by Orderbook Pte. Ltd., at the address 22 North Canal Road #02 -00 048834 Singapore.

“U.S. Person(s)” has the meaning of **“U.S. person”** in Rule 902 of Regulation S under the Securities Act.

‘Pre-launched LVL Token – LVL token pre-functionally token which will be issued, by LC, which should be delivered to SAFT holders, upon LevelNet network launch LVL will lose pre-launch status, and will become an utility token, backed by subscription rights.



SIMPLE AGREEMENT FOR FUTURE TOKENS TABLE OF CONTENTS

Table of Contents

COMPANY OVERVIEW 8

TERMS OF PURCHASE RIGHTS AND SAFT10

SUMMARY OF SAFT AND TOKEN OFFERING PROCEDURE..... 14

LVL Token Overview 16

TRANSFER RESTRICTIONS ON PRE LAUNCHED TOKENS and SAFT..... 17

RISK FACTORS..... 18

HOW TO SUBSCRIBE 23

LevelNet Project

LevelNet integrates virtually all existing anti-virus technologies into one simple, user-friendly application. This distributed ledger system enables participants to share threat data globally and in real time, allowing the entire system to become much smarter, much faster, than any single security cybersecurity provider can today. LevelNet significantly boosts the capabilities of any user installed anti-virus program. If a user does not have any security applications installed, LevelNet can take advantage of its distributed network platform and act as a self-standing application.

Today's cybersecurity solutions are limited. As one of the main providers finds a threat, it will often take significant time for that knowledge to be distributed to the total system. New malware takes advantage of this window of time to infect the greatest number of devices. LevelNet creates an integrated, global, and immediately responsive system to stop more malware earlier than it was heretofore possible.

1. COMPANY OVERVIEW

1.1. Corporate structure:

Cryptographic tokens developed by the LevelNet USA Inc. and provided them to Level Capital Current permanent holder of LVL cryptographic tokens is **Level Net Capital LLC** (Company), newly organized British Virgin Island Company, a British Virgin Island Company with registration number 1958019, registration address Trinity Chambers, PO BOX 4301. The Company currently controlled by its founders, Pavel Shklierov and Anton Aksenov.

LC owns all of the Level Net -related intellectual property (IP), including the source code of the Level Net software, cryptographic ledger, logos, and trademark applications associated with the name Level Net, domain names, and goodwill arising from a set of a relationships with several contractors and potential customers in the financial technology market.

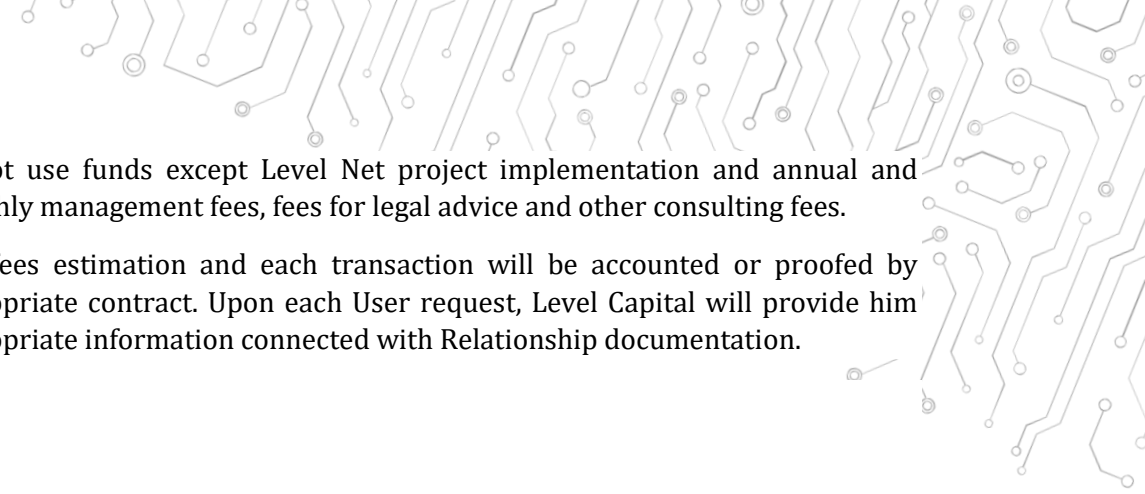
Level Net USA Inc. is the operating company. It is a California corporation (registered number C4046746) and a subsidiary company of Level Net Capital. It's registered address is 34 Peach Blossom, Irvine, California, USA. Level Net USA Inc. own the source code smart contracts and developed the Token offering ecosystem and provided the results to Level Capital under certain terms and conditions.

