

Whitepaper
Version 3.0
December 2018



MINEDBLOCK

MINING AS A SERVICE

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Legal Stuff

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This White Paper does not constitute an offer to sell or a solicitation of an offer to buy a security in any jurisdiction in which it is unlawful to make such an offer or solicitation. No other authority belonging to any country has approved an investment in the tokens

Disclosure of Information: Personal information received from Token Holders, customers, vendors, employees, and others, including quantities obtained, payments received, account information, etc. may be disclosed to law enforcement, government officials, and other third parties when MinedBlock is required to disclose such information by law, subpoena, or court order. MinedBlock will claim no responsibility nor be held responsible for any such information disclosure. MinedBlock will not share information unless required by law

KYC and Security

To comply with worldwide Anti-Money-Laundering (AML) rules, we need to know who is contributing funds to MinedBlock. Therefore, a "Know-Your-Customer" (KYC) procedure will be carried out before any MBTX Tokens can be utilised on our live service. The primary objective of token sale registration is to enforce a mandatory Know-Your-Customer check to prevent identity theft, terrorist financing, money laundering, and financial fraud. It also allows our team to understand our Token Holders better and manage risks prudently.

We take social responsibility very seriously, thus, we believe that it is important to play our part in combating money laundering and terrorism financing. That is why we have benchmarked ourselves to the same KYC standards typically adopted by banks and financial institutions globally.

The due diligence process includes screening against international sanctions/terrorist lists, politically exposed persons, and people with adverse reputations. Risk assessment and onboarding outcome will be performed and determined through the use of proprietary software.

The KYC process is provided by our partner Sum & Substance (www.sumsub.com). The KYC process is comprised of two parts:

Automated Your details, as provided by you, will be checked against public sanctions and alert lists. This step will be performed by a third-party KYC solution.

Manual If the automated step is successful, we will manually verify that the information provided matches the identification document photos submitted by you.

The cost of KYC and Accreditation checks will be passed to potential investors and will be refunded in MBTX at a discounted rate upon successful completion.



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Overview



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Document Overview

This document is designed to give you a full understanding of how MinedBlock will implement and manage our project and to outline our mining strategy following our Token Sale

Any calculations in this document are based on prices as specified in the reference values.

Nothing in this document is intended as solicitation to sell security tokens. The document gives an overview of the service MinedBlock intends to offer. Any decision to invest should be based upon the readers own research and decisions.

Cryptocurrency can be volatile and cannot be predicted. Your capital can be at risk.



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Highlights

MBTX Token holders will earn ETH just by holding our tokens

We promise to be the most transparent mining company to date

You aren't just buying a token, it is backed by a preference share in our company itself

Variety of mined coins gives ultimate chance to increase ROI

1st STO for Mining Registered with SEC

You buy the tokens, we do the work, you get 75% of the revenue

The direction of future expansion will be decided by our userbase

Token buy back scheme ensures an increase of future value



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Background



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What is Mining?

Cryptocurrency Mining is a computerised process which decrypts transaction blocks. When a miner processes or finds a block a few things happen:

- Pending transactions are processed resulting in a transaction fee for the miner
- New crypto assets are minted and awarded to the miner or pool of miners
- The next link in the chain is sealed and confirmed throughout the blockchain creating a permanent record of the transactions and the new generated assets

In the early days it was possible to mine with any standard laptop or desktop but as technology has evolved and the blockchain difficulty has increased miners now need to use specialised mining rigs or devices.

These fit into 2 categories:

GPU Mining Rigs

Graphics Processing Units (GPU) or graphics cards, as they are more commonly known, perfectly suit the processing power needed to run the complex calculations to solve 'blocks'.

ASIC Miners

Application Specific Integrated Circuit miners are complex computer systems which are specifically designed to perform a single task. The AntMiner S9i is an ASIC miner with 189 individual chips that are all built to crack the SHA-256 encryption which is required to crack the block. There are dedicated ASIC miners available for most of the primary crypto blockchains

The popularity of crypto mining has grown so far that it is hard for just anyone to get involved now, there are huge companies running mining farms which mean that a person with one or two miners can no longer compete.

Electricity

Electricity costs are high to run these devices and the current price of the coins mean that unless you have really cheap electricity you won't make a profit.

We host our data centers in highly cost efficient locations with 100% renewable, 'green' energy.



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Overview

Problem

Mining is a fundamental part of the blockchain for any crypto assets that aren't pre-mined. Miners host the network and form the basis of the decentralisation model of the Cryptocurrency arena but we are getting to a point where large amounts of hash power, the key ingredient to solving blocks, is becoming centralised which is making it increasingly difficult for individuals to get involved with mining due to the financial investment required to mine competitively.

There are other solutions out there such as cloud mining services, but they aren't transparent or cost effective and MinedBlock intends to change that.

There have been a number of mining ICOs conducted through 2017/2018 that offered a share of mining revenue in return for investment but that haven't conducted their token sale as a regulated Security Token Offering which increases the risk to investors.

Solution

MinedBlock are running a Security Token Offering using the Polymath ST20 to raise funding to enable us to offer the opportunity for investors to take advantage of using the resources from a large-scale mining operation without the need to buy, configure and maintain expensive mining equipment. We will offer a fully managed mining service where you can rely on our team to look after the equipment and ensure they are working at maximum productivity 24/7 with the lowest operating costs.

MinedBlock will create a dedicated mining facility which focuses on mining multiple coins from within the top 50 by market cap to ensure a diverse range of revenue streams for customers to benefit from.

Through the proposed large scale operation, we will help improve the decentralisation of coins where there are already large pools dominating the hash rates of popular coins. MinedBlock will also be working towards a level of decentralisation within our own network through global distribution of our mining data centres.



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Our Approach

Preference Shares

Each ST20 MBTX token equates to 1 preference share of our investment vehicle MinedBlock Holding Limited.

95% of this company will be owned by the token holders with the remaining 5% owned by the parent company MinedBlock Limited. Both companies are registered in the UK.

MinedBlock Holding Limited will own 75% of the total Mining Service offered and all profits will be distributed to the token holders each month.

The remaining 25% will be owned by MinedBlock Limited and will be used to manage and expand the Mining Service and to buy back tokens to reduce the circulating supply over time.

The nature of the business means that there is no upper limit on the amount of funds we are aiming to raise and therefore are able to conduct future token sales. In all instances existing token holders will be offered a Right of First Refusal on any further funding rounds.

The Preference Shares will give the holder the rights below:

“Each Preference Share A holder will be entitled to a share of revenue produced by 75% of the total mining service. Shareholder also have the right to vote on future expansion of the mining service. Shareholders are not liable for any losses or costs due from the Company”

Full Transparency

MinedBlock Limited will assume responsibility for maintaining, replacing and expanding the physical assets and will remain responsible for any costs incurred beyond that of the revenue generated in the unlikely event that the service becomes un-profitable.

At no point will token holders be expected to cover any losses if this ever did happen.

One of MinedBlock’s key principles is providing transparency for our customers. We will be completely open with our plans, ongoing progress and revenue production.

All expense and revenue information will be published each month for review by any token holders to ensure full transparency of the total managed mining service.

Any wallet addresses owned by the company will be published within the investor dashboard to give full visibility.



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Mining Activities



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Mining Approach

Strategy

Mining activities will be continuously monitored and switched between coins when the difficulty and success rates fluctuate. The ultimate goal will be to maintain maximum efficiency at all times.

Mining equipment will be regularly resold and replaced. There will be a split between suppliers of ASIC miners to prevent any kind of centralisation and to increase diversity available for customers to utilise.

MinedBlock will evaluate whether mining as part of an existing mining pool or being reliant on our own hash rate output is the most effective to produce crypto assets.

Hardware

MinedBlock will utilise a mixture of ASIC units alongside Custom Built GPU Mining Rigs.

The initial plan is to split investment between the equipment below:

Bitmain Antminer S9 – BTC/BCH (BCHABC)

Bitmain Antminer L3++ – LTC

Bitmain Antminer D3 – Dash

Custom built 8 GPU rigs – ETH/ETC

We reserve the right to change this initial selection at the point of purchase based on price and depending on the availability of newer and more efficient hardware



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Mining Approach

Location

Electricity costs and climate are the key considerations for choice of location as well as considering the political attitude of hosting Countries towards crypto mining, the last thing we would want it to build a mining farm somewhere and then it become a restricted activity.

The first phase of our Mining Farm build will be using ASIC Bitcoin and Bitcoin Cash mining units as they are built ready to use. These will be hosted from a facility in Iceland where the climate and electricity costs are favourable.

Our GPU mining rigs will be built, configured and run from the United Kingdom initially to ensure they are reliable and easy to manage remotely before moving them to a facility in either Iceland, Canada or Sweden.

Adapting to Change

Mining cryptocurrency isn't as simple as 'plug and play and walk away', the team at MinedBlock will constantly be monitoring our mining activities and evaluating where we could switch the miners to an alternative currency to increase profitability.

Upcoming updates and forks will also be monitored to ensure we are always ready to adapt.



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Token Sale



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Security Token Offering

Why an STO?

The MinedBlock token sale will be run as a Security Token Offering to enable our compliant revenue sharing business model.

Being a registered Security simplifies the process and protects both our business and our customers from any potential future regulation.

PolyMath has created a platform which runs on the Ethereum network and is designed to support Security Token in a secure and compliant way.

The infrastructure allows multiple investor terms to be applied to an STO based on the regulations where investors are based. KYC will be carried out as part of the whitelisting process.

You can find out more about the PolyMath project on their website and Telegram groups:

[Website](#)

[Telegram](#)

PolyMath ST-20 tokens are KYC identity aware so they can be issued like traditional securities but on the Ethereum blockchain.

The ST-20 token is compliant with the [ERC-1404](#) Security Token standard and offers extra features.

Using a security token simplifies the monthly revenue distribution process for MinedBlock and for our token holders because we already know who owns the tokens so there is no requirement to register and pass KYC within our online portal.



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Token Distribution

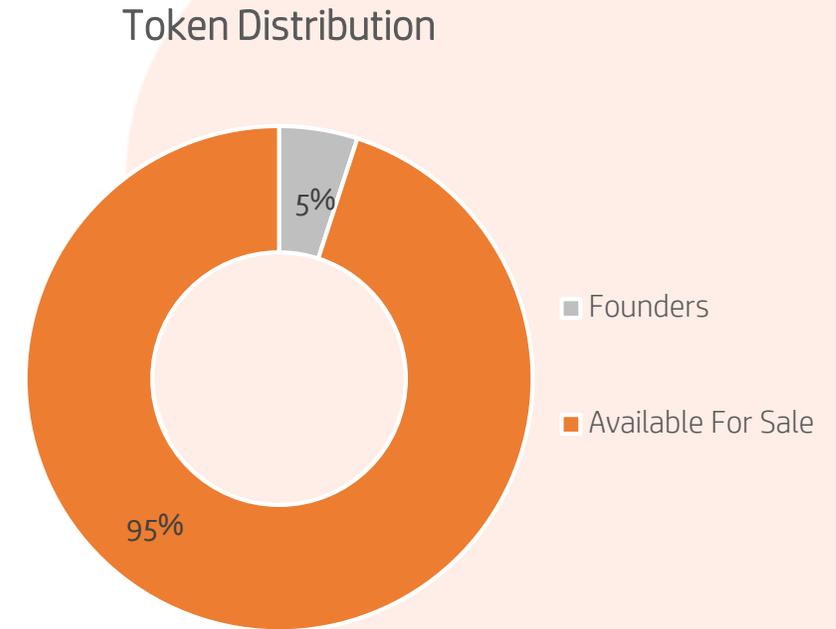
The MinedBlock (MBTX) token is an ST-20 token built on PolyMath platform on the Ethereum blockchain.

We don't have a cap on a maximum supply at this stage. The nature of the project is such that the greater the number of tokens sold the larger the initial service will be therefore it is in all parties interest not to restrict the maximum possibility.

Tokens will be distributed as below:

% of supply	Purpose
5%	Founding Team
95%	Public Sale

* 5% of the total MBTX token supply for Founders will be locked until 1st January 2020



Token Sale Details

Whitelisting & KYC

All investors will be required to pass KYC and US investors will need to be accredited to take part in the Security Token Sale. The Smart Contract will only be available to whitelisted buyers.

Whitelisting and KYC will be available via the MinedBlock website.

There will be a small cost to investors to go through each of these checks which will be reimbursed via MBTX tokens at a discount upon successful completion. We will pass on the actual cost from our supplier, this is to ensure we attract only serious investors to the KYC process.

Vesting Period

MBTX tokens will be subject to a 90 day vesting period from the date the soft cap is met or the investment date, whichever is later.

Token holders will still earn mining revenue during this period



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Financial Forecast



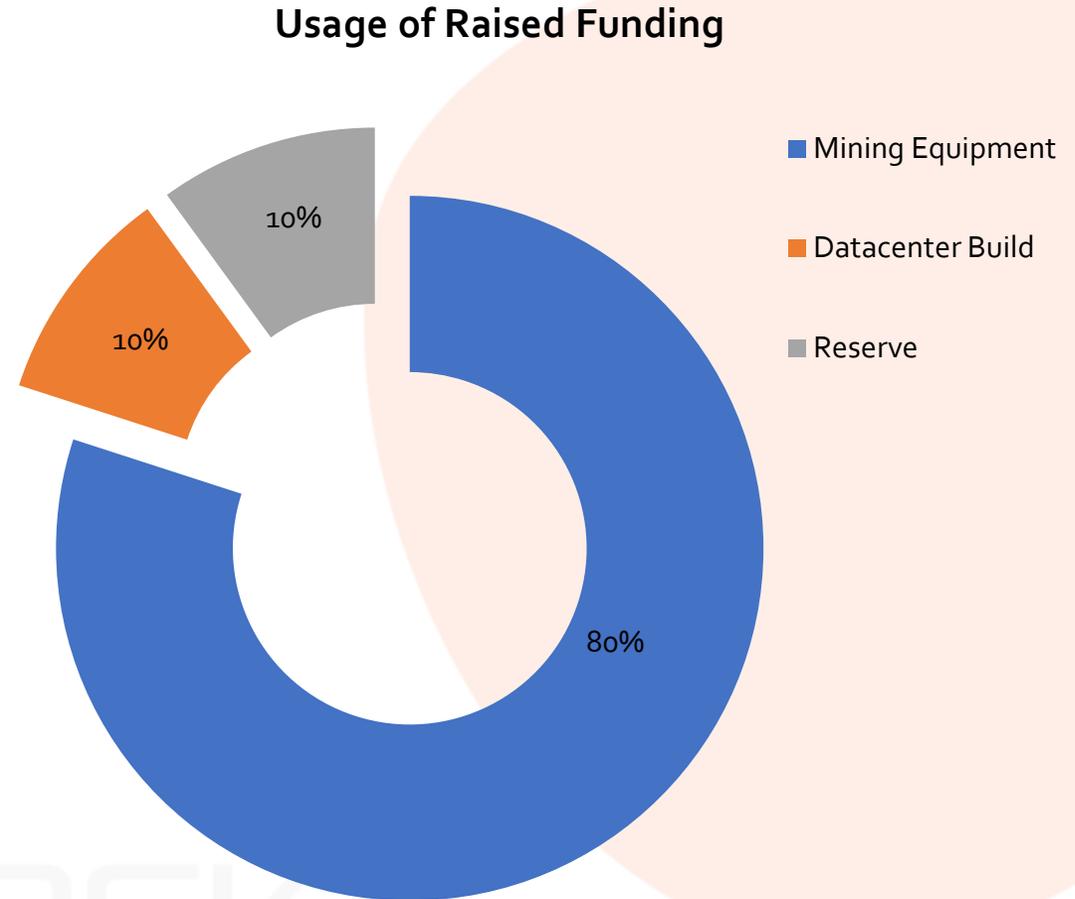
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Funding Distribution

Funds raised during the pre-sale will be used to commence the build of the first MinedBlock Mining Facility.

The chart details how the funds will be broken down regardless of the amount raised.

The greater number of tokens that we can pre-sell the bigger the initial Mining Centre will be and therefore the greater the availability of hash rate for customer use.



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Revenue Distribution

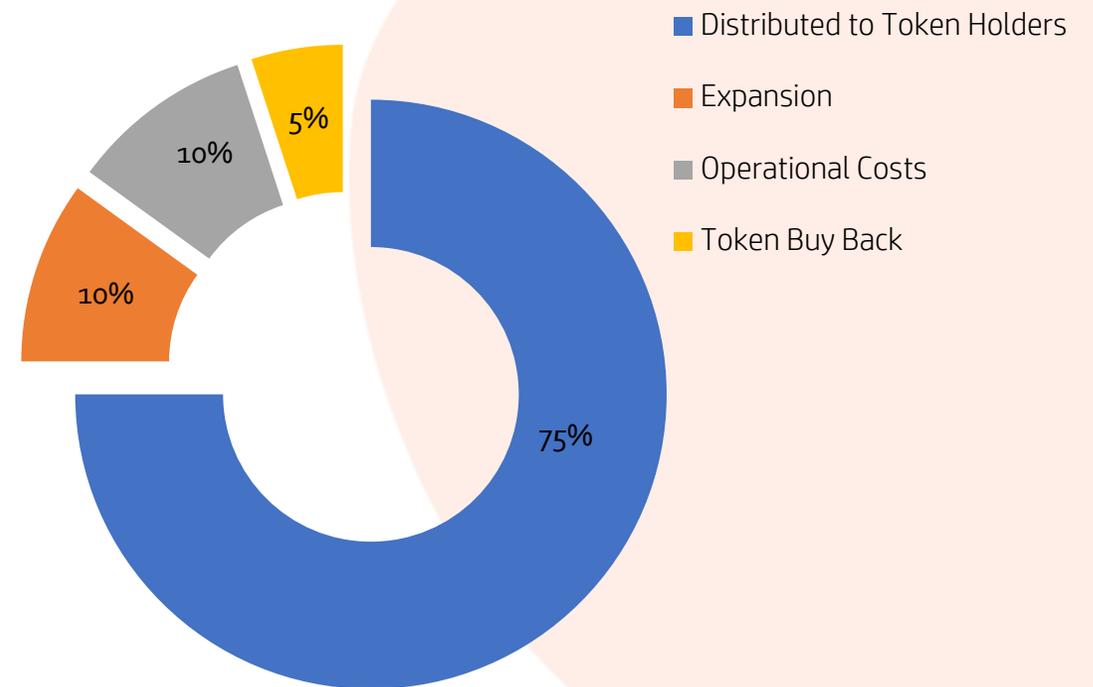
75% of mining revenue will be distributed to our token holders relative to the number of tokens held (i.e. if you hold 1% of all circulating tokens, you will get 1% of the distributed revenue)

Initially, we will distribute Ethereum (ETH) to the wallet holding your MBTX tokens. At a later stage we may offer distribution via a currency of a customer's preference which will be configurable within the user dashboard.

Where we will be mining multiple coins (ETH, BTC, BCH...) we will sell these for ETH to distribute. In order to avoid any effect on price we will trade the mined coins for ETH across multiple exchanges throughout the month.

A wallet address will be published which will show the 'current' balance of distributable revenue at any time. Distribution will occur between the 1st and 5th of each calendar month

Monthly Revenue Distribution



Growth

Expansion

We will use 10% of the revenue each month to expand the mining facilities.

Part of our user interface dashboard will be focussed on future growth and understanding what our token holders would like us to mine. We will have the 'standard' options based on what we are already mining but holders will be able to nominate and vote for currencies that they would like us to add.

As our mining range and overall offering grows we will also be reducing token supply through our buy back process which will increase the average 'earning per token' for our token holders.

Token Buy Back and Burn

On a quarterly basis 5% of mining revenue for the period will be used to buy back tokens from the circulating supply to be destroyed. This activity will continue until the supply is reduced by at least 50%.

The primary aim of the buy-back will be to reduce the supply and increase the 'return per token held' for our customers



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36 Month Financial Forecast

Our financial forecast is based on the return value of mined crypto assets which are volatile by nature so the figures used are based on the reference values in each example.

Two scenarios have been illustrated based on September 2018 prices and a ~100% increase in September 2018 prices.

Calculations are based on:

- MBTX token supply remaining constant and don't take into account the buy-back and token burning as we are unable to predict the buy back value.
- A 1.5% growth in output each month



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3 year Forecast

*Based on September 2018 prices

Reference Values

Datcenter kWh/Month	\$65	Tokens Sold	310,000,000	Customer Share	75%
Bitcoin Price	\$6,500	Capital Raised	\$20,000,000	Tokens Sold	310,000,000
BCH Price	\$450	Miner Spend	80%	Circulating Supply	295,000,000
Ethereum Price	\$230	Spent Miners	\$16,000,000	Monthly ROI	5.901%
Litecoin Price	\$55	Datcenter Build	\$2,000,000.00	Monthly Output Growth	1.50%
Dash Price	\$160	Reserve	\$2,000,000		
CLO Price	\$0.0150				

Year	Revenue	Costs	Distributed to Holders	Expansion	Token Buy Back	Operational Revenue
Year 1	\$41,588,886	\$22,060,073	\$14,646,610	\$1,952,881	\$244,110	\$1,952,881
Year 2	\$49,724,428	\$26,375,425	\$17,511,753	\$2,334,900	\$291,863	\$2,334,900
Year 3	\$59,451,430	\$31,534,937	\$20,937,370	\$2,791,649	\$348,956	\$2,791,649

Potential Returns		
1000 Tokens (\$150 Cost)	10,000 Tokens (\$1500 Cost)	100,000 Tokens (\$15,000 Cost)
\$49.65	\$496.50	\$4,964.95
\$59.36	\$593.62	\$5,936.19
\$70.97	\$709.74	\$7,097.41

3 year Forecast

*Based on 100% increase of September 2018 prices

Reference Values

Datcenter kWh/Month	\$65.00	Tokens Sold	310,000,000	Customer Share	75%
Bitcoin Price	\$10,000	Capital Raised	\$20,000,000	Tokens Sold	310,000,000
BCH Price	\$900	Miner Spend	80%	Circulating Supply	295,000,000
Ethereum Price	\$500	Spent Miners	\$16,000,000	Monthly ROI	19.426%
Litecoin Price	\$150	Datcenter Build	\$2,000,000.00	Monthly Output Growth	1.50%
Dash Price	\$300	Reserve	\$2,000,000		
CLO Price	\$0.05				

Month	Revenue	Costs	Distributed to Holders	Expansion	Token Buy Back	Operational Revenue
Year 1	\$86,346,654	\$22,060,073	\$48,214,935	\$6,428,658	\$803,582	\$6,428,658
Year 2	\$103,237,628	\$26,375,425	\$57,646,653	\$7,686,220	\$960,778	\$7,686,220
Year 3	\$123,432,785	\$31,534,937	\$68,923,386	\$9,189,785	\$1,148,723	\$9,189,785

Potential Returns		
1000 Tokens (\$150 Cost)	10,000 Tokens (\$1500 Cost)	100,000 Tokens (\$15,000 Cost)
\$168.09	\$1,680.89	\$16,808.85
\$213.18	\$2,131.77	\$21,317.69
\$270.36	\$2,703.60	\$27,035.99



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Team



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#TeamMinedBlock

Founding Team



Paul Bishop
Co-Founder & COO



Greg Wales
Co-Founder & CEO

Advisors



Kamal Mustafa
Advisor



Ruhin Khan
Marketing Consultant



Matt Ruff
CSO

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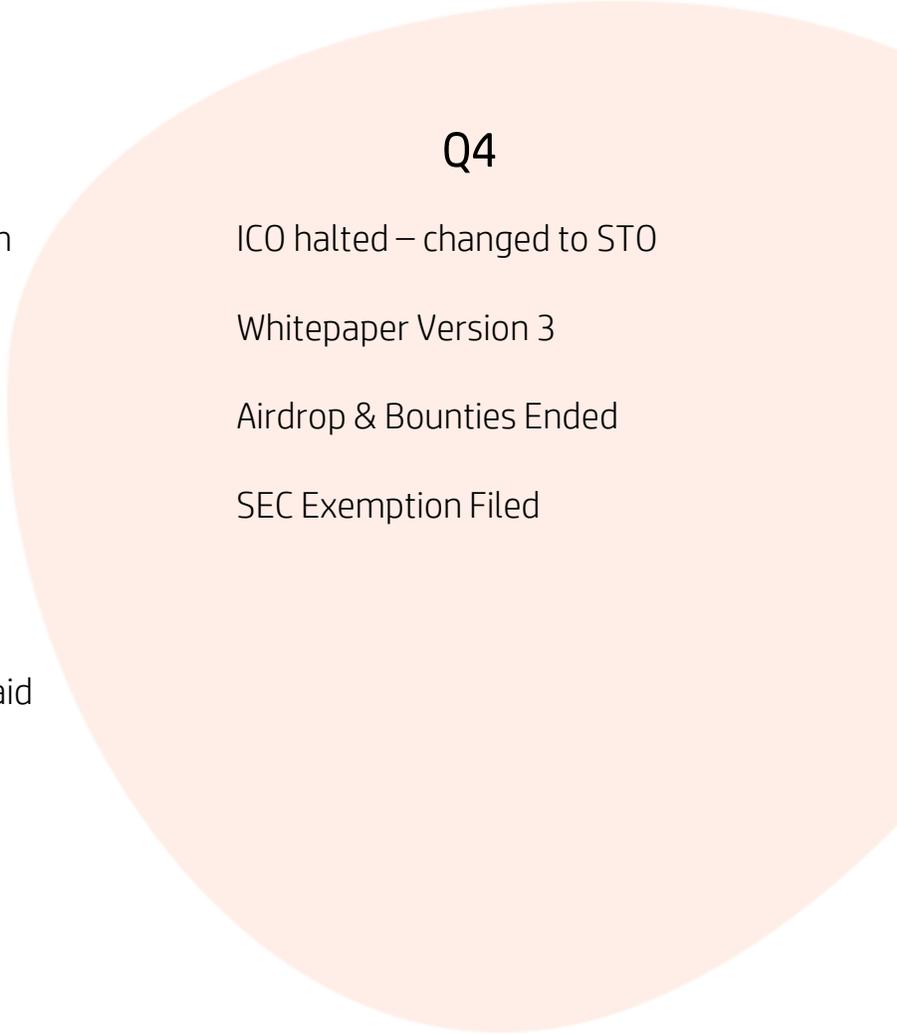
Roadmap



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Roadmap

	Q1	Q2	Q3	Q4
2018	Project Concept Defined	Company Registration Team Formed Original Whitepaper Written	ICO Presale began	ICO halted – changed to STO Whitepaper Version 3 Airdrop & Bounties Ended SEC Exemption Filed
2019	Security Token Offering Starts	Security Token Offering Ends Data Center Build Begins Hardware Ordered	Mining Starts First Dividends Paid	



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Implementation Plan on a Page

Token Sale Starts

