

CQKanna Project Governance Document

Introduction

This governance document serves to provide investors with the necessary assurance that robust controls are in place to mitigate risks associated with their investments in the CQKanna project. It also aims to establish the credibility of Elyseos Ventures, the platform and organization responsible for running this Proof of Concept (POC).

Elyseos Ventures is a platform within the Elyseos ecosystem that enables the funding of Ethno Medicine projects through Tokenized Offtake Agreements. As part of the Elyseos ecosystem, Elyseos Ventures offers a comprehensive suite of web 3 tools designed to facilitate funding, trading, and learning about Sacramental Medicines. You can learn more about Elyseos Ventures and the ecosystem at www.elyseos.com.

To ensure transparency and accountability, this governance document highlights the involvement of an independent Certified Internal Auditor (CIA) with extensive experience in corporate auditing and risk management. The CIA's role includes conducting thorough examinations of relevant agreements between the farmer and the landowner, as well as meticulous inspections of lab samples from the farmer/producer to ensure compliance and quality throughout the 10-year duration of the CQKanna project.

Additionally, the auditor is committed to addressing any specific concerns raised by investors during the course of the project. This includes conducting investigations where necessary, reinforcing the trust and confidence of the investors.

By including an independent auditor and being part of the Elyseos Ventures platform, CQKanna aims to provide a secure and trustworthy environment for investors interested in participating in the funding of Ethno Medicine projects through tokenized offtake agreements.

Tokenised Offtake Agreements (TOAs)

TOAs form the core offering of Elyseos Ventures. Tokenized Off-take Agreements (TOAs) are Non Fungible Tokens (NFTs) which have attached to them an 'offtake' that is a certain amount of actual product produced. The CQKanna project will supply TOA holders with 10kgs of dried Sceletium every year for 10 years. This Sceletium will have a minimum mesembrine content of 0.6% OR a minimum of 0.9% total alkaloid content.. The TOAs cost \$1250 each - this equates to a price of \$12.50 per kilo of Sceletium.

Holding one of these NFTs entitles you to delivery of some form of goods (as above) at specified time or times (again these will be specified in the NFT).

TOAs are a new financial instrument which offer the following features not currently available in the market:

- Funding the growing of niche ethnobotanical or ethnomycological sacraments. Traditional funding sources often do not venture into these areas.
- Allows users of sacraments (traders, product creators, healers, medical facilities) to lock in a guaranteed supply of product for their needs.

- Allows individuals affordable exposure to sacramental medicine growing operations. Each individual can calibrate their risk level via the amount of TOAs they purchase.
- Spreads the risk evenly among a large number of beneficiaries.
- Creates an asset backed tradeable instrument that can be sold or used as collateral

Key Stakeholders roles and responsibilities

Producer - Kellquin Botanicals:

Principals: Lizande Kellerman, Quintus Slabbet, Charl Slabbert, Lynette Slabbert

Responsible for the cultivation and production of Sceletium within the CQKanna project.

Ensuring adherence to quality standards, sustainable farming practices, and compliance with relevant regulations.

Collaborating with other project entities to fulfill the tokenized offtake agreements.

Guardian - Botanical Investment Guardians (B.I.G):

Principals: Armand Verschuur, Paul Boulton, Simon Anderson

Overseeing the interests of investors and ensuring their investments are protected.

Conducting due diligence on the project and monitoring its progress.

Facilitating communication between investors and other project stakeholders.

Rainmaker - Andrew Lawson:

Responsible for securing additional funding and investment opportunities for the project.

Exploring strategic partnerships and expanding the project's reach.

Collaborating with the Producer and Guardian to support the project's growth and success.

Sales Agent - The Sceletium Source:

Principals: Jean-Pierre Le Roux

Responsible for marketing and sales of the Sceletium produced within the project.

Facilitating the distribution of Sceletium to off-takers and end-users.

Managing customer relationships and ensuring customer satisfaction.

Lawyer - Gerhard Swart:

Providing legal guidance and advice to ensure compliance with relevant laws and regulations.

Assisting in the drafting and review of legal agreements, including tokenized offtake agreements.

Addressing any legal issues or concerns that may arise during the project.

Auditor - Mark Solomon:

Responsible for conducting independent audits to ensure compliance and quality.

Thoroughly examining relevant agreements, farming practices, and lab samples.

Preparing audit reports and providing recommendations to address any findings or areas of concern.

Local Charity - Net Vir Pret, Barrydale, Western Cape, South Africa:

The designated charity benefiting from the CQKanna project.

Receiving support and contributions from the project to further their charitable initiatives in the community.

Key points of the CQKanna project:

- **Cost Advantage:** CQKanna Tokenized Offtake Agreements (TOAs) provide the opportunity to obtain high-quality Sceletium at a significantly discounted price of \$12.50 per kilogram. This represents a substantial discount compared to the current wholesale price range of \$40-\$70 per kilogram.

