

**LakeDiamond SA**

(incorporated in Switzerland as Stock Company)

**TERMS AND CONDITIONS OF THE TOKENS**

Last updated: October 2018

**INTRODUCTION**

PLEASE READ THESE TERMS AND CONDITIONS ("**T&Cs**") CAREFULLY. BY PLACING AN ORDER TO LAKEDIAMOND SA ("**LakeDiamond**", the "**Company**" or "**we**") FOR THE PURCHASE OF LAKEDIAMOND TOKENS ("**LKD Tokens**") IN CONNECTION WITH THE DEVELOPMENT OF THE COMPANY'S DIAMOND PRODUCTION FACILITIES DURING LAKEDIAMOND'S INITIAL COIN OFFERING (AS DEFINED BELOW) OR BY ACQUIRING LKD TOKENS FROM A PREVIOUS LKD TOKEN OWNER FOLLOWING LAKEDIAMOND'S INITIAL COIN OFFERING (AS DEFINED BELOW), YOU WILL BE BOUND BY THESE T&Cs AND ALL TERMS INCORPORATED HEREIN BY REFERENCE.

THESE T&Cs DO NOT CONSTITUTE AN INVESTMENT ADVICE OR A RECOMMENDATION OR INVITATION FOR PURCHASING, HOLDING OR SELLING ANY LKD TOKENS. IN PARTICULAR, THEY ARE NOT DEEMED TO PROVIDE (AND MUST NOT BE HELD AS SUCH) ANY ADVICE RELATING TO ANY DECISION WHETHER OR NOT TO PURCHASE LKD TOKENS AND MUST NOT BE CONSIDERED AS PROVIDING COMPLETE INFORMATION IN RELATION TO SUCH A DECISION.

SHOULD YOU ACQUIRE A TOKEN, YOU WILL BE ENTERING AUTOMATICALLY INTO A BINDING AGREEMENT WITH THE COMPANY AND THESE T&Cs SHALL APPLY TO YOU. THESE T&Cs CONTAIN PROVISIONS WHICH AFFECT YOUR LEGAL RIGHTS. IF YOU DO NOT AGREE TO ANY OF THE TERMS SET OUT IN THESE T&Cs, YOU BELIEVE THAT ANY TERMS SHOULD NOT APPLY TO YOU, OR YOU WISH TO NEGOTIATE THESE TERMS, DO NOT PLACE AN ORDER FOR THE PURCHASE OF LKD TOKENS.

THE COMPANY SHALL NOT BE BOUND BY ANY AGREEMENTS OR ARRANGEMENTS AS MAY EXIST BETWEEN A NOMINEE (AS DEFINED BELOW) AND SUCH NOMINEE'S CLIENTS, SO THAT THE RIGHTS ATTACHED TO THE LKD TOKENS SHALL BE SOLELY GOVERNED BY THESE T&Cs.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISOR(S).

**Restricted Jurisdictions**

The LKD Tokens should not be offered, sold, resold, delivered, allotted, taken up, transferred or renounced, directly or indirectly, in or into jurisdictions in which it would not be permissible to make an offer of the LKD Tokens (the "**Restricted Jurisdictions**", as listed in the footnote below)<sup>1</sup>, as amended from time to time.

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<sup>1</sup> The United States (including its territories and dependencies, any state of the United States and the District of Columbia), Afghanistan, Angola, Anguilla (Isle), Antigua and Barbuda (Isle), Aruba, Australia,

USA nationals, Green cards holders, persons and entities having their domicile, place of residence or registered seat and holders of residence permits or similar authorizations, in one of the Restricted Jurisdictions, are prohibited from placing orders to LakeDiamond and participating in the Initial Coin Offering (as defined below). Such persons that participate in the Initial Coin Offering (as defined below) by providing false or inaccurate information about their domicile, place of residence and/or place of registration shall be considered as perpetuating fraud and in breach of these T&Cs and shall indemnify LakeDiamond in respect of any damages and/or losses suffered due to this breach in accordance with the indemnification provisions set out in these T&Cs.

Furthermore, it is the responsibility of Purchasers to seek legal advice in their jurisdiction to identify legal restrictions. LakeDiamond shall have the right at any anytime, at its sole discretion and by any means, to exclude, ban or otherwise restrict the participation in the ICO or otherwise restrict the Purchasers' possibility of converting, holding, using or in any other way keeping LKD Tokens if the Purchaser does not meet eligibility requirements set forth by LakeDiamond for the purpose of the LKD Tokens sale or on other grounds.

### **Risk Factors**

By placing an order to purchase LKD Tokens to the Company, you acknowledge and agree that, the creation and allocation of LKD Tokens and the development of the Company's production facilities carry significant operational, technological, financial, regulatory and reputational risks, including but not limited to those set out in Schedule 2 to these T&Cs.

**BY PLACING AN ORDER TO PURCHASE LKD TOKENS TO THE COMPANY AND THEREFORE ACCEPTING THESE T&Cs (INCLUDING, WITHOUT LIMITATION, THE SCHEDULES 1, 2 AND 3), YOU EXPRESSLY ACKNOWLEDGE THAT YOU HAVE REVIEWED THE RISK FACTORS, ACNOWLEDGE, UNDERSTAND AND ACCEPT THAT CONTRIBUTING TO THE ICO AT THIS TIME INVOLVES RISKS, AND ACCEPT AND BEAR THE RISKS NOTABLY SET OUT IN SCHEDULE 2 TO THESE T&Cs. IN PARTICULAR, YOU ARE ABLE TO BEAR THE ECONOMIC AND OTHER RISKS OF THE PURCHASE, INCLUDING THE RISK OF LOSS OF THE ENTIRE PURCHASE, AND YOU HAVE THE FINANCIAL RESOURCES ALLOWING YOU TO PURCHASE AND TO LOSE, IF THE CASE ARISES, THE ENTIRE AMOUNT OF YOUR PURCHASE.**

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Bangladesh, Belarus, Benin, Bhutan, Bolivia, Botswana, Brunei Darussalam, British Indian Ocean Territory, Burundi, Burkina Faso, Bosnia, Burundi, Cambodia, Cameroon, Canada, Cape Verde, Central Africa republic, Chad, People's Republic of China, Comoros, Congo, Congo Democratic republic, Cuba, Djibouti, Dominica, Ecuador, El Salvador, Equatorial Guinea, Eritrea, Ethiopia, Fiji (Isle), French Guiana (Isle), French Polynesia (Isle), Gabon, Gambia, Ghana, Guam (Isle), Guatemala, Guyana, Guinea, Guinea Bissau, Haiti, Honduras, Iran, Iraq, Ivory Coast, Jordan, Kenya, Kiribati, Kosovo, Kyrgyz Republic, Laos People's Republic, Lebanon, Lesotho, Liberia, Libya, Madagascar, Malawi, Mali, Maldives, Mauritania, Mayotte (Isle), Micronesia, Moldova, Mongolia, Montenegro, Montserrat, Mozambique, Myanmar, Namibia, Nauru, Nepal, New Caledonia, Nicaragua, Niger, Nigeria, Niue, Northern Mariana Islands, North Korea, Oman, Pakistan, Palau (Isle), Palestinian Areas, Papua New Guinea, Paraguay, Reunion, Rwanda, Samoa, Sao Tome and Principe, Senegal, Sierra Leone, Somalia, South Georgia, Serbia, South Korea, Sudan, South Sudan, Sri Lanka, Suriname, Syria, Swaziland, Tajikistan, Tanzania, Timor, Togo, Tonga, Trinidad and Tobago, Tunisia, Turkmenistan, Tuvalu (Isle), Uganda, Ukraine, Uzbekistan, Vanuatu, Venezuela, Western Sahara, Yemen, Zambia, Zimbabwe, all countries and territories listed by the Financial Action Task Force as a "non-cooperative country or territory" and all countries, persons or entities listed on the State Secretariat for Economic Affairs' website (SECO), as amended from time to time ([https://www.seco.admin.ch/seco/fr/home/Aussenwirtschaftspolitik\\_Wirtschaftliche\\_Zusammenarbeit/Wirtschaftsbeziehungen/exportkontrollen-und-sanktionen/sanktionen-embargos/sanktionsmassnahmen.html](https://www.seco.admin.ch/seco/fr/home/Aussenwirtschaftspolitik_Wirtschaftliche_Zusammenarbeit/Wirtschaftsbeziehungen/exportkontrollen-und-sanktionen/sanktionen-embargos/sanktionsmassnahmen.html)).

## Parties to these T&Cs

LakeDiamond is a company limited by shares having its registered office at Rue Galilée 7, 1400 Yverdon-les-Bains, Vaud, Switzerland, and is registered as such with the Swiss Commercial Registry under reference CHE-141.951.583. LakeDiamond is the creator and issuer of LKD Tokens under these T&Cs.

References in these T&Cs to “**Purchaser**”, “**your**” or “**you**” include the person/entity, directly or via a nominee (a “**Nominee**”), who accepts these T&Cs and agrees to and place an order to the Company as set out in and on the terms of these T&Cs. You and the Company shall together be referred to as the “**Parties**” and references to a “**Party**” shall be to the relevant one of them as the context requires.

If you have any questions relating to these T&Cs, please contact us via [ico@lakediamond.ch](mailto:ico@lakediamond.ch).

## 1. General Information

LakeDiamond is a commercial and an operational entity whose sole activity is manufacturing, transforming, selling, marketing and distributing lab grown diamonds. In its Swiss-based labs, LakeDiamond grows diamonds plates and transforms them for high-tech applications thanks to its own developed proprietary technology. LakeDiamond especially sells diamond-production hours to customers thus providing them with an access to the Company's labs to grow diamond plates, and eventually transform them thereafter into round brilliant depending on the customers' needs.

LakeDiamond has acquired a cutting edge technology to manufacture and exploit state-of-the-art, industrial, and fully automated MicroWave Chemical Vapor Deposition reactors (the “**Reactors**”) into the growth of diamonds. This proprietary technology consists of growing diamonds by building a carbon atom lattice, layer by layer, in plasma (a gas mixture excited by an electromagnetic radiation).

LakeDiamond intends to sell the LKD Tokens, which represent diamond production minutes and are further described below, to customers via an Initial Coin Offering (the “**Initial Coin Offering**” or “**ICO**”). LKD Tokens will be generated at the time of the ICO.

The purpose of the ICO is to allow purchasers of LKD Tokens to benefit from LakeDiamond innovation. The ICO and the corresponding LKD Tokens creation process are organized via a Smart Contracts System (as defined below under clause 8) running on the Ethereum blockchain.

LKD Tokens correspond to allocated time slots into which access to the Company's production service are integrated. Each LKD Token will be equivalent to one synthetic diamond production minute (“**Diamond Production Minute**”). Purchasers should refer to the Company's products catalog available on the Company's Website (as defined below) in order to determine the number of LKD Tokens necessary to generate each Company product.

For a more detailed description of the LakeDiamond's ICO and the LKD Tokens Functionalities (as defined below under clause 10), please refer to:

- a) the Company website at <https://www.lakediamond.ch> (the “**Company's Website**”);
- b) the Company whitepaper (the “**Whitepaper**”), a copy of which can be found at: <https://www.lakediamond.ch/docs/whitepaper.pdf>;
- c) the Company business presentation (the “**Business Presentation**”), a copy of which can be found at <https://www.lakediamond.ch/docs/businesspresentation.pdf>.

(collectively referred to as the “**Project Documentation**”, as amended from time to time).

The information contained in the Project Documentation is of descriptive nature only. The Project Documentation is not binding and does not form part of these T&Cs. The Project Documentation includes statements, estimates and projections that are “forward-looking statements”. All statements other than historical facts are forward-looking statements and include statements and assumptions relating to: plans, roadmaps and objectives of management for future operations or economic performance; conclusions and projections about current and future economic and political trends and conditions; projected financial results and results of operations. These statements can generally be identified by the use of forward-looking terminology including “may”, “believe”, “will”, “expect”, “anticipate”, “estimate”, “plan”, “continue”, “project”, “goals”, “future” or variations on such terms or comparable terminology. Similarly, statements that describe our objectives, plans or goals are forward-looking. The Company does not make any representations or warranties (express or implied) about the accuracy of such forward-looking statements. You are cautioned that actual results could differ materially from forward-looking statements; and you are cautioned not to place undue reliance on forward-looking statements.

LakeDiamond SA is neither a bank, a private bank, an exchange, a securities dealer, a fund, a collective scheme investment manager or distributor, a financial intermediary, an asset manager or otherwise a financial institution and is neither authorized to act as such nor monitored by any financial market supervisory authority, including the Swiss Financial Market Supervisory Authority FINMA ("**FINMA**"). These T&C, the Project Documentation and any other information material relating to LakeDiamond SA and/or the ICO and the LKD Tokens have not been and will not be filed with or approved by any Swiss or foreign regulatory authority. In particular, this document will not be filed with the FINMA. The LKD Tokens and the ICO are not and will not be subject to any supervision and/or authorization by the FINMA and Purchasers will not benefit from any protection or supervision by such authority.

## 2. Scope of the T&Cs

Save as otherwise stated in these T&Cs, these T&Cs (including any terms incorporated herein by reference) govern the entire life time of each LKD Token, from its creation to its final utilization through the LKD Tokens Functionalities (as defined under clause 10 and further described in the Whitepaper).

These T&Cs further apply to any and all LKD Tokens owners (the "**LKD Token Owners**"), at any time, during the entire life of each and any LKD Token. Are considered as LKD Tokens Owners the Purchasers owning LKD Tokens directly or via a Nominee.

## 3. Indicative ICO Sequence

The ICO will be sequenced as follow:

- Bank sale phase starting on 22 October 2018:
  - Opening of the ICO Registration (as described below) for any Purchaser having an account within Swissquote Bank SA;
  - Launch of the First Shopping Period (as defined under clause 5.2);
  - LKD Tokens' distribution process (as defined under clause 8.2);
  - End of the First Shopping Period (as defined under 5.2);
  - LKD Tokens' Allocation (as defined under clause 8.1).
- Public phase starting on 15 January 2019 (subject to clause 5.2):
  - Public opening of the ICO Registration for all other Purchasers;

- Launch of the Second Shopping Period (as defined under clause 5.2);
  - LKD Tokens' distribution process (as defined under clause 8.2);
  - End of the Second Shopping Period (as defined under 5.2)
  - On or about 15 February 2019, LKD Tokens' Allocation (as defined under clause 8.1) via the Smart Contracts System;
- On or about 15 March 2019 at the latest, availability of the LKD Tokens Functionalities to all Purchasers (as defined under clause 10 and further described in the Whitepaper).

#### 4. ICO Registration / Know Your Customer Procedure

##### 4.1 Pre-Registration

4.1.1 LKD Token potential purchasers other than those participating in the First Shopping Period ("**Potential Purchasers**") wanting to place an order at the time of the ICO must be first pre-registered (the "**Pre-Registration**") and accepted on a whitelist (the "**Whitelist**"). For this purpose, Potential Purchasers must provide:

- a) a valid email address (confirmed via an automatic email);
- b) a valid phone number; and
- c) a copy of a valid proof of ID.

Pre-Registration requires a full acknowledgement and understanding of these T&Cs. Potential Purchaser placing an order will be deemed to have accepted in full and fully understood these T&Cs and their Schedules 1-3.

Pre-Registration dates shall be published on the Company's Website.

##### 4.2 Know Your Customer Procedure

4.2.1 Prior or during the Shopping Periods (as defined below), but in any case before any LKD Token's Allocation (as defined below), a Know Your Customer procedure ("**KYC Procedure**") will be conducted by a third party (the "**KYC Provider**"), duly appointed by LakeDiamond for this purpose regarding all pre-registered Potential Purchasers on the Whitelist. Once the KYC procedure is completed, the Potential Purchasers will be registered on the Whitelist.

If you are a Potential Purchaser, the KYC Provider, will:

- a) request you to provide information and documentation for the purpose of complying with any KYC Procedure or similar obligations; and
- b) determine whether it is necessary to obtain other information about you in order to ascertain compliance with any other applicable laws, regulations or best practices in connection with the generation and issue of LKD Tokens to you.

4.2.2 You agree that you shall, promptly at the KYC Provider's request, supply such information and documentation as may be requested pursuant to clause 4.2.1 in order for the KYC Provider to carry out, to the KYC Provider satisfaction, all necessary KYC Procedure and other similar checks which it deems necessary to perform.

4.2.3 Information and documentation to be submitted to the KYC Provider will depend on the amount of LKD Tokens you are willing to purchase during the ICO.

- a) Standard identification level:

KYC Provider	LakeDiamond SA or any other KYC Provider
LKD Token purchase amount	below CHF 3'000
Minimum required information ( <i>inter alia</i> )	Copy of ID; Email address; Phone number; and IP address.

## b) Advanced identification level:

KYC Provider	Swissquote Bank SA (" <b>Swissquote</b> ")
LKD Token purchase amount	above CHF 3'000
Minimum required information ( <i>inter alia</i> )	Copy of ID; Email address; Phone number; IP address; Source of wealth (if applicable); Source of funds (if applicable); Video-conference (if applicable).

- 4.2.4 All information and documentation provided must be complete, accurate, and not misleading. Any changes regarding your information and/or documentation must be communicated to the KYC Provider immediately.
- 4.2.5 The KYC Provider is required to keep records of transactions for ten years. This period will start from the end of the execution of your order or, if more than one order is placed, from the end of the last Payment (as defined below).
- 4.2.6 You acknowledge and accept that the Company may refuse or reject any order for the purchase of LKD Tokens from a Potential Purchaser at its sole discretion, and in particular if you have not complied with all requested information under this clause 4.2 or that the Company was unable to determine that it is permissible to create and issue LKD Tokens to you under the relevant applicable law. In such a case, the aggregated amount of Ether ("**ETH**") will be refunded to the emitting Ethereum address minus transaction fees (which may vary according to the amount transferred and the degree of network congestion). The Company shall not bear any liability in connection with a potential loss arising from exchange rates fluctuations.
- 4.2.7 No LKD Token's Allocation (as defined under clause 8) will occur before KYC Procedure's completion.
- 4.2.8 A KYC Procedure, in accordance with this clause 4.2, will be performed by the KYC Provider each time a LKD Token is used according to its Producing Functionality (as defined under clause 10) or through the LKD Platform (as defined under clause 10) according to its Industrial Functionality (as defined under clause 10). This KYC Procedure will be mandatory to convert any LKD Token in Production Minutes.

4.2.9 Potential Purchasers understand, acknowledge and accept that information listed under clause 4.2.3 may be transferred abroad for KYC purposes. You must refer to the Privacy Policy set out in Schedule 3 which is an integral part of these T&Cs.

4.2.10 The KYC Procedure described in this clause 4.2 shall apply to the extent that the Parties have not agreed in writing on a different process complying with the legal applicable requirements.

## 5. ICO Shopping Periods

5.1 Placing of orders must be made during the Shopping Periods.

**Shopping Periods** means the First Shopping Period and the Second Shopping Period (should a second one be opened).

5.2 **First Shopping Period** means a defined period of time commencing at the First Start Date (defined below) and ending at the latest on the Second Start Date (defined below) during which eligible persons holding an account with Swissquote shall be entitled to participate to the ICO, provided that the Company may, at its sole discretion, decide to terminate the First Shopping Period before it ends. In such occasion, further information will be published on the Company's Website.

5.3 During the First Shopping Period, Purchasers holding an account with Swissquote will receive a LKD Tokens extra bonus equivalent to 10% of their order (i.e. for 100 purchased LKD Tokens, 110 LKD Tokens will be allocated), for any order placed as long as the aggregate amount of the orders submitted by Purchasers holding an account with Swissquote is inferior or equal to CHF 4 million of distributed LKD Tokens. If applicable, Purchasers holding an account with Swissquote will receive a LKD Tokens bonus equivalent to 5% of their order (e.g. for 100 LKD Tokens purchased, 105 LKD Tokens will be allocated), for any orders placed as long as the aggregate amount of orders submitted by Purchasers holding an account with Swissquote is above CHF 4 million but not in excess of CHF 14 million. You acknowledge and understand that employees of Swissquote and certain other acquirers of the LKD Tokens may also be entitled to a bonus allocation, and that such bonus allocation may be more favorable than the one reserved for Purchasers holding an account with Swissquote.

5.4 Purchasers understand and agree that Swissquote may refuse to purchase, or place limitations and restrictions on a Purchaser's ability to purchase LKD Tokens, even if such restrictions are not provided by the T&Cs.

5.5 **Second Shopping Period** means a defined period of time during which, subject to clause 4 above, any person shall be entitled to participate in the second phase of the ICO commencing at the Second Start Date (defined below) and ending on the earliest satisfaction of any one of the Completion Conditions (defined below). However, the Second Shopping Period will only occur in the event the Hard Cap (as defined below) is not reached at the end of the First Shopping Period.

5.6 **First Start Date** means 22 October 2018; provided, however, the Company may decide to postpone the First Start Date in which case (i) the Company shall publish a notice of postponement on its website and (ii) the First Start Date shall mean any dates and times determined by the Company as published on the Company's Website at least 24 hours before such new First Start Date.

5.7 **Second Start Date** means – should the Hard Cap not be reached at the end of the First Shopping Period – 15 January 2019. However, the Company may decide to postpone the

Second Start Date in which case (i) the Company shall publish a notice of postponement on its website and (ii) the Second Start Date shall mean any dates and times determined by the Company as published on the Company's Website at least 24 hours before such new Second Start Date.

**Minimum Purchase Amount** means CHF 33.- corresponding to 60 LKD Tokens.

**ETH Payment** means the amount of ETH to be transferred, either during the First or the Second Shopping Period, by a Purchaser to the Company at the time the Purchaser orders LKD Tokens.

**CHF Payment** means the amount of Swiss Francs ("**CHF**") to be transferred, during the First Shopping Period, by a Purchaser to the Company at the time the Purchaser orders LKD Tokens.

**Euro Payment** means the amount of Euro to be transferred, during the First Shopping Period, by a Purchaser to the Company at the time the Purchaser orders LKD Tokens.

**Payment** means the amount of ETH, CHF or Euro to be transferred by a Purchaser to the Company at the time the Purchaser orders LKD Tokens.

**Completion Condition** means any one of the following:

- a) the equivalent of CHF 60,500,000 (the "**Hard Cap**") is received by the Company, which for the avoidance of doubt shall include such amounts received by us during the Bank sale phase;

or

- b) the expiry of 30 days after the Second Start Date of the Second Shopping Period. If the Second Start Date is 15 January 2019, then for the avoidance of doubt, the Second Shopping Period shall end on 15 February 2019.

Purchaser understands and agrees that in any case, the functionalities of the LKD Tokens as described below under clause 10.1c)I.10.1 shall be available as from the First Shopping Period but not be exercised by the Purchaser before 15 March 2019, at the latest.

The Smart Contracts System (as defined below) shall automatically stop accepting ETH Payments, if the Hard Cap has been reached or the 30 days referred to above have elapsed, whichever is earlier.

- 5.8 In the event a Second Shopping Period occurs pursuant to clause 5.1, the Company shall publish a notice to that effect on its Website. You shall be required to check the Company's Website in order to ensure that your ETH Payment (as defined below) is made prior to the conclusion of the Second Shopping Period.
- 5.9 The Purchasers who send ETH Payment following the completion of the Second Shopping Period (as notified on the Company's Website) risk losing their entire ETH Payment and we shall not be responsible or liable for recovering or returning any such ETH Payments to the Purchaser nor shall we be responsible or liable for any losses incurred by the Purchaser in this respect.

## 6. LKD Token Price

- 6.1 In order to calculate the LKD Tokens to be allocated following the placing of an order, the Company shall use the allocation methods set out in this clause 6.



- 6.2 Each LKD Token will be equivalent to one Diamond Production Minute. The current cost of one Diamond Production Minute is CHF 0.55.
- 6.3 During the Second Shopping Period, the price per LKD Token will be denominated in CHF but paid according to the Payment Method (as defined below).

## 7. Method of Payment

- 7.1 On or before the Second Start Date of the Second Shopping Period, the Company shall publish on its website the Ethereum contract address designated to receive the ETH Payments (the "**Ethereum Contract Address**").
- 7.2 Payment to the Company during the First Shopping Period is made through Swissquote according to the modalities defined by Swissquote, and is made by a Payment in ETH, CHF or Euro (the "**Payment Method**"). In addition, even if the Payment is made in CHF or Euro, the Purchaser must provide the Company with a valid Ethereum wallet address to allow the allocation of the LKD Tokens.
- 7.3 During the Second Shopping Period, Payments must comply with the Minimum Purchase Amount and must be made in ETH. The ETH Payment must be sent from a valid Ethereum wallet address provided by the Purchaser to the Company to allow the allocation of the LKD Tokens. **Only Purchasers whose Ethereum wallets ("Ethereum Wallets") have been authorized and identified during the KYC Procedure, are able to participate to the Second Shopping Period.**
- 7.4 In any case, ETH Payments shall not be made through a cryptocurrency exchange wallet and/or address. If you participate in the Second Shopping Period, your Ethereum Wallet shall be required to verify your ETH Payment to the Company (if applicable) and to enable the Company to issue LKD Tokens to you through the Smart Contracts System (as further described in clause 8) and allocate LKD Tokens to your Ethereum Wallet.
- 7.5 ETH Payments shall be sent to the Company's Ethereum Contract Address specified on the Company's Website, which shall be made available to the Purchaser on acceptance of these T&Cs and satisfaction of such other conditions as the Company shall determine in its sole and absolute discretion.
- 7.6 The Company does not bear any exchange rate risk and transactions' costs (if applicable) are at the Purchaser's expense.
- 7.7 Purchasers that send Payments other than as described in clauses 7.1 to 7.7 risk losing their entire Payment and the Company shall not be responsible or liable for recovering or returning any such Payments to the Purchaser, nor shall the Company be responsible or liable for any losses incurred by the Purchaser in this respect.

## 8. LKD Token Distribution and Allocation through the Smart Contracts System

- 8.1 The Company has deployed a smart contracts system (the "**Smart Contracts System**" and individually the "**Smart Contract**") on the Ethereum blockchain for the purposes of verifying that the Ethereum Wallet has been registered and approved via the KYC Procedure; allocating the LKD Tokens to the Purchasers' Ethereum Wallet (the "**Allocation**") and using the Functionalities set out in clause 10 of these T&Cs. LKD Tokens shall be based on the ERC20 token standard. The Smart Contracts System will carry out the Allocation and provide access to the Functionalities (as defined under clause 10).
- 8.2 Distribution methods will differ between the two Shopping Periods:
  - During the First Shopping Period, LKD Tokens will be distributed manually by the Company to Swissquote, acting in its own name but on behalf and at the risk of its clients, without intermediation of the Smart Contracts System; and

- During the Second Shopping Period LKD Tokens will be distributed via the Smart Contracts System only;

(collectively referred to as the “**Distribution**”).

- 8.3 The Smart Contracts System code, existing on the Ethereum blockchain, will be published before the start of the First Shopping Period on <https://gitlab.com/lakediamond>.
- 8.4 The blockchain track record will keep a record of all ETH Payments that have been credited on the Company’s Ethereum wallet addresses, including details regarding the time and the amount of payment, and the wallet address from which the payment was debited (as the case may be). Such information are deemed to be of public knowledge.
- 8.5 In order to receive LKD Tokens, the Purchaser must hold an Ethereum Wallet which complies with the ERC20 token standard. The Purchaser understands and acknowledges that Purchaser’s Ethereum Wallet must possess technical infrastructure that is compatible with the receipt, storage and transfer of LKD Tokens, being tokens that are created based on the ERC20 token standard. The Company reserves the right to prescribe additional conditions relating to specific wallet requirements at any time acting in its sole and absolute discretion.
- 8.6 Prior or during the Second Shopping Period, the KYC Provider will in any case undertake a verification procedure by reference to all information requested pursuant to clause 4.2. Provided the Company and/or the KYC Provider is/are successfully able to run a background check, the Company shall send instructions to the Smart Contracts System to:
  - a) accept ETH Payments from your Ethereum Wallet (if you make an ETH Payment); and
  - b) allocate LKD Tokens to the designated Ethereum Wallet.
- 8.7 Subject to compliance with the foregoing provisions of clauses 3, 0 and 8, Allocation of LKD Tokens shall be made by transferring LKD Tokens directly to the Purchaser’s Ethereum Wallet.
- 8.8 After payment completion, any credited amount shall immediately become the sole and exclusive property of the Company who shall be used for industrial purposes, including but not limited to the development of our diamond production facilities and other operating expenses relating to our business. Any statements made at any time regarding use of proceeds should not be considered a firm statement, but rather as a forward-looking statement as part of a larger future plan to produce diamond and to expand diamond production facilities that includes a number of risks. You should refer to the risk factors set out in Schedule 2.

## **9. Refusals, Suspension and Termination of Payments**

- 9.1 LakeDiamond shall have the right at any anytime, at its sole discretion and by any means, to exclude, ban or otherwise restrict the participation in the ICO if the Potential Purchaser does not meet eligibility requirements set forth by LakeDiamond for the purpose of the LKD Tokens sale or on other grounds. As a consequence, the Company reserves the right to refuse or reject any Payment made at any time in its sole and absolute discretion, in particular for any reasons relating to the KYC Procedure or if a Payment is received by the Company following the satisfaction of a Completion Condition. To the extent that we refuse or reject a Payment, we will exercise reasonable endeavors to procure that the Payment is returned within a reasonable period of time to the Purchaser to the Ethereum Wallet from which the Payment was made. However, we do not warrant, represent or offer any assurances that we will successfully be able to recover and/or return any such Payments.

- 9.2 Subject to clause **Error! Reference source not found.** 5.7 and the foregoing provision of this clause 9, and to the extent required by applicable law, all Payments received by the Company under these T&Cs are final and Purchasers shall not be entitled to claim any refund or reimbursement from the Company at any time.
- 9.3 To the extent the Company endeavors to return a Payment under clause 9.1 or is required to return a Payment under applicable law, you acknowledge and accept that due to:
- a) the Ethereum blockchain's transaction and/or mining fees;
  - b) adverse fluctuations in the exchange rate of ETH against other assets; and/or
  - c) administrative expenses incurred by us in returning the ETH payment,
- you are unlikely to receive an amount equivalent to your Payment and that such refunded amount may be lower than the amount so contributed by you. The Company does not bear any exchange rate risk and transactions' costs (if applicable) are at the Purchaser's expense.
- 9.4 At any time prior to satisfaction of the Completion Conditions, the Company may either temporarily suspend or permanently abort the ICO for security reasons. Any suspension or abort of the ICO shall be deemed to commence from the moment that the Company publishes a notice to that effect on the Company's Website.
- 9.5 During any period of suspension or in the event that the Shopping Periods are aborted, the Smart Contracts System will no longer be able to receive and accept ETH Payments, create LKD Tokens and/or allocate LKD Tokens to purchasers. Purchasers placing orders (after we publish a notice that the ICO has been suspended or aborted in accordance with clause 9.4) risk losing their entire Payment and we shall not be responsible or liable for recovering or returning any such Payments to the Purchaser nor shall we be responsible or liable for any losses incurred by such Purchasers in this respect. Purchasers are therefore strongly advised to check the Company's Website before sending a Payment to the Smart Contracts System.

## 10. LKD Tokens Functionalities

- 10.1 Ownership of LKD Tokens carries no rights, whether express or implied, other than providing access to the three following LKD Tokens functionalities (the "**Functionalities**"), further described under the Company's Whitepaper:
- a) using Diamond Production Minute represented by the LKD Token to produce lab grown diamond for the LKD Token Owner's account, according to the Company production's schedule and the Company's products catalog available on the Company's Website (the "**Producing Functionality**"). The Producing Functionality will be available to LKD Tokens Owners immediately after the LKD Tokens' Allocation;
  - b) selling the LKD Token to another person on a wallet to wallet basis and/or via exchange platform, if available, compatible with the ERC20 token standard (the "**Selling Functionality**");
  - c) benefiting from the possibility of selling LKD Tokens with other LKD Tokens Owners to the Company on a "first in, first served basis" via the LKD Platform (the "**LKD Platform**"), provided that the Company receives an order from an industrial or commercial client (the "**Industrial Functionality**").
- 10.2 The Functionalities shall be fully implemented and available as from the First Shopping Period but shall only made available to the Purchaser on 15 March 2019 at the latest.
- 10.3 You understand, acknowledge and accept that LKD Tokens do not incorporate or represent:

- a) a reimbursement right or any kind of claim against the Company, neither actual, nor future;
  - b) any ownership right or stake, share, equity, security, commodity, bond, debt instrument or any other financial instrument or investment carrying equivalent rights, neither actual, nor future;
  - c) any right to receive future revenues, shares or any other form of participation or governance right from, in, or relating to the Company, neither actual, nor future;
  - d) any form of cryptocurrency coin, money or legal tender in any jurisdiction, nor do they constitute any representation of money (including electronic money), neither actual, nor future;
  - e) any Intellectual Property Right (as set out in clause 14.1 below), neither actual, nor future; or
  - f) the provision of any goods and/or services as at the date that these T&Cs form a binding agreement between the Parties, neither actual, nor future, other than the right to use the LKD Tokens Functionalities.
- 10.4 You understand, acknowledge and accept that LKD Tokens must not be purchased, acquired, used, held, stored or otherwise kept other than for the purposes of using the LKD Tokens Functionalities (as described above), to the extent that this activity is made available by brokers or exchanges places (if applicable).
- 10.5 The Company makes no warranties or representations and offers no assurances (in each case whether express or implied) that LKD Tokens Functionalities will be maintained or further developed in the future (please refer the Risk Factors set out under Schedule 2).
- 10.6 LakeDiamond shall have the right at any anytime, at its sole discretion and by any means, to restrict the Purchasers' possibility of using the Functionalities if the Purchaser does not meet eligibility requirements set forth by LakeDiamond for the purpose of the LKD Tokens sale or on other grounds.

## **11. Purchaser's Representations and Warranties**

By placing an order during the ICO process or acquiring LKD Tokens(s) on the secondary market, you hereby represent and warrant the matters set out in Schedule 1 to these T&Cs.

## **12. Audit of the Smart Contract System and the LKD Platform**

- 12.1 The Company shall exercise reasonable endeavors to have the Smart Contracts System and the LKD Platform audited and approved by technical experts with regard to both accuracy and security of the underlying code.
- 12.2 Notwithstanding clause 12.1, smart contract technology is still in an early stage of development and its application is currently of an experimental nature, which carries significant operational, technological, financial, regulatory and reputational risks. Accordingly, while any audit conducted shall raise the level of security and accuracy of the Smart Contracts System, you acknowledge, understand and accept that the audit does not amount to any form of warranty, representation or assurance (in each case whether express or implied) that the Smart Contracts System and LKD Tokens are fit for a particular purpose or that they are free from any defects, weaknesses, vulnerabilities, viruses or bugs which could cause, inter alia, the complete loss of your Payment and/or LKD Tokens.

### 13. Security

- 13.1 You are responsible for implementing all reasonable and appropriate measures for securing the wallet, vault or other storage mechanism you use to send a Payment to the Company and to receive and store LKD Tokens that are issued to you by the Smart Contracts System, 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 LKD Tokens. The Company shall not be responsible for any security measures relating to your receipt, possession, storage, transfer or use of LKD Tokens nor shall we be under any obligation to recover or return any LKD Tokens and we hereby exclude (to the fullest extent permitted under applicable law) any and all liability for any security breaches or other acts or omissions which result in your loss of (including your loss of access to) LKD Tokens issued to you during the ICO.
- 13.2 In particular, the Company shall not be held liable for any loss event (due to, among others, hacking, theft, fraud, cyber-attack, etc. (a "**Loss Event**")), absent any fraud or gross negligence of the Company, its agents, employees and representatives resulting from any action, omission, or otherwise attributable to any custodian. In case a Loss Event occurs, the Company may notify (but shall not be obliged to) the Purchaser that a Loss Event has occurred and inform such Purchaser of any measures to be taken to mitigate the impact of such Loss Event.

### 14. Intellectual Property

- 14.1 In this clause 14, "**Company's IP Rights**" means in relation to the Company, the LKD Tokens, the ICO, the Project Documentation, the Smart Contracts, all: (i) patents, inventions, designs, copyright and related rights, database rights, knowhow and confidential information, trademarks and related goodwill, trade names (whether registered or unregistered), and rights to apply for registration; (ii) all other rights of a similar nature or having an equivalent effect anywhere in the world which currently exist or are recognised in the future; and (iii) all applications, extensions and renewals in relation to any such rights.
- 14.2 Except as expressly set out in these T&Cs, you are not entitled, for any purpose, to any of the Company's IP Rights. We shall at all times retain ownership, including all rights, title and interests in and to the Company's IP Rights and you understand and accept that by making a Payment for the purchase of LKD Tokens pursuant to these T&Cs, you shall not: a) acquire or otherwise be entitled to any Company's IP Rights; b) make a claim in respect of any Company's IP Rights or any other equivalent rights; or c) use, attempt to use, copy, imitate or modify (whether in whole or in part) any Company's IP Rights, except with our prior written consent.

### 15. Indemnity

- 15.1 To the fullest extent permitted by applicable law, you will indemnify, defend and hold harmless the Company and our respective past, present and future employees, officers, directors, contractors, consultants, equity holders, suppliers, vendors, service providers, parent companies, subsidiaries, affiliates, agents, representatives, predecessors, successors and assigns (the "**Company Indemnified Parties**") from and against any and all claims, demands, actions, damages, losses, costs and expenses (including reasonable professional and legal fees) that arise from or relate to:
- a) your acquisition or use of LKD Tokens under these T&Cs;
  - b) the performance or non-performance of your responsibilities, representations, warranties or obligations under these T&Cs;

- c) your breach of any of the terms and conditions set out in these T&Cs; or
- d) your breach of any rights of any other person or entity.

15.2 The Company reserves the right to exercise sole control over the defense, at your sole cost and expense, of any claim subject to an indemnity set out in clause 15.1.

15.3 The indemnity set out in this clause 15 is in addition to, and not in lieu of, any other remedies that may be available to the Company under applicable law.

## 16. Disclaimers

16.1 To the fullest extent permitted by applicable law and except as otherwise specified in writing by us:

- a) LKD Tokens are sold on an "as is" and "as available" basis, without any warranties or representations of any kind, and we expressly disclaim all warranties and representations relating to the LKD Tokens (whether express or implied), including, without limitation, any implied warranties of merchantability, fitness for a particular purpose, title and non-infringement;
- b) we do not represent or warrant that LKD Tokens are reliable, current or defect-free, meet your requirements, or that any defects will be corrected;
- c) we cannot and do not represent or warrant that LKD Tokens or the allocation mechanism for LKD Tokens are free of viruses or other harmful components; and
- d) we do not represent or warrant that a secondary market exists or will exist for LKD Tokens and in the event that such secondary market exists, the Company will never act as a market maker (or a similar capacity) with regard to LKD Tokens.

16.2 Neither these T&Cs nor the Project Documentation constitute a prospectus, in particular according to art. 652a and 1156 of the Swiss Code of Obligations, or a prospectus within the meaning of Directive 2003/71/EC, as amended from time to time, including by Directive 2010/73/EU, the "**Prospectus Directive**") or offering document, and are not an offer to sell, nor the solicitation of an offer to buy any investment or financial instrument in any jurisdiction. LKD Tokens should not be acquired for speculative or investment purposes with the expectation of making a profit on immediate or future resale.

16.3 No regulatory authority has examined or approved any of the information set out in these T&Cs and/or the Project Documentation. No such action has been or will be taken under the laws, regulatory requirements or rules of any jurisdiction. The publication, distribution or dissemination of these T&Cs and/or the Project Documentation does not imply that applicable laws, regulatory requirements or rules have been complied with.

## 17. Exclusion of Liability

17.1 To the fullest extent permitted by applicable law, in no circumstances shall:

- a) the Company, its Directors, officers, employees, representatives, agent, advisors, and consultant, or any of the Company Indemnified Parties be liable for any damage or loss of any kind (including, but not limited to, loss of revenue, income, business or profits, loss of contract or depletion of goodwill, loss of anticipated savings, loss of use or data, or damages for business interruption or any like loss) arising out of or in any way related to the acquisition, storage, transfer or use of LKD Tokens or otherwise related to these T&Cs, regardless of the cause of action (even if the Company or any of the

Company Indemnified Parties have been advised of the possibility of such losses and regardless of whether such losses were foreseeable);

- b) the aggregate liability of the Company and the Company Indemnified Parties (jointly), arising out of or relating to these T&Cs or the use of or inability to use LKD Tokens, exceed the amount of your Payment;
- c) the Company shall not be liable for the technical risks related to, among others, power outage, disconnection, time-out or system failure, delays, transmission errors, disturbance or the overloading or locking-up of the systems or networks involved therewith. In addition, the Company shall not be held liable for any suspension, theft, fraud or loss of LKD Tokens. If the Company detects any security risks, it reserves the right to interrupt the Smart Contracts System for the protection of the Purchasers at any time until the risk is removed. The Company shall not be liable for any damages incurred as a result of such interruption. The Company cannot guarantee the availability of the internet.

17.2 The limitations and exclusions of liability set out in clause 17.1 shall not limit or exclude liability for the gross negligence, fraud or intentional, willful or reckless misconduct of any Company Indemnified Party, nor shall it limit or exclude any losses for which, as a matter of applicable law, it would be unlawful to limit or exclude liability.

## **18. Taxation**

18.1 You are solely responsible for determining whether your Payment to the Company for the purposes described hereunder, the transfer via the Payment Method, the creation, ownership, use, sale, transfer or liquidation of LKD Tokens, the potential appreciation or depreciation in the value of LKD Tokens over time (if any), the allocation of LKD Tokens and/or any other action or transaction contemplated by these T&Cs or related to the ICO will give rise to any tax implications on your part.

18.2 You are also solely responsible for withholding, collecting, reporting, paying, settling and/or remitting any and all taxes to the appropriate tax authorities in such jurisdiction(s) in which you may be liable to pay tax. The Company shall not be responsible for withholding, collecting, reporting, paying, settling and/or remitting any taxes (including, but not limited to, any income, capital gains, sales, value added or similar tax) which may arise from your Payment and acquisition of LKD Tokens under or in connection with these T&Cs.

18.3 You agree not to hold the Company or any of the Company Indemnified Parties liable for any tax liability associated with or arising from the creation, ownership, use or liquidation of LKD Tokens or any other action or transaction related to the ICO.

## **19. Data Protection**

19.1 When we make an information request in accordance with clause 4, we may, or the KYC Provider may, require you to provide information and/or documents relating to (without limitation):

- a) your identity;
- b) your residential and/or business address;
- c) the source of your wealth;
- d) the source of funds used for the purposes of purchasing LKD Tokens;
- e) your Ethereum Wallet for receipt of LKD Tokens; and/or



- f) any other documents or data from which you can be identified, (together, your **"Personal Data"**).
- 19.2 We will not disclose your Personal Data except as expressly permitted under these T&Cs and otherwise only with your prior consent. However, we may be required to disclose your Personal Data and/or certain other information about you to the extent required by applicable law or by an order of a court or competent governmental or regulatory authority. By accepting these T&Cs, you expressly agree and consent to your Personal Data being disclosed to third parties to any extent required for the purposes of compliance with applicable laws or regulations.
- 19.3 We shall process your Personal Data in accordance with the Swiss Federal Act on Data Protection ("**FADP**") regarding personal data, and you agree that we, as the data controller, may directly or through our service providers or agents process your Personal Data for any one or more of the following purposes:
- a) the purchase of LKD Tokens and the processing of transactions related to the Token Sale pursuant to these T&Cs;
  - b) providing you with information about us and our range of services;
  - c) compliance with any requirement imposed by applicable law, by applicable regulation, or by an order of a court or competent governmental or regulatory authority;
  - d) management of enquiries and complaints;
  - e) opening, maintaining or operating a bank account in the Company's name;
  - f) subject to clause 0, resolving any Disputes with you;
  - g) producing summary information for statistical, regulatory and audit purposes; and/or
  - h) any other reasonable purposes permissible and in accordance with applicable law.
- 19.4 Under the FADP, you have a right to access your Personal Data held by us, and it is your responsibility to inform us of any changes to your Personal Data to ensure such data remains accurate. You also have a right to object to your Personal Data being processed for the purposes of direct marketing and you have the right to ask that we delete your Personal Data if you are not participating in the ICO (according the Privacy Policy set out under Schedule 3). You agree to provide a written request to us should you wish to enforce these rights.
- 19.5 You agree that we may, for the purposes set out in clause 19.3, permit the transfer of your Personal Data to any jurisdiction and that by accepting these T&Cs, you authorise and expressly consent to the processing of your Personal Data by us, our agents and/or our service providers, provided that where your Personal Data is processed by entities other than us, our agents or our service providers, we shall seek your prior written consent in respect of such processing.
- 19.6 You acknowledge, accept and understand that these T&Cs, insofar as they relate to the controlling and processing of your Personal Data by the Company, our agents and/or service providers, are only relevant to the processing of your Personal Data for the purposes set out in clause 19.3. In order to access the ICO and provide or receive services therein, you will be required to accept the LakeDiamond Privacy Policy (as set out under Schedule 3) which shall also set out the terms and conditions under which your Personal Data is collected, stored and processed (as well as your individual rights under applicable data protection laws) in connection with your participation to the ICO and ownership of the LKD Tokens.

## 20. Governing Law and Dispute Resolution Mechanisms

### 20.1 Governing Law

These T&Cs, the Schedule 1 to 3, the Purchase Order, the exercise of the Functionalities and any dispute or claim arising out of or in connection with these T&Cs, the Schedule 1 to 3, the Purchase Order and the exercise of the Functionalities shall be governed by and construed in accordance with the laws of Switzerland.

### 20.2 Dispute Resolution Mechanisms

PLEASE READ THE FOLLOWING CLAUSE CAREFULLY BECAUSE IT CONTAINS CERTAIN PROVISIONS, SUCH AS A BINDING ARBITRATION CLAUSE, WHICH AFFECT YOUR LEGAL RIGHTS. THIS CLAUSE REQUIRES YOU TO ARBITRATE CERTAIN DISPUTES AND CLAIMS WITH THE COMPANY AND LIMITS THE MANNER IN WHICH YOU CAN SEEK RELIEF FROM US.

#### 20.2.1 Binding Arbitration

For any disputes, claims, suits, actions, causes of action, demands or proceedings arising out of or in connection with these T&Cs, the Schedule 1 to 3, the Purchase Order and the exercise of the Functionalities (collectively, “**Disputes**”), you waive your rights to have any and all Disputes resolved in a court. Instead, you agree to exclusively and finally settle Disputes arising from or in connection with these T&Cs under the Rules of Arbitration of the International Chamber of Commerce by one arbitrator appointed in accordance with the said Rules. The place of arbitration shall be Geneva, Switzerland. The arbitration procedure shall be conducted in English. The Swiss federal court (*Bundesgericht*) will have exclusive jurisdiction over any appeals of an arbitration decision.

#### 20.2.2 Notice; Informal Dispute Resolution

Each Party will notify the other Party in writing of any Dispute within thirty (30) days of the date it arises, so that the Parties can attempt in good faith to resolve the Dispute informally. Notice to the Company shall be sent by registered mail to the Company. Notice to you shall be sent to any address you provide to us in writing. Your notice must include (i) your name, postal address, email address and telephone number, (ii) a description in reasonable detail of the nature or basis of the Dispute, and (iii) the specific relief that you are seeking. If you and the Company cannot agree how to resolve the Dispute within thirty (30) days after the date that the notice is received by any of the Parties, then either you or the Company may, as appropriate and in accordance with this clause 0, commence arbitration proceedings.

#### 20.2.3 Authority of Arbitrator

Under these T&Cs, the applicable International Chamber of Commerce Rules of Arbitration will apply and the arbitrator will have (i) the exclusive authority and jurisdiction to make all procedural and substantive decisions regarding a Dispute, including the determination of whether a Dispute is arbitrable, and (ii) the authority to grant any remedy that would otherwise be available in court, provided, however, that the arbitrator does not have the authority to conduct a class arbitration or a representative or class action. The arbitrator may only conduct an individual arbitration and may not consolidate more than one individual's claims, preside over any type of class or representative proceeding or preside over any proceeding involving more than one individual.

#### 20.2.4 Arbitration Rules.

The International Chamber of Commerce Rules of Arbitration and additional information about International Chamber of Commerce are available at <https://iccwbo.org/dispute-resolution-services/arbitration/rules-of-arbitration>. By agreeing to be bound by these T&Cs, you either (i) acknowledge and agree that you have read and understand the International Chamber of Commerce Rules of Arbitration, or (ii) waive your opportunity to read the International Chamber of Commerce Rules of Arbitration and any claim that the International Chamber of Commerce Rules of Arbitration are unfair or should not apply for any reason.

#### 20.2.5 Severability of Dispute Resolution and Arbitration Provisions.

If any term, clause or provision of this clause 0 is held invalid or unenforceable, it will be so held to the minimum extent applicable and required by law, and all other terms, clauses and provisions of this clause 0 will remain valid and enforceable. Further, the waivers set forth in clause 20.2.1 above are severable from the other provisions of these T&Cs and will remain valid and enforceable, except as prohibited by applicable law.

### 21. Miscellaneous

- 21.1 The Purchaser understands and accepts that the Company could decide at any point to alter, e.g. for security or technological reasons, the Smart Contracts System and/or the LKD Platform and to run a new version of the Smart Contracts System and/or the LKD Platform.
- 21.2 We may amend these T&Cs from time to time, including where alterations to the intended Functionalities of LKD Tokens have been made or as may be otherwise required by any laws or regulatory requirements to which we are subject. If we make any amendments to these T&Cs, a notice including the updated version of our T&Cs will be published on the Company's Website. To the extent permissible by law, any amended T&Cs shall become effective immediately upon the publication of such notice on the Company's Website. It is your responsibility to regularly check the Company's Website for any such notices.
- 21.3 If any term, clause or provision of these T&Cs shall be deemed illegal, void or unenforceable (in whole or in part), then such term, clause or provision shall be severable from these T&Cs without affecting the validity or enforceability of any remaining part of that term, clause or provision, or any other term, clause or provision of these T&Cs, which shall remain in full force and effect.
- 21.4 These T&Cs constitute the entire agreement between the Parties in relation to its subject matter. These T&Cs replace and extinguish any and all prior agreements, draft agreements, arrangements, warranties, statements, assurances, representations and undertakings of any nature made by, or on behalf of the Parties, whether oral or written, public or private, in relation to that subject matter.
- 21.5 You acknowledge that by accepting these T&Cs, you have not relied on any oral or written statements, warranties, assurances, representations or undertakings which were or may have been made by or on behalf of the Company in relation to the subject matter of these T&Cs at any time before your acceptance of them ("**Pre-Contractual Statements**"), other than those set out in these T&Cs. You hereby waive any and all rights and remedies which might otherwise be available in relation to such Pre-Contractual Statements.
- 21.6 Nothing in these T&Cs shall be deemed to create any form of partnership, joint venture or any other similar relationship between you and the Company and/or other individuals or entities

involved with the development and deployment of the Smart Contracts System and/or the Company Indemnified Parties and/or the ICO.

- 21.7 The Company may transfer fully or partially, in particular by way of transfer of contract (*Vertragsübernahme; cession de contrat*), its rights and obligations under these T&Cs to one of the Company affiliates or third parties. The Purchaser hereby consents to such transfer of contract or assignment.
- 21.8 In case of transfer of LKD Token by a LKD Token Owner to a new owner, the entire contractual relationship of the LKD Token Owner with the Company will be transferred to the new owner by way of transfer of contract (*Vertragsübernahme; cession de contrat*), including all rights and obligations attached to the LKD Token. Consequently, these T&Cs will automatically apply to the new owner of the LKD Token which hereby accepts such a transfer of contract.
- 21.9 Any disagreement among stakeholders of a particular Smart Contract may result in a split of a relevant cryptocurrency into two or more incompatible versions (such an event called a "**Hard Fork**"). The treatment of Hard Forks and similar events (including "airdrops") is uncertain from a legal and practical perspective. Hard Forks may in particular cause LKD Tokens to be duplicated, i.e., one version of the LKD Tokens will remain on a specific version of the Smart Contract, while the other version of the LKD Tokens will be traded on another version of the same Smart Contract. In such a case the Company is expected to determine which version of the Smart Contract is supported.

## **Schedule 1 – Representations and Warranties**

### **1. Purchaser's Representations and Warranties**

By placing an order and therefore accepting these T&Cs, you hereby represent and warrant that:

1. you have carefully read and understood these T&Cs (including all the Schedules hereto);
2. you have the necessary authority and consent to accept these T&Cs, to enter into a binding agreement with the Company and to perform the obligations set out herein;
3. you confirm that you have read and/or obtained to your full and complete satisfaction separate advice on the T&Cs and the Payment and, as applicable, are accordingly satisfied that any Nominee makes the Payment on your behalf;
4. the acceptance of these T&Cs and the entry into a binding agreement with the Company shall not result in any breach of, be in conflict with, or constitute a material default under: (i) any provision of the Purchaser's constitutional or organisational documents (in the case of a corporate entity including, without limitation, any company or partnership); (ii) any provision of any judgment, decree or order imposed on the Purchaser by any court or governmental or regulatory authority; and/or (iii) any material agreement, obligation, duty or commitment to which the Purchaser is a party or by which the Purchaser is bound;
5. you further acknowledge that you have received sufficient information with respect to the Payment, including on any representation as they apply to you and that you have had the opportunity to ask questions and receive satisfactory answers concerning any terms and conditions relating to the Payment, the T&Cs and the Project Documentation and obtain any sufficient additional information in order to evaluate the merits and risk of the Payment, the T&Cs and the Project Documentation and to verify the accuracy of the information;
6. you further confirm that you agree with and shall therefore be bound by the T&Cs and any other document that any Nominee will execute in its own name but for the account and at your sole risk and benefit in order to make or in connection with the Payment. You further confirm as regards representations and warranties contained in the T&Cs that such representations and warranties, as they apply to you, are true and accurate in all material respects. Therefore, you authorize any Nominee to give, respectively make such representations and warranties and issue, to whom it may concern, any statement certifying the accuracy of such related representations and warranties;
7. you have sufficient understanding of the functionality, usage, storage, transmission mechanisms and intricacies associated with cryptographic tokens (like ETH), token storage facilities (including digital token wallets), blockchain technology and blockchain-based software systems;
8. you have obtained sufficient information about the potential future use and functionality of LKD Tokens to make an informed decision to participate in the ICO pursuant to these T&Cs;
9. you understand that LKD Tokens confer only limited Functionalities described under clause 10, and that LKD Tokens confer no other rights of any kind with respect to the Company and/or the ICO, including, but not limited to, any voting, distribution, redemption, repayment, liquidation, proprietary (including all forms of intellectual property rights), or other financial or legal rights;

10. if you are an individual (i.e. a natural person), you are at least 18 years of age (or any other applicable age of majority abroad), you have sufficient legal capacity to accept these T&Cs and to enter into a binding agreement with the Company on the terms set out herein;
11. if you place an order for the acquisition of LKD Tokens as a corporate entity including, without limitation, any company or partnership (or other type of legal entity that is not a natural person), such entity is duly incorporated, registered and validly existing under the applicable laws of the jurisdiction in which the entity is established;
12. if you place an order for the purchase of LKD Tokens for or on behalf of an entity or person, you are authorized to accept these T&Cs and enter into a binding agreement with the Company on such entity's or person's behalf (and in such circumstances, references in these T&Cs to "Purchaser", "your" or "you" shall also include the entity or person for which you are authorised to place an order);
13. you are placing an order for the purchase of LKD Tokens to use and benefit from the LKD Tokens Functionalities and to indirectly support the further development of the Company diamond production facilities at a larger industrial scale. You are not placing an order under these T&Cs for any other uses or purposes, including, but not limited to, any investment, speculative or other financial purposes;
14. any Payment to be made by you for the purchase of LKD Tokens is not derived from or related to any unlawful activities, including but not limited to, money laundering or terrorist financing activities;
15. you shall not use LKD Tokens to finance, engage in, or otherwise support any unlawful activities;
16. you shall use LKD Tokens as intended on these T&Cs and you acknowledge and accept that LKD Tokens must not be used other than for the purposes of their Functionalities described under clause 10, and you acknowledge and accept that exchanges of LKD Tokens for a fiat currency, a cryptographic currency or other tokens, will only be possible to the extent that this activity is made available solely by brokers or exchanges places;
17. you understand and consent that whilst it is possible that a secondary market could develop for selling LKD Tokens, the Company will not initiate a secondary market nor act as an exchange places for LKD Tokens. To the extent a secondary market or exchange places for selling LKD Tokens does develop, it would be run and operated wholly independently of the Company, the ICO and the LKD Platform;
18. in the event an ETH Payment is made, the relevant amount shall be transferred to the Company from an Ethereum Wallet and/or address, respectively, that: (i) is registered in your name and under your sole control or registered in the name and under the sole control of a person who is duly authorised by you to send an ETH Payment on your behalf to the Company; and (ii) is not located in or that is not registered in the name of a person located in or resident of any Restricted Jurisdiction;
19. placing an order and allocating LKD Tokens under these T&Cs is not unlawful or prohibited under the laws of your jurisdiction or under the laws of any other jurisdiction to which you may be subject and any Payment shall be made in full compliance with applicable laws (including, but not limited to, in compliance with any tax obligations to which you may be subject in any relevant jurisdiction);

20. you are not a resident or domiciled or having your registered seat in a Restricted Jurisdiction (as defined in the T&Cs) or placing an order for the purchase of LKD Tokens from a location in a Restricted Jurisdiction, nor are you an entity (including, but not limited to, any company or partnership) incorporated, established or registered in or under the laws of a Restricted Jurisdiction, nor are you placing an order for the purchase of LKD Tokens for or on behalf of any such person or entity;
21. you are not the subject of any sanctions administered or enforced by any country, government or international authority nor are you resident or established (in the case of a corporate entity) in a country or territory that is the subject of a country-wide or territory-wide sanction imposed by any country or government or international authority;
22. you will comply with any applicable tax obligations in your jurisdiction arising from your acquisition, storage, sale or transfer of LKD Tokens;
23. you shall provide us with details of an Ethereum Wallet that supports the ERC20 token standard (i.e. technically supports the receipt, storage, holding and transfer of tokens such as LKD Tokens);
24. you engage or expect to engage in a meaningful number of cryptocurrency or other transactions, such as ecommerce businesses, involving token exchanges or traditional financial institutions, and you understand and accept the risks of participating in ICOs relating to early stage blockchain start-up businesses and acknowledge that these risks are substantial. You further warrant and represent that your Payment does not represent a meaningful or substantial proportion of your wealth or net worth, and that you are willing to accept the risk of loss associated with the Payment made under these T&Cs;
25. you understand that LKD Tokens are solely rights to use the Functionalities described under clause 10 and do not have any attribute that provides the holder with equity, creditor or similar rights. LKD Tokens are not investments of any type, including but not limited to, any form of currency or security, and the Purchaser should not expect profits of any type from acquiring LKD Tokens nor acquire LKD Tokens for any type of investment purposes;
26. you understand that LKD Tokens will not qualify as pure cryptocurrencies coins like for instance Bitcoin or Ethereum and may not be used as such in any way. They will also not and shall not be used in any way as equity, assets, bonds, securities, derivatives or any other financial instruments;
27. you acknowledge that you fully understand the contents of the Project Documentation provided by LakeDiamond and are participating in the ICO with the intention of fully accepting the risk of the failure of the ICO;
28. you have carefully reviewed the code of the Smart Contracts located on the Ethereum blockchain and fully understand and accept the functions as further described in the Project Documentation;
29. you understand and accept that any smart contract and/or underlying protocols and/or any other software, and/or any blockchain may either delay and/or not execute and/or not execute properly a transaction due to various factors, including, but not limited to the overall traffic volume, mining attacks, virus and/or similar events;

30. you have carefully reviewed the Risk Factors set forth in Schedule 2 to these T&Cs and fully understand and accept the risks described and the risks associated with contributing to a platform that is new and substantially untested;
31. you are making a Payment to use the LKD Tokens' Functionalities, being aware of the risks associated with it (as further described in Schedule 2 to these T&Cs), and are not contributing to the Company for any speculative, investment or other financial purposes;
32. you understand that you do not have any right against LakeDiamond, its founders, its shareholders team members, agents, advisors or any other related party to request any refund of your Payment;
33. you understand that you bear the sole responsibility to determine if your Payment and acquisition respectively of LKD Tokens, usage of LKD Tokens and the potential appreciation or depreciation of the value of LKD Tokens over time, the sale and purchase of LKD Tokens and/or any other action or transaction related to LKD Tokens, LakeDiamond or the ICO, have tax implications for you; and
34. all of the above representations and warranties are true, complete, accurate and non-misleading from the time of your access to and/or acceptance of possession of these T&Cs.

## **2. Nominee's Representations and Warranties**

If applicable, by acting as a Nominee for the account of clients, you hereby represent and warrant that:

1. you have carefully read and understood these T&Cs (including all the Schedules hereto);
2. you confirm having provided these T&Cs (including all the Schedules hereto) to your clients and obtained the acceptance and consent of your clients to be bound by these T&Cs (including all the Schedules hereto);
3. you have sufficient understanding of the functionality, usage, storage, transmission mechanisms and intricacies associated with cryptographic tokens (like ETH), token storage facilities (including digital token wallets), blockchain technology and blockchain-based software systems;
4. to the best of your knowledge, any Payment you make on the account of your clients or made by your clients for the purchase of LKD Tokens is not derived from or related to any unlawful activities, including but not limited to, money laundering or terrorist financing activities;
5. your clients shall not use LKD Tokens via your systems to finance, engage in, or otherwise support any unlawful activities;
6. you have not identified, as part of your KYC procedures, that clients on behalf of which you make a Payment are residents or domiciled or have your registered seat in a Restricted Jurisdiction (as defined in the T&Cs) or placing an order for the purchase of LKD Tokens from a location in a Restricted Jurisdiction, nor are your clients entities (including, but not limited to, any company or partnership) incorporated, established or registered in or under the laws of a Restricted Jurisdiction, nor are your clients placing an order for the purchase of LKD Tokens for or on behalf of any such person or entities;
7. you have not identified, as part of your KYC procedures, that clients on behalf of which you make a Payment are the subject of sanctions administered or enforced by any country, government or international authority nor are resident or established (in the case of a corporate



entity) in a country or territory that is the subject of a country-wide or territory-wide sanction imposed by any country or government or international authority;

8. if necessary for the ICO or the functioning of the LKD Tokens, you shall provide us with details of an Ethereum Wallet that supports the ERC20 token standard (i.e. technically supports the receipt, storage, holding and transfer of tokens such as LKD Tokens);
9. all of the above representations and warranties are true, complete, accurate and non-misleading from the time of your access to and/or acceptance of possession of these T&Cs.

## **Schedule 2 – Risk Factors**

LakeDiamond is using a new and evolving technology, including, but not limited to, lab-grown diamonds production. LKD Tokens are using a new and evolving technology, including, but not limited to, blockchain technology and the Ethereum protocol. The LKD Platform will be likely to be subject to modifications, upgrades and further development as part of the growth of a potential new platform as well as part of responses to unexpected issues. Purchasing LKD Tokens and participating in a new start-up platform involves risks. Below are described risk factors, any one or combination of which that may have a material adverse effect on the value or Functionalities of the LKD Tokens. Please read the following risks before contributing to the Company.

THIS SCHEDULE DOES NOT DISCLOSE OR EXPLAIN ALL THE RISKS ASSOCIATED WITH AND INVOLVED IN THE PURCHASE OF LKD TOKENS (AND/OR THE USE OF THE LKD PLATFORM). THERE MAY BE ADDITIONAL RISKS THAT ARE NOT FORESEEN OR IDENTIFIED IN THE PRESENT T&Cs. THE COMPANY STRONGLY RECOMMENDS THAT ANY PURCHASER SEEKS PROFESSIONAL ADVICES BEFORE PLACING AN ORDER.

### **1. Risks relating to the LKD Platform and the Company**

#### **1.1 Risk of software weaknesses of the Ethereum Protocol**

The Smart Contracts System and the LKD Platform are based on the Ethereum protocol. Any malfunction, breakdown or abandonment of the Ethereum protocol may have a material adverse effect on LKD Tokens, the Smart Contracts System and/or the LKD Platform. Moreover, advances in cryptography, or technical advances such as the development of quantum computing, could present risks to the LKD Tokens (including the utility of LKD Tokens for using Functionalities), the Smart Contracts System and/or the LKD Platform by rendering ineffective the cryptographic consensus mechanism that underpins the Ethereum protocol. The Smart Contracts System concept, the underlying software application and software platform (i.e. the Ethereum blockchain) is still at an early development stage and remains unproven so far. There is no warranty or assurance that the process of creating LKD Tokens will be uninterrupted or error-free, and there is an inherent risk that the software could contain defects, weaknesses, vulnerabilities, viruses or bugs causing, inter alia, the complete loss of Payments and/or LKD Tokens. The LKD Platform relies on software and other technology which may malfunction and/or work in a manner that is not intended, resulting in loss of LKD Tokens and/or access to the LKD Platform.

#### **1.2 Dependence on economic and technological developments**

The LKD Platform, the blockchain and the ETH is subject to general macro-economic developments such as economic growth and inflation. Since the blockchain technology and all related industries are relatively new as well as under development, the related economic developments are uncertain. Therefore, it is not yet possible to predict the developments of the blockchain technology and to guarantee some or all its functionalities. The uncertainty and outcomes may have a material adverse effect on the LKD Tokens.

#### **1.3 Regulatory risk for new blockchain technology**

Blockchain technology is new and it allows new forms of interaction. It is possible that some jurisdictions will apply existing regulations on, or introduce new regulations addressing blockchain technology based applications, which may be contrary to the current setup of the Smart Contracts System and which may, inter alia, result in substantial modifications to the

Smart Contracts System and/or the LKD Platform, including its termination and the loss of LKD Tokens for the Purchaser or other material adverse effect on the LKD Tokens.

#### 1.4 Regulatory risk for the Company

Regulation of proposed activities via the LKD Platform is currently uncertain. It is unknown what regulatory framework the proposed LKD Platform and associated activities will be subject to in the future, the nature and obligations that will be imposed to the Company in order to comply with any potential regulatory framework or when/whether the Company will successfully obtain the necessary license(s) so that it may lawfully carry out its proposed business activities. If regulations or laws impose requirements that effectively impact the proposed LKD Platform and associated activities, it may have a material adverse effect on the LKD Platform (such as a shut-down of the LKD Platform) and the value and Functionalities of the LKD Tokens.

#### 1.5 Risks associated with uncertain or future regulations and enforcement actions by any supervisory authority.

The regulatory status of LKD Tokens and distributed ledger technology is unclear or unsettled in many jurisdictions. It is difficult to predict how or whether regulatory authorities may apply existing regulation with respect to such technology and its applications, including specifically (but without limitation to) the LKD Platform and LKD Tokens. It is also difficult to predict how or whether any legislative, judiciary or regulatory authorities may implement changes to the law and regulation affecting distributed ledger technology and its applications, including especially (but without limitation to) the LKD Platform and LKD Tokens. Regulatory actions, including but not limited to the application of securities or banking regulations on the Company and/or the LKD Tokens could negatively impact the Company, the LKD Platform and LKD Tokens in various ways such as, for instance, the requirement for the LKD Tokens to be considered regulated financial instruments requiring a registration or a license from an authority. The Company may cease operations in a jurisdiction in the event that regulatory actions, or changes to law or regulation, make it illegal to operate in such jurisdiction, or commercially undesirable to obtain the necessary regulatory approval(s) to operate in such jurisdiction.

#### 1.6 Risk of abandonment / lack of success

The creation and issue of LKD Tokens and the further development of the LKD Platform may be abandoned for a number of reasons, including lack of interest from the public, lack of funding, lack of commercial success or prospects (e.g. caused by competing projects). There is no assurance that, even if any such LKD Platform is further developed, you will receive any benefits via any LKD Token you own.

#### 1.7 Risk of dissolution of the Company

It is possible that, due to any number of reasons, including, but not limited to, a decrease in LKD Tokens utility due to negative adoption of the LKD Platform, the failure of commercial relationships, or intellectual property ownership challenges, the Company may no longer have the resources to operate the LKD Platform and as a consequence be forced to cease all activities and to stop making available and further developing the LKD Platform.

#### 1.8 Risks of cyber-attacks

It is possible that the LKD Platform may be attacked by hackers and that such attack affects the availability, functionality and security of the LKD Platform. Further, such attack could affect the exchange of LKD Tokens or result in a loss of some or all LKD Tokens.

#### 1.9 Risks of software weaknesses of the LKD Platform

It is possible that the LKD Platform might be affected by malfunctions or breakdowns and there is an inherent risk that the LKD Platform could contain defects, weaknesses, vulnerabilities, viruses or bugs that might affect, inter alia, availability, functionality and security of the LKD Platform or that could cause the complete loss of Payments and/or LKD Tokens.

#### 1.10 Dependence on key personnel

The success of the LKD Platform depends also on the Company's employees and management. The Company cannot exclude that its employees and management will fluctuate over time and that the loss of one or more of these employees and/or managers will have a negative impact on the availability and further development of the LKD Platform and have a material adverse effect on the LKD Token.

#### 1.11 Risks associated with the maintenance and potential further development of the LKD Platform

The LKD Platform shall be subject to maintenance and potential further development and may undergo changes over time. Although we intend for the LKD Tokens and LKD Platform to function as described in the Company's Whitepaper, and intend to take commercially reasonable steps towards those ends, we may have to make changes to the specifications of the LKD Tokens or the LKD Platform for any number of legitimate reasons, at our sole discretion. Moreover, we may not be able to retain full and effective control over other participants' usage of the LKD Platform, and what industrial offers will be offered through the LKD Platform by third parties. This could create the risk that the LKD Tokens or LKD Platform, as maintained and potentially further developed, may not meet your expectations at the time of purchase. Furthermore, despite our good faith endeavours to develop the LKD Platform, it is still possible that the LKD Platform will experience malfunctions or otherwise fail to be adequately developed or maintained, which may negatively impact the LKD Platform and LKD Tokens and the Functionalities of the LKD Tokens.

#### 1.12 Risks of unforeseen external events

Unforeseen events such as an adverse change in the political, military or diplomatic environments, moratorium and exchange control, political and social unrest, severe natural disasters or climate-change related events, a pandemic, terrorist attacks, military conflicts, cyber-attacks or other states of emergency could affect the demand for the products and services offered by the Company, or lead to an abrupt interruption of the Company's operations and could cause substantial losses that may not necessarily be covered by an insurance policy. Such losses can relate to property, LKD Tokens, personal data and key employees. Such unforeseen events could also lead to temporary or longer-term business interruption, additional costs (such as relocation of employees affected) and increase in the Company's costs (particularly insurance premiums).

## 2. Risk factors relating to LKD Tokens

### 2.1 Risks associated with tokens in general

Legal status of tokens, including LKD Tokens, is uncertain and may vary depending on their features, and may change in the future. Rules governing the purchase, sale or transfer of tokens, and their formalities, are unclear, and no case law has been rendered in this respect so far. The Company makes no representations or warranties, whether actual or future, in this respect. Tokens may also not be qualified as assets, what may lead to the total loss of LKD Tokens in certain circumstances, e.g. in case of insolvency or bankruptcy or death of the holder.

### 2.2 Risks associated with the absence of markets for LKD Tokens – illiquidity:

The Company does not anticipate creating any secondary market or any such external valuation of LKD Tokens. The Company's focus is entirely on the use of LKD Tokens for the token Functionalities described in clause 10 of the T&Cs, i.e. the Producing Functionality and the Industrial Functionality. There is likely to be an illiquidity risk with respect to any LKD Tokens you own. Even if secondary sale of LKD Tokens is facilitated by third-party exchanges places, such exchanges places may be relatively new and subject to little or no regulatory oversight, making them more susceptible to fraud or manipulation, or alternatively, the exchanges places may be shut down or highly constrained by new regulatory oversight. Furthermore, to the extent that any third party ascribes an external exchange value to LKD Tokens (e.g. as denominated in a crypto or fiat currency), such value may be extremely volatile and diminish to zero. You should not purchase LKD Tokens for investment purposes. Nevertheless, if you are purchasing the LKD Tokens as a form of investment on a speculative basis or otherwise, or for a financial purpose, with the expectation or desire that their inherent, intrinsic or cash-equivalent value may increase with time, you assume all risks associated with such speculation or actions, and any errors associated therewith, and accept that the LKD Tokens are not offered by the Company on an investment basis. You further acknowledge that any Payment that you make under these T&Cs (or you consider to be invested in the Company) will not be protected, guaranteed or reimbursed by any governmental, regulatory or other entity.

### 2.3 Risk of losing access to tokens due to loss of private key(s), custodial error or any other error

LKD Tokens can only be accessed by using an Ethereum Wallet with a combination of the Purchaser's account information (address), private key and password. The private key is encrypted with a password. You acknowledge, understand and accept that if your private key or password gets lost or stolen, the obtained LKD Tokens associated with your Ethereum Wallet may be unrecoverable and permanently lost. Additionally, any third party that gains access to your private key, including by gaining access to the login credentials relating to your Ethereum Wallet, may be able to misappropriate your LKD Tokens. Any errors or malfunctions caused by or otherwise related to the digital wallet or vault you choose to receive and store LKD Tokens, including your own failure to properly maintain or use such digital wallet or vault, may also result in the loss of your LKD Tokens.

### 2.4 Risk of theft

The Smart Contracts System, the underlying software application and software platform (i.e. the Ethereum blockchain) may be exposed to attacks by hackers or other individuals including, but not limited to, malware attacks, denial of service attacks, consensus-based attacks, Sybil attacks, smurfing and spoofing. Any such successful attacks could result in theft or loss of Payments or LKD Tokens, adversely impacting the ability to develop the LKD Platform and derive any usage or functionality from LKD Tokens. Furthermore, because the LKD Platform is based on open source software, there is a risk that a third party or a member of the Company's team may intentionally or unintentionally introduce weaknesses or defects into the core infrastructure of the LKD Platform, which could negatively affect the LKD Platform and LKD Tokens.

### 2.5 Risk of Ethereum mining attacks

As with other cryptocurrencies, the blockchain used for the Smart Contracts System is exposed to mining attacks, including but not limited to double-spend attacks, majority mining power attacks, "selfishmining" attacks, and rare condition attacks. Any successful attacks present a risk to the Smart Contracts System, expected proper execution and sequencing of token transactions, and expected proper execution and sequencing of contract computations. You

understand and accept that the network of miners will ultimately be in control of the delivery of the LKD Tokens via the Smart Contracts System, and that a majority of miners could agree at any point to make changes, updates, modifications to, or effect a deletion or destruction of the Smart Contracts System, and that such a scenario could lead to the LKD Tokens losing intrinsic value and/or functionality.

#### 2.6 Risk of incompatible wallet service

The wallet or wallet service provider used to receive LKD Tokens must conform to the ERC20 token standard in order to be technically compatible with LKD Tokens. The failure to ensure such conformity may have the result that you will not gain access to your LKD Tokens.

#### 2.7 Risk of a new platform including possible hard-fork requiring LKD Token holders to upgrade

The LKD Platform is a new platform. There are inherent risks in a new platform including failure to achieve its purpose, significant missteps that may require starting over and other risks associated with substantial development of a new innovative platform. In its further development, the platform may become the subject of significant conceptual, technical and commercial changes. As part of development, an upgrade of LKD Tokens may be required (hard-fork of LKD Tokens) after which you may no longer be able to make use of your LKD Tokens in the event you decide not to participate in such upgrade and any non-upgraded LKD Token may lose its functionality in full.

#### 2.8 Risk of uninsured losses

Unlike bank accounts or accounts at some other financial institutions, LKD Tokens are uninsured unless you specifically obtain private insurance to insure them. Therefore, in the event of a loss or loss of utility value, no public insurer or private one will not cover such loss.

#### 2.9 Risks arising from taxation

The tax characterization of LKD Tokens is uncertain. You must seek separate tax advice in connection with acquisition, storage, transfer and use of LKD Tokens, which may result in adverse tax consequences to you, including, but not limited to, withholding taxes, transfer taxes, value added taxes, income taxes and any other similar taxes, levies, duties or other charges and tax reporting requirements.

#### 2.10 Risk of an unfavourable fluctuation or crash of Ethers

Any ETH Payments received will be denominated in ETH, and may be converted into other cryptographic and fiat currencies. All cryptocurrency values are extremely volatile. If the value of ETH or other currencies fluctuates unfavourably or crashes during or after the Shopping Periods, the Company may not be able to fund the development of, or may not be able to maintain, the LKD Platform in the manner that it intended which may have a material adverse effect on the LKD Platform and the functionality and value of LKD Tokens.

#### 2.11 Risks arising from lack of governance rights

Because LKD Tokens confer no governance rights of any kind with respect to the LKD Platform or the Company, all decisions involving the Company (including to sell or liquidate the Company) will be made by the Company acting in its sole and absolute discretion, and all decisions involving the LKD Platform including, but not limited to, decisions to discontinue Company's support of the LKD Platform, and to create and issue more LKD Tokens will be made by the Company. These decisions could adversely affect the LKD Platform and/or LKD Tokens you hold.

## 2.12 Unanticipated Risks

Cryptographic tokens such as LKD Tokens are a new and untested technology. In addition to the risks set out in this Schedule 2 to these T&Cs, there are other risks associated with your acquisition, storage, transfer and use of LKD Tokens, including those that the Company may not be able to anticipate. Such risks may further materialize as unanticipated variations or combinations of the risks set out in this Schedule 2 to these T&Cs.

## 2.13 Risk in connection with diamond-grown

The Company's core activity consisting of producing (manufacturing) laboratory grown diamonds exposes the Company to several risks among which a supply risk related to the availability of materials and economic risk related to price fluctuations; diamond crafting risk related to the laboratory grown diamonds' quality and the related potential claims from customers (diamonds exchanges or replacements claims); industrial and/or exploitation risk consisting in the occurrence of a major incident (such as a fire, explosion or natural disaster) at one of the Company's manufacturing site or on its supply chain that could compromise the production and/or sale of diamonds.

### **Schedule 3 – Privacy Policy**

Last updated: October 2018

LakeDiamond SA, having its registered office in Switzerland, CHE-141.951.583 (we, us or the **Company**), is committed to protecting and respecting your privacy. This Privacy Policy summarizes our practices regarding information collection, use and disclosure practices for the Company's Website <https://www.lakediamond.ch>, and in connection with the Company's Initial Coin Offering ("**ICO**").

#### **1. Information we collect and process from you**

We collect and process personal data in accordance with the Federal Act on Data Protection ("**FADP**") and, to the extent applicable, with the European General Data Protection Regulation ("**GDPR**"). Personal data that we collect and process may also be subject to contractual or professional confidentiality obligations applicable to us.

We collect and process personal data for the following purposes and legal bases:

a. For the performance of contractual obligations

We collect and process personal data as necessary for the performance of a contract to which you or a related person is a party, or to carry out pre-contractual measures that occur as part of a request.

b. For compliance with a legal obligation or in the public interest

We may be subject to various legal obligations which require us to collect and process personal data, including in relation to the provision of information about products and services, the prevention of money laundering activities, bribery, corruption, tax frauds as well as other frauds and crimes, the recording of phone conversations, the satisfaction of any requirements of cooperation with, or reporting to, any competent public prosecution, supervisory, administrative or tax authority or court, as well as the assessment and management of risks.

c. For the purposes of safeguarding legitimate interests

When necessary, we collect and process your personal data for the purpose of the legitimate interests pursued by us or a third party, if such processing does not unduly affect your interest or fundamental rights and freedoms. Examples include the development of our business relationship with you, the market studies and advertising, unless you have objected to the use of your data for marketing, measures for the security of our properties and systems, the recording of phone conversations to verify instructions, improve the quality of our services or to safeguard our rights, the exercise or defense of actual or potential legal claims, or the conduct of investigations or similar proceedings, review and improvement of our internal processes and organization, the evaluation of certain characteristics of data subject on the basis of automatic processing of personal data (e.g. analytical tools).

d. On the basis of your consent

To the extent that the collecting and processing of your personal data requires that you give your prior consent thereto, we will ask for your consent in due time. Any consent granted may be revoked at any time. Please be advised that the revocation of your consent shall only have effect for the future. Any processing that was carried out prior to the revocation shall not be affected thereby. If you submit an objection, we will no longer process your



personal data unless we can give evidence of a legal or contractual obligation, mandatory, legitimate reasons for processing which take precedence over your interests or rights or if processing serves to assert, exercise or defend legal claims.

The provision of personal data may be mandatory, for instance in connection with compliance with applicable laws and regulations. If the required data are not provided, this may preclude us from establishing or pursuing a business relationship or from rendering services to you.

When you visit the Company's Website or participate to the Company's ICO, you may provide the Company with two types of information: personal data you knowingly and voluntarily choose to disclose, and personal data that we automatically collect as you browse the Company's Website or participate to the Company's ICO.

#### **A. Information you give us**

This includes any personal information that you give us by filling in forms on the Company's Website or in connection with the Company's ICO or by corresponding with us by phone, e-mail or otherwise. It also includes information you provide when you register to use the Company's Website, participate the Company's ICO (subject to the terms and conditions of the LKD Tokens) and when you report a problem with the Company's Website. The information you give us may include your name, address, e-mail address and phone number, date of birth, financial information (e.g. utility bill; IBAN), personal description and photograph, crypto-wallets addresses and any other personal data provided to us.

#### **B. Information we collect about you**

With regard to each of your visits to the Company's Website or your participation to the Company's ICO, we will automatically collect the following information:

- a. Technical information, including the Internet protocol (IP) address used to connect your computer to the Internet, your login information (if applicable), browser type and version, time zone setting, browser plug-in types and versions, operating system and platform, information about your visit, including the full Uniform Resource Locators (URL), clickstream to, through and from the Company's Website (including date and time), information you viewed or searched for, page response times, download errors, length of visits to certain pages, page interaction information (such as scrolling, clicks, and mouseovers), methods used to browse away from the page and any information of yours related to contact our customer service team (e.g. phone number).
- b. Information we receive from other sources. This is information we receive about you from public domain, third parties or other websites we operate or the other services we provide. Third parties we work with include: those assisting in know-your-customer ("KYC") collection and processing KYC information, sub-contractors in technical, payment and delivery services, advertising networks, analytics providers, search information providers and credit reference agencies.

## **2. Cookies and analytical tools**

The Company's Website uses cookies. A cookie is a small file of letters and numbers that we put on your computer. These cookies allow us to distinguish you from other users of the Company's Website, which helps us to provide you with a good experience when you browse the Company's Website and also allows us to improve the Company's Website. The cookies we use are session or time-based. You may refuse to accept browser cookies by activating the appropriate setting on your browser. However, if you select this setting, you may be unable to access certain parts of the Company's Website or severely impact the functionality of the

Company's Website. Unless you have adjusted your browser setting so that it will refuse cookies, our system will issue cookies when you direct your browser to the Company's Website.

Please note that third parties (including, for example, advertising networks and providers of external services like web traffic analysis services) may also use cookies, over which we have no control. We use Google Analytics and these cookies are likely to be analytical/performance cookies or targeting cookies.

### **3. Uses made of the information**

We use your personal information to communicate with you if and when necessary in connection with your use of the Company's Website or your participation to the Company's ICO, to respond to your questions, or to send you material and information you request. We may also use information held about you in the following ways:

#### **A. Information you give us**

We will use this information:

- a. To carry out our obligations arising from any contracts entered into between you and us and to provide you with the information and products that you request from us;
- b. To provide you with information about other products we offer;
- c. To provide you with information about industrial or commercial client's offer we receive;
- d. To ensure that content from the Company's Website is presented in the most effective manner for you and for your computer.

#### **B. Information we collect about you**

We will use this information:

- a. To manage the Company's Website and for internal operations, including troubleshooting, data analysis, testing, research, statistical and survey purposes;
- b. To improve the Company's Website to ensure that content is presented in the most effective manner for you and for your computer;
- c. As part of our efforts to keep the Company's Website safe and secure;
- d. To pass information from partners who link to us and partners we link to regarding usage and users for marketing and advertising purposes;
- e. To measure or understand the effectiveness of advertising we serve to you and others, and to deliver relevant advertising to you; and
- f. To make suggestions and recommendations to you and other users of the Company's Website about products that may interest you or them.

In addition, we will combine information we receive from other sources with information you give us and information we collect about you and (depending on the types of information we receive) use it as described above.

### **4. Disclosure of your information to third parties**

You agree that we have the right to share your personal information:

- a. With any member of our group and selected third parties including:
  - i. Third parties that assist with KYC collection of information or process KYC information, suppliers and vendors necessary for the performance of the products we provide;

- ii. Google Analytics, other analytics providers and search engine providers that assist us in the improvement and optimisation of the Company's Website; and
  - iii. Fraud and crime prevention agencies for the purpose of assessing the risk of crime, fraud and money laundering and this is a condition of us entering into any contract with you. This is not an automated decision-making process.
- b. To fulfill the purpose for which you provide it.
  - c. For any other purpose disclosed by us when you provide the information.
  - d. With your consent.

We will also disclose your personal information to third parties:

- a. As required by law.
- b. In the event that we sell or buy any business or assets, in which case we will disclose your personal data to the prospective seller or buyer of such business or assets.
- c. If the Company, or substantially all of its assets are acquired by a third party, in which case personal data held by it about its customers will be one of the transferred assets.
- d. If we are under a duty to disclose or share your personal data in order to comply with any legal obligation, or in order to enforce or apply the Website's terms of use, the LKD Tokens T&Cs, the terms and conditions of a sale, and other agreements; or to protect the rights, property, or safety of the Company, our customers, or others. This includes exchanging information with other companies and organizations for the purposes of fraud protection, money laundering prevention and credit risk reduction.
- e. To ensure that we can successfully seek to complete our ICO and to meet our legal and contractual obligations to you related to the ICO.
- f. To avoid crime, money laundering and the risk of fraud allegations by sharing the information with lawyers, accountants and other professionals assisting us in these kinds of matters.
- g. To ensure that we have relevant information on persons wishing to contribute to our ICO by disclosing the information to third-parties assisting us in verifying and processing customer information like a KYC processing vendor.
- h. In order to provide relevant information to regulators, government agencies and banks that may request information on the ICO.

## **5. Where we store your personal data / Transfer and storage abroad**

All information you provide to us is stored on our and third parties performing KYC procedures servers. We do not intend to keep personal data any longer than is necessary for the purposes for which the personal data is processed and used. In addition, we might process your personal data after the termination of our business relationships for operational purposes in accordance with the applicable laws as well as pursuant to various retention and documentation obligations.

The data that we collect from you may be transferred to, and stored at, a destination outside the European Economic Area (EEA), including in particular, Israel, Canada and the United States as well as to countries which are deemed to have privacy/data protection rules that are not equivalent to FADP and/or GDPR and for which no appropriate contractual guarantee and/or binding corporate rules will be implemented. It may be processed by staff operating outside the EEA who works for us or for one of our suppliers. This includes staff engaged in, among other things, the fulfillment of your order, the processing of your payment details and the provision of support services. By submitting your personal data, you agree to this transfer, storing or

processing. We will take all steps reasonably necessary to ensure an adequate level of data protection and that your data is treated securely and in accordance with this policy.

Unfortunately, the transmission of information via the Internet is not completely secure. Although we will do our best to protect your personal data, we cannot guarantee the security of your data transmitted to the Company's Website or in connection with the Company's ICO; any transmission is at your own risk. Once we have received your information, we will use strict procedures and security features to try to prevent unauthorized access.

## **6. Your rights on your personal data**

Subject to any applicable restrictions or requirements, you have the right to (i) request access to, and receive copy of, your personal data, (ii) request rectification of your personal data if they are inaccurate, (iii) request erasure of your personal data when the processing is not or no longer necessary for the Purposes, subject to applicable retention records, (iv) request a restriction of the processing of your personal data subject to the restrictions, (v) object to the processing of your personal data, in which case we will no longer process your personal data unless we have compelling legitimate grounds to do so and if applicable, (vi) receive your personal data in structured, commonly used and machine-readable format (data portability). You may exercise these rights by submitting a request to the following address: [dataprotection@lakediamond.ch](mailto:dataprotection@lakediamond.ch). In addition, you have the right to be informed about the personal data stored and the purpose of the processing at any time. You may also lodge a complaint with the competent data protection supervisory authority if you believe that our processing of your personal data infringes applicable data protection laws.

## **7. Choice/opt-out**

The Company's Website provides users the opportunity to opt-out of receiving communications from the Company at the point where we request information about the visitor. You have the option of reviewing or removing your information from our database, and to no longer receive communication from us. If you request your account information be deleted from our database, we may maintain information about individual sales transactions for the purpose of recordkeeping and servicing.

You can send your request via e-mail to [dataprotection@lakediamond.ch](mailto:dataprotection@lakediamond.ch), or by mail to LakeDiamond SA, Rue Galilée 7, 1400 Yverdon-les-bains, Switzerland.

## **8. Changes in our Privacy Policy**

By using the Company's Website, you consent to our collection and the use of your personal information as described in this Privacy Policy. This Privacy Policy is not a contractual binding document. We reserve the right to amend it from time to time. If this Privacy Policy has been updated, we will take steps to inform you of the update by appropriate means.

## **9. Contact**

Questions, comments and requests regarding this Privacy Policy and/or your personal data are welcomed and should be addressed to us at [dataprotection@lakediamond.ch](mailto:dataprotection@lakediamond.ch) or by mail to LakeDiamond SA, Rue Galilée 7, 1400 Yverdon-les-bains, Switzerland.