1.1.1. Relationships between Corporate structure:

Level Net USA will provide to Level Net software development services under the certain contract and provide certain rights to use Level Net security system. Additionally Level Net Ltd. Provided own the source code smart contracts and developed the Token offering ecosystem and provided the results to Level Capital, under condition that Level Capital should exchange them to cryptocurrencies, in order to finance the Level Net Ltd. Operating activity – by mean complete and finalize Level Net software distribution.

Allocation of funds and cryptocurrencies between in Corporate Structure is an object of certain restrictions:

In accordance with corporate documentation of LC and contract and agreements between Level Net USA and Level Capital, the founders and Management team

A decorative graphic in the top right corner of the page, consisting of a network of thin, grey lines and small circles, resembling a circuit board or a neural network diagram.

cannot use funds except Level Net project implementation and annual and monthly management fees, fees for legal advice and other consulting fees.

The fees estimation and each transaction will be accounted or proofed by appropriate contract. Upon each User request, Level Capital will provide him appropriate information connected with Relationship documentation.

2. TERMS OF THE PURCHASE RIGHTS AND THE SAFTS.

The summary below describes the principal terms of the SAFTs and the rights to purchase Tokens Contained therein. Certain of the terms and conditions described below are subject to important limitations and exceptions. Prospective investors should review the entirety of form of SAFT, available from the Company. The summary below is qualified in its entirety by reference to the actual text of the form of SAFT.

Issuer and Agent:	<p>Issuer: Level Capital Limited, a British Virgin Island Company with registration number 1958019, registration address Trinity Chambers, PO BOX 4301.</p> <p>Agent: Level Net USA Inc. is the operating company. It is a California corporation (registered number C4046746), could accept payments in US EURO instead of Level Capital</p>
Securities:	<ul style="list-style-type: none">• Right to purchase in the future certain units of LVL of the Company (the “Token” or “LVL”) pursuant to a Simple Agreement for Future Tokens (each a “SAFT” and together the “SAFTs”) issued to investors (each, an “Investor”). SAFT shall be remain inforce until the LevelNet network launch. Pre-Network Launched LVL considered as asset backed security (debt) and until the LevelNet Network launched.• Each Investor: (a) if in the United States, or a U.S. Person (as defined in Regulation S under U.S. Securities Act of 1933, as amended (the “Securities Act”)), must be an accredited investor, as defined in Regulation D under the Securities Act or (b) if in Canada, such Investor must be an accredited investor as defined under applicable Canadian securities laws, or (c) if outside of the United States, must be a non-U.S. Person who is not purchasing for the account or benefit of a U.S. Person as defined under Regulation S under the Securities Act.• Non-U.S. Person shall be accredited in accordance the rules developed by LevelNet team.
Form of Payment for SAFT:	<ul style="list-style-type: none">• U.S. dollars, Bitcoin, Ether and ZCash. The SAFTs shall be deemed in U.S. dollars, and payments in Bitcoin, Ether and Zcash shall be valued in U.S. dollars at an exchange ratio equivalent to the volume-weighted average daily price of Bitcoin, Ether and ZCash.

Use of Proceeds:	<ul style="list-style-type: none"> A significant portion of the proceeds of the Offering will be used by the LC to achieve the Minimum Viable Program Product and subsequently to buildout a LevelNet Network, LVL.
FIRST Conversion Pre-Launched LVL token issuance under SAFT conditions.	<ul style="list-style-type: none"> After LVL token launch, and before LevelNet network launch LVL token will recognized as security. LVL Token offering is being made (1) inside the United States to accredited investors (as defined in Section 501 of the Securities Act) in reliance on Regulation D under the Securities Act who are U.S. persons (as defined in Section 902 of Regulation S under the Securities Act and (2) outside the United States to non-U.S. persons in reliance on Regulation S, and other exemptions of similar import in the laws of the states and other jurisdictions where the offering will be made LVL Token Term of USE you could find on Appendix №1.
Automatic Conversion:	<ul style="list-style-type: none"> The bona fide public release of the LevelNet network and a fully functioning and secure running.
Conversion Price:	<ul style="list-style-type: none"> The conversion price will increase depending on the market for Level Capital SAFTs. You will be able to view the conversion price at https://orderbook.io
Discounts:	Provided in Annex 2.
Termination:	<ul style="list-style-type: none"> The SAFT shall terminate upon the earlier of (i) the Network Launch; (ii) January 18, 2020, if the LevelNet Network launch has not occurred by such date, provided that, the Company shall have the right to extend by sixty (60) days, in its sole discretion, or (iii) the payment or setting aside of payment of amounts due to the Investor upon a Dissolution Event, which shall include (a) a voluntary termination of operations of the Company, (b) a general assignment for the benefit of the Company's creditors or (c) any other liquidation, dissolution or

	winding up of the Company, whether voluntary or involuntary.
Priority of Payment:	<ul style="list-style-type: none"> If, immediately prior to the consummation of the Dissolution Event, the assets of the Company that remain legally available for distribution to the Investors, as determined in good faith by the Company's Board of Directors, are insufficient to permit the return to the Investors of their respective Purchase Amounts, then the remaining assets of the Company legally available for distribution will be distributed with equal priority and pro rata among the Investors in proportion to the Purchase Amounts they would otherwise be entitled to receive.
LVL Buybacks and Money Back Guarantee	Please refer to the page 18 and 19 of the White paper.
Priority of Payment:	If, immediately prior to the consummation of the Dissolution Event, the assets of the Company that remain legally available for distribution to the Investors, as determined in good faith by the Company's Board of Directors, are insufficient to permit the return to the Investors of their respective Purchase Amounts, then the remaining assets of the Company legally available for distribution will be distributed with equal priority and pro rata among the Investors in proportion to the Purchase Amounts they would otherwise be entitled to receive.

Documentation:

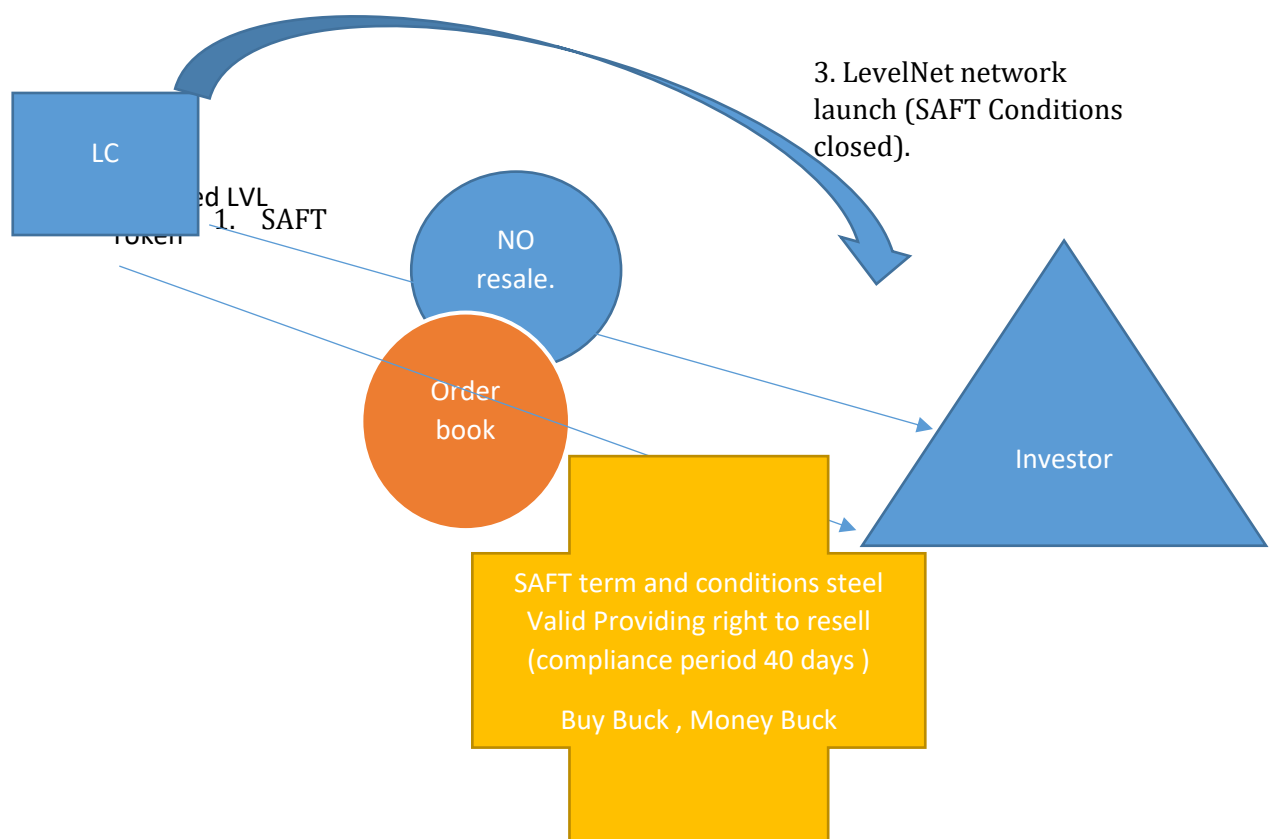
Purchase and sale of the rights shall be on the terms and conditions set forth in the SAFT, which shall be prepared by company's counsel, and which will contain certain representations, warranties and covenants of the Company and the Investors, closing conditions and other provisions.

3. SUMMARY OF SAFT AND TOKEN OFFERING PROSEDURE

This summary is not a complete description of SAFT and pre-launched LVL token offering. It does not contain all the information that may be important to you. To understand this concept fully, you must read this entire offering memorandum carefully, including the Risk Factors beginning on page 23 of this Memorandum.

The LVL Token offering in whole concept presents tow financial innovations in one:

Firstly, Level Capital offering SAFT under regulation D and S, LC will provide certain right to end point product utility token, but in same to maintain the liquidity of investors' funds, and also to insure them against denomination of their investment LC, will provide to the SAFT holders the pre-launched Token. In same time SAFT condition and Investor right to get final product will remain (see survival clause). Simply under SAFT contract LC should provide pre-launched token backed by smart contract and convert this token into utility token after platform launch.



4. LVL Token Overview:

- **LVL is a cryptographic token.** LVL is an **Ethereum ERC20 divisible digital token with up to 18 decimal places**. It can be held in a digital wallet, transferred to other digital wallets and potentially exchanged on LVL token in the LVL Platform to the Subscription type and obtain Level Net project prepaid Member status².
- **LVL Token – represent itself, prepaid Membership in Level Security Network and prepaid right to utilize certain products under Level Net trademark, as an example Level Net Security Network (Please description on page 8-10 of the White Paper).**
- **LVL Token – secured by the Level Net Security Prototype, and farther Level Capital will be assigned by Users to develop that prototype to the final product and launch security Network, and in other hand Level Capital should make his best efforts in order to launch Level Net Security Network.**
- **LVL** can be held in a digital wallet, transferred to other digital wallets and potentially exchanged for various types of memberships (“Memberships”) in the Level Net Platform.
- The terms of use and conditions for each type of Membership will be determined by the Level Capital and is anticipated to be announced and amended to the present Memorandum in advance of the launch of the Level Net software. Further details are provided in the White Paper and will be supplemented by the announcements made on the Website.
- **LVL** membership status, upon successful Level Net security Network completion should give to User following rights:
 - Business API and premium services. Participants exchange tokens for subscriptions to Level Net services in case they have more tokens than the required amount.
 - Lifelong use of the Level Net application and any Level Net services for ordinary users, without additional payment for premium features.
- **As farther step Level Capital, should enlarge Level Net Platform (block chain based platform, developed by Level Net USA, as basis of relations between Users and Level Net team and Level Capital) as provided in White paper page 24.**

4.1. Regulatory aspects:

4.1.1. Level Net team Level Capital position on LVL token after LevelNet network launch:

Application to the USA Security laws.

Due to the description and nature of LVL as described above, Level Net team do not think that LVL should be considered as “security” as that term is defined

² Please see Exhibit # Project Member status

Section 2(a)(1) of the Securities Act of 1933 (1933 Act) and Section 3(a)(1) of the Securities Exchange Act of 1934 (1934 Act).

Our understanding based on relevant USA legislation and case law and relevant open sources and we took into account existing best token offering practice. Therefore our reasoning based on following:

Applying Howey's four - Factor Test:

The Howey test scrutinize and defines the investment contract in accordance with following factors: whether there is (1) an investment of money (2) in a common enterprise (3) with an expectation of profits (4) which are derived solely from the efforts of the promoters or third parties.

In order to apply the test we used and adopt framework test³ developed by Coinbase, Coin Center, Union Square Ventures, and Consensus security, in accordance with result of this test LVL should not be considered as security⁴.

I. Investment of Money:

In accordance with Terms of Token Issuance (or Offering), the Users could obtain LVL via conversion of SAFT. In present case the User have potential economic loss risk.

In same time, LVL provides the right to use Level Net Platform and right to use Level Net Products (Subscription rights); the User will not find himself to the subject of financial loss. LVL as cryptographic utility, secured by "Level Net antivirus larger security network for exchange or recorded computer treats and consecutive interception of viruses and other computer attacks on the users connected to this network" (Level Net Product) (Priority Patent Application US 62/345,745).

II. Common enterprise

The LVL token represent itself digital proof and in same time is the Membership token, which provides certain privileges in Level Net project product use. The cryptocurrencies raised from investors will be pooled to create certain products; Level Capital in this case specifically plans to spend all of the values raised during the Token offering on development. In addition, we will include the boundary provisions in Level Capital corporate documents, which restricts to gain profits to Shareholders from Token Sale.

As an essential part of token offering, we should not that Level Net Network interested to connect the Users computers as much as possible. In this case, we believe that LVL not meet to the vertical commonality factor.

III. Expectation of Profit and Efforts of the Promoter:

The Level Net Projects purely depends on Users quantity. Thus, more User's computers involved in Network, then Level Net will more effectively will work and more virus trends will be detected and will cured off. Each LVL User via plugging to Level Net Network will provide his effort in Level Net Project realization. Thus mean that effort of Level Net management team not a predominant one.

Also we believe and it meet with our goal that expectation of profit is not sole motivating factor for Users, the main factor for our team is build first

³ Please see the Link

<https://levelnet.co/files/A%20Securities%20Law%20Framework%20for%20Blockchain%20Tokens.pdf> .

⁴ <https://www.coinbase.com/legal/securities-law-framework.pdf>

integrated antivirus network⁵, and our future plans to provide all Level Network ownership rights to the Users.

As a Conclusion LVL token represent proof membership in Level Net security network, the Users will be a part of this system and provide their effort to the system, membership in this present security system (Level Net network) proved via LVL Token, the LVL token virtually not provide or promise profit expectation.

4.1.2. LVL token status before token launch. (First half Conversion).

LevelNet team admit that managerial efforts are still required to deliver functionality, and therefore profit could come for investors via LVL token price increase after LevelNet platform launch.

In same time pre-launched token represents its self pre membership token, with sole managerial function (buy – back fund and money back guarantee

In order, do not provide misconception here we decided deliberately regulate pre launched LVL under US security regulation. Thus, LVL pre-launched LVL token will delivered to Investors under SAFT condition, and until LevelNet network launched the certain conditions of the SAFT shall not be terminated, in same time the obligation to deliver LVL token will be fulfilled in accordance with SAFT agreement.

4.1.3. Buy-Buck and Money back guarantee options, represents itself algorithm integrated in the token smart contract, and not connected or depended with managerial effort, or actions of the Level Net, team.

4.1.4. In same time, LVL owners will automatically participate in “Buyback” and “Money Back Guarantee”, secured by a smart contract. The Buy-buck function and money back guarantee function will not depend from the actions of LevelNet team.

4.2. Consumer Protection

Level Capital understands that some Laws related to Consumer protection must be applied:

Level Capital and his subsidiaries will be liable of the future products.

4.3. Converting tokens into service subscriptions.

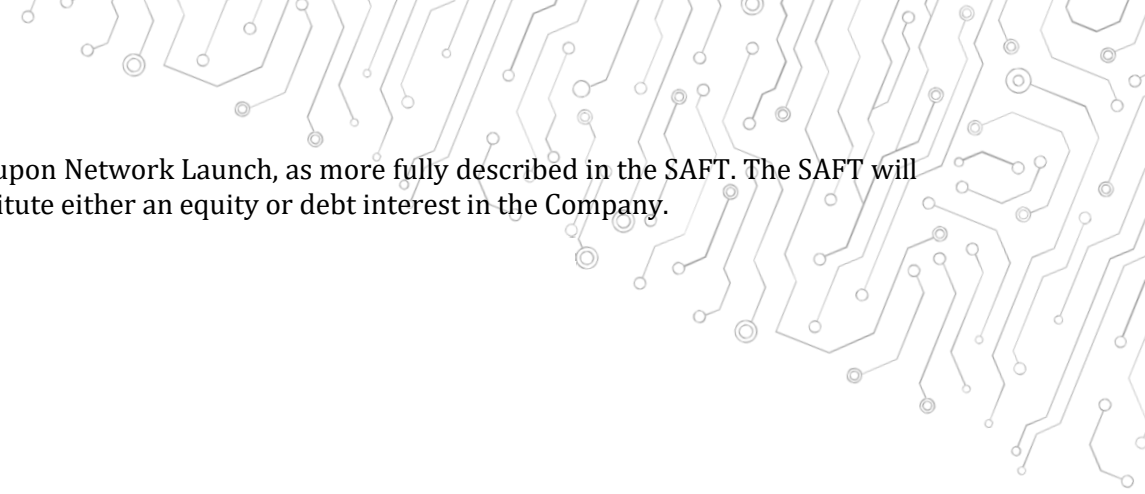
As described in the Business model overview, LevelNet provides not only the free distribution of an endpoint security application, additionally LevelNet at one tier offers paid subscriptions for the use of LevelNet’s API and SDK for corporate clients. Similar subscriptions packages are estimated at \$50k per year. LevelNet will allow token owners to exchange the tokens purchased during the Token Offering for a subscription plan, which then can substantially be used by the owner or sold to others.

4.4. Tax considerations.

If the SAFT so qualifies as a forward contract for tax purposes, then the transaction’s first taxable event does not occur until the tokens are delivered to the investors and the SAFT terminates.

Tax Treatment of SAFT The Level Capital intends to treat the execution of the SAFT as the execution of a contract for the purchase of Tokens, to be delivered to an

⁵ See White Paper page.

A decorative graphic in the top right corner of the page, consisting of a complex network of thin, grey lines and small circles, resembling a circuit board or a neural network diagram.

Investor upon Network Launch, as more fully described in the SAFT. The SAFT will not constitute either an equity or debt interest in the Company.

5. TRANSFER RESTRICTIONS ON PRE LAUNCHED TOKENS and SAFT.

SAFT transfer restrictions:

The SAFTs described in this Memorandum are subject to restrictions on transferability and resale and may not be transferred or resold until LevelNet Network launch.

Pre-launched LVL transfer restriction:

As provided before after LVL tokens issuance, SAFT will be converted into LVL, in same time the SAFT terms will be valid for each investor until LevelNet platform launch.

The issuance and sale of pre-launched LVL Tokens have not been registered under the Securities Act or any other applicable securities laws and, unless so registered, the LVL Tokens may not be offered, sold, pledged or otherwise transferred within the United States, to, or for the account of any US.

Person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws. The Pre- launched LVL Tokens are being offered and issued, only outside the United States to persons other than U.S. Persons in reliance upon Regulation S under the Securities Act.

Each purchaser of LVL Tokens will be deemed to represent, warrant, and agree as follows will be deemed to represent, warrant, and agree as follows:

I. Either it is:

- a.** an “accredited investor” (as defined in Rule 501 of Regulation D under the Securities Act); or
- b.** Not a “U.S. Person” and is acquiring the pre launched LVL Tokens in an “offshore transaction” (each as defined in Rule 902 of Regulation S under the Securities Act).
- c.** It understands that the LVL Tokens are not registered under the Securities Act or any other securities laws, including U.S. state securities or blue sky laws and non US securities laws, and LC does not intend to register the pre launched LVL Tokens under such laws. It is acquiring LVL Tokens for its own account for investment purposes only and not with a view to resale or distribution.
If such purchaser is an acquirer in a transaction that occurs outside the United States
Within the meaning of Regulation S, you acknowledge that you may not sell during compliance period (40 day) or otherwise transfer the LVL Tokens at any time to a U.S. Person or for the account or benefit of a U.S. Person within the meaning of Rule 902 under the Securities Act.
- d.** It understands that the pre-launched LVL Tokens will, unless otherwise agreed by the LC and the holder thereof, be deemed to bear a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE US. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE.

BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER:

(I) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS SECURITY, EXCEPT (A) IF IT IS TO A U.S. PERSON, THEN NOT UNTIL 40-DAYS COOMPLIANCE PERIOD ENDS OF THE ISSUANCE OF THE PRE-LAUNCHED LVL TOKENS AND NOT TO ANY U.S. PERSON (AS DEFINED IN REGULATION S) UNLESS THEY SELL ALL OF THEIR LVL TOKENS TO A SINGLE U.S. PERSON; (B) IF IT IS A NON-U.S. PERSON OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT; (C) TO BC 111 DVLF OR LC OR ANY SUBSIDIARY THEREOF; OR (D) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND, IN EACH CASE, IN ACCORDANCE WITH APPLICABLE STATE AND LOCAL SECURITIES LAWS.

It acknowledges that (1) none of the Issuer or any person acting on its behalf has made any statement, representation, or warranty, express or implied, to it with respect to the issuers or the offer or sale of any LVL Tokens, other than the information we have included in this offering memorandum, and (2) any information it desires concerning the issuer, the LVL Tokens or any other matter relevant to its decision to acquire the LVL Tokens (including a copy of the offering memorandum) is or has been made available to it, Either (3) no portion of the assets used by it to purchase or hold the LVL Tokens constitutes assets of any (a) employee benefit plan that is subject to Title I of ERISA, (b) plan, individual retirement account or other arrangement that is subject to Section 4975 of the Code or provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, "Similar Laws"), or (c) entity whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement or (ii) the purchase and holding of the LVL Tokens will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Laws.

FOR EUROPEAN INVESTORS.

If it is located or resident within a member state of the European Economic Area, which it is a "qualified investor" within the meaning of Directive 2003/71/EC, as amended the "Prospectus Directive". If it is located or resident within the United Kingdom, that it is a "qualified investor" within the meaning of the Prospectus Directive and who is also (i) an "investment professional" within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); or (ii) a person falling within Article 49(2)(a) to ((1) ("high net worth companies, unincorporated associations etc.") of the Order; or (iii) any other person to whom this Offering may otherwise lawfully be communicated under the Order.

FOR SINGAPORE INVESTORS

REPRESENTATIONS

It acknowledges that the Issuer and others will rely upon the truth and accuracy of the Foregoing acknowledgments, representations and agreements and agrees that if any of the acknowledgments, representations or agreements deemed to have been made by its purchase of the pre launched - LVL Tokens are no longer accurate, it shall promptly notify us and the initial purchasers, If it is acquiring the LVL Tokens as a

fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each account.

6. PLAN OF DISTRIBUTION

Investor Qualifications.

Only persons of adequate financial means who have no need for present liquidity with respect to this investment should consider purchasing the purchase rights set forth in the SAFT offered hereby because:

- (i)** Any bank, as defined in Section 3(a)(2) of the Securities Act, or any savings and loan association or other institution defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity; any broker-dealer registered pursuant to Section 15 of the Exchange Act; any insurance company, as defined in Section 2(13) of the Securities Act; any investment company registered under the Investment Company Act of 1940 or a business development company, as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the United States Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; and any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, that is either a bank, savings and loan association, insurance company or registered investment advisor, if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by person(s) that are accredited investor(s);
- (ii)** Any private business development company as defined in Section 202(a)(22) of the Investment Advisors Act of 1940;
- (iii)** Any organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, any corporation, Massachusetts or similar business trust, or company, not formed for the specific purpose of acquiring the Common Stock, with total assets in excess of \$5,000,000;
- (iv)** Any director or executive officer of the Company;
- (v)** Any natural person whose individual net worth, or joint net worth with that person's spouse, exclusive of the value of the person's primary residence net of any mortgage debt and other liens, at the time of his or her purchase exceeds \$1,000,000;
- (vi)** Any natural person who had an individual income in excess of \$200,000, or joint income with that person's spouse in excess of \$300,000, in each of the two most recent years and who reasonably expects to reach the same income level in the current year;
- (vii)** Any trust with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Common Stock, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D; or
- (viii)** Any entity all of whose equity owners are accredited investors.

Investor requirements.

You will be required to represent to the Company in writing that you are an accredited investor under Regulation D, as described above, and may be required to provide certain documentation in support of such representation. In addition to the foregoing requirement, you must also represent in writing that you are acquiring the SAFT for your own account and not for the account of others and not with a view to resell or distribute such securities.

7. RISK FACTORS

Risks associated with an investment in the SAFT

- A. LC may not successfully develop, market and launch the Minimum Viable Product and Investors may not receive Tokens.
- B. The LevelNet Network has not yet been developed by the Company and will require significant capital funding, expertise of the LevelNet team management, time and effort in order to develop and successfully launch the LevelNet Network. The LC may have to make changes to the specifications of the LevelNet Network or Tokens for any number of legitimate reasons or the Company may be unable to develop the LevelNet Network in a way that realizes those specifications or any form of a functioning network. It is possible that the Tokens and the LevelNet Network may not ever be released and there may never be an operational Token or that the Network Launch will not occur.

C. The SAFTs may not be transferred.

The terms of the SAFT prohibit transfer of the SAFT. As a result, Investors will be required to hold their SAFT until the earlier of the Network Launch and the delivery of all of the Tokens, or the termination of the SAFT pursuant to the provisions set forth therein. Consequently, Investors must be prepared to bear the risk of an investment in the SAFT until the termination of the SAFT pursuant to the terms set forth therein.

D. The tax treatment of the SAFT, the purchase rights contained therein and the Token distribution is uncertain and there may be adverse tax consequences for Investors upon certain future vents.

The tax characterization of the SAFT and the Tokens is uncertain, and each Investor must seek its own tax advice in connection with an investment in the SAFT. An investment pursuant to the SAFT and the purchase of Tokens pursuant thereto may result in adverse tax consequences to Investors, including withholding taxes, income taxes and tax reporting requirements. Each Investor should consult with and must rely upon the advice of its own professional tax advisors with respect to the United States and non- U.S. tax treatment of an investment in the SAFT and the purchase rights contained therein.

E. Risks associated with the Tokens and the LevelNet Network *The LevelNet Network may not be widely adopted and may have limited users.*

It is possible that the LevelNet Network will not be used by a large number of individuals, companies and other entities or that there will be limited public interest in the creation and development of distributed ecosystems (such as the LevelNet Network) more generally or distributed applications to be used on the LevelNet Network. Such a lack of use or interest could negatively influence on the development of the LevelNet Network and therefore the potential utility of Tokens.

F. The Offering may be subject to registration under the Securities Exchange Act of 1934 if the Company has assets above \$10 million and more than 2,000 Investors participate in the Offering.

Companies with total assets above \$10 million and more than 2,000 holders of record of its equity

securities, or 500 holders of record of its equity securities who are not accredited investors, must register that class of equity securities with the SEC under the Exchange Act. With the capital raised from the Offering, Protocol Labs may surpass \$10 million in assets as it builds out the LevelNet Network.

The Investors will have no control and the Company may only have limited control once the Network Launch occurs.

LVL token is comprised of open-source technologies that depend on a network of computers to run certain software programs to process transactions. Because of this less centralized model, the Company has limited control over LVL token and the LevelNet Network once launched.

In addition, the Investors are not and will not be entitled, to vote or receive dividends or be deemed the holder of capital stock of the Company for any purpose, nor will anything be construed to confer on the Investors any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action or to receive notice of meetings, or to receive subscription rights or otherwise.

8. How to Subscribe

To invest in the Offering, Investors will need to first create an account and register on at <https://www.orderbook.io>. Evidence of accreditation status pursuant to Section 506(c) of the Securities Act standards is required to invest. This can be satisfied by completing the accreditation process on at <https://www.orderbook.io> in one of two manners:

- Submitting evidence proving asset worth, or providing the contact information for their lawyer or CPA to attest on the investor's behalf. Additionally, investors will need to provide investment entity information such as address and social security number or tax ID number to pass a KYC (Know Your Customer) and AML (Anti Money Laundering) checks on the at <https://www.orderbook.io> platform.
- Once accreditation and KYC/AML steps are complete, Investors will follow the remaining prompts at <https://www.orderbook.io> to specify investment amount and see estimated LVL token amount, confirm their investment, and make payment to finalize the transaction.