- **Tradable Assets:** TOAs can be sold if holders no longer wish to retain the rights to receive the Sceletium offtake. This feature allows for flexibility and potential liquidity for token holders.
- **Sales Agent Services:** The project's sales agent, The Sceletium Source, facilitates the sale of the Sceletium product on behalf of token holders. If holders prefer not to receive Sceletium themselves, the sales agent can sell the product and send the proceeds (after deducting commission) to the token holder.
- **Mitigation of Delivery Risks:** The role of the Guardian, Botanical Investment Guardians (B.I.G), helps mitigate the risk of the Producer failing to deliver. B.I.G has a legal contractual relationship with the Producer and ensures that delivery obligations are met. B.I.G, being the largest holder of TOAs, only receives their offtake after all other beneficiaries are satisfied with their allocations.
- **Governance and Voting:** The project incorporates a governance structure where each TOA represents one vote. This ensures that all TOA holders have a voice in decision-making processes, fostering transparency and inclusivity.
- **Increasing Demand:** Sceletium is gaining popularity as a natural supplement for managing anxiety and depression. As more individuals turn to natural remedies for mental health issues, the demand for Sceletium is expected to rise.
- **Supply-Demand Gap:** The supply of Sceletium has not been able to meet the growing demand, leading to upward price trends in recent years. Participating in Sceletium farming through the TOAs presents an opportunity to contribute to bridging this supply-demand gap.
- **Profitability and Responsibility:** Engaging in Sceletium farming via the TOAs can be a profitable venture while also aligning with social and environmental responsibilities. The project offers a sustainable and ethical approach to meet the increasing demand for Sceletium.

By considering these key points, potential investors and participants can evaluate the potential benefits and opportunities associated with the CQKanna project.

Key Risks

While the CQKanna project presents innovative applications of emerging technologies, it's important to consider the associated risk factors when purchasing TOAs. Here are some potential risks to be aware of:

- ◆ **Failure to Start Farming:** There is a risk that unforeseen events, such as a hack during the crowdsale or the producer's personal wallet being compromised, could result in the funds not reaching the producer. This could prevent them from initiating the farming operations as planned.
- ◆ **Unreliable Producer:** If the producer fails to allocate and utilize the investment funds properly according to the outlined plan, it could result in low production levels. As a consequence, beneficiaries may not receive the expected amount of Sceletium.
- ◆ **Inadequate Risk Management by the Guardian:** The Guardian plays a crucial role in managing risk and ensuring that the producer fulfills their obligations. However, if the Guardian does not effectively monitor and hold the producer accountable, it could lead to potential issues and impact the project's success.
- ◆ **Insufficient Guardian Offtake:** In situations where the producer fails to meet their production obligations, if the Guardian's offtake is insufficient to compensate for the shortfall, beneficiaries may not receive the full allocated amount of Sceletium.

- ◆ **Security of TOA NFTs:** There is a risk of theft or unauthorized access to your personal TOA NFTs if they are stored in a compromised wallet. It's important to take appropriate security measures to protect your digital assets.
- ◆ **Sales Agent Inability to Sell Sceletium:** If the sales agent is unable to sell the Sceletium on behalf of token holders, individuals may have to take delivery of the product themselves, which may not align with their preferences or intentions.

It is crucial for potential participants to carefully evaluate these risks and make informed decisions. Conducting due diligence, staying updated on project developments, and following security best practices can help mitigate some of these risks.

Conclusion

In conclusion, the CQKanna project offers an innovative and transparent opportunity for investors to participate in the funding and production of Sceletium through Tokenized Offtake Agreements (TOAs). The project aims to provide high-quality Sceletium at a significantly discounted price, while also addressing the increasing demand for natural remedies in mental health management.

The project's key points emphasize the cost advantage of the TOAs, their tradability, and the services provided by the sales agent to facilitate transactions. The involvement of the Guardian helps mitigate risks associated with the producer's performance, ensuring delivery obligations are met. The governance structure ensures that all TOA holders have a voice in decision-making processes, creating a transparent and inclusive environment.

However, it's important to consider the potential risks involved in the project, such as the failure to start farming, an unreliable producer, inadequate risk management by the Guardian, insufficient Guardian offtake, security concerns related to TOA NFTs, and the sales agent's ability to sell the product. Participants should evaluate these risks and take necessary precautions to protect their investments.

By understanding the responsibilities of key stakeholders, such as the producer, Guardian, rainmaker, sales agent, lawyer, and auditor, investors can gain confidence in the project's management and governance. Additionally, the project's commitment to supporting a local charity further reinforces its social and environmental responsibility.

Ultimately, the CQKanna project presents an opportunity for investors to engage in a profitable and socially responsible venture in the growing field of natural remedies. It is crucial for participants to conduct thorough due diligence, stay informed, and actively engage in the governance processes to ensure the project's success and their own investment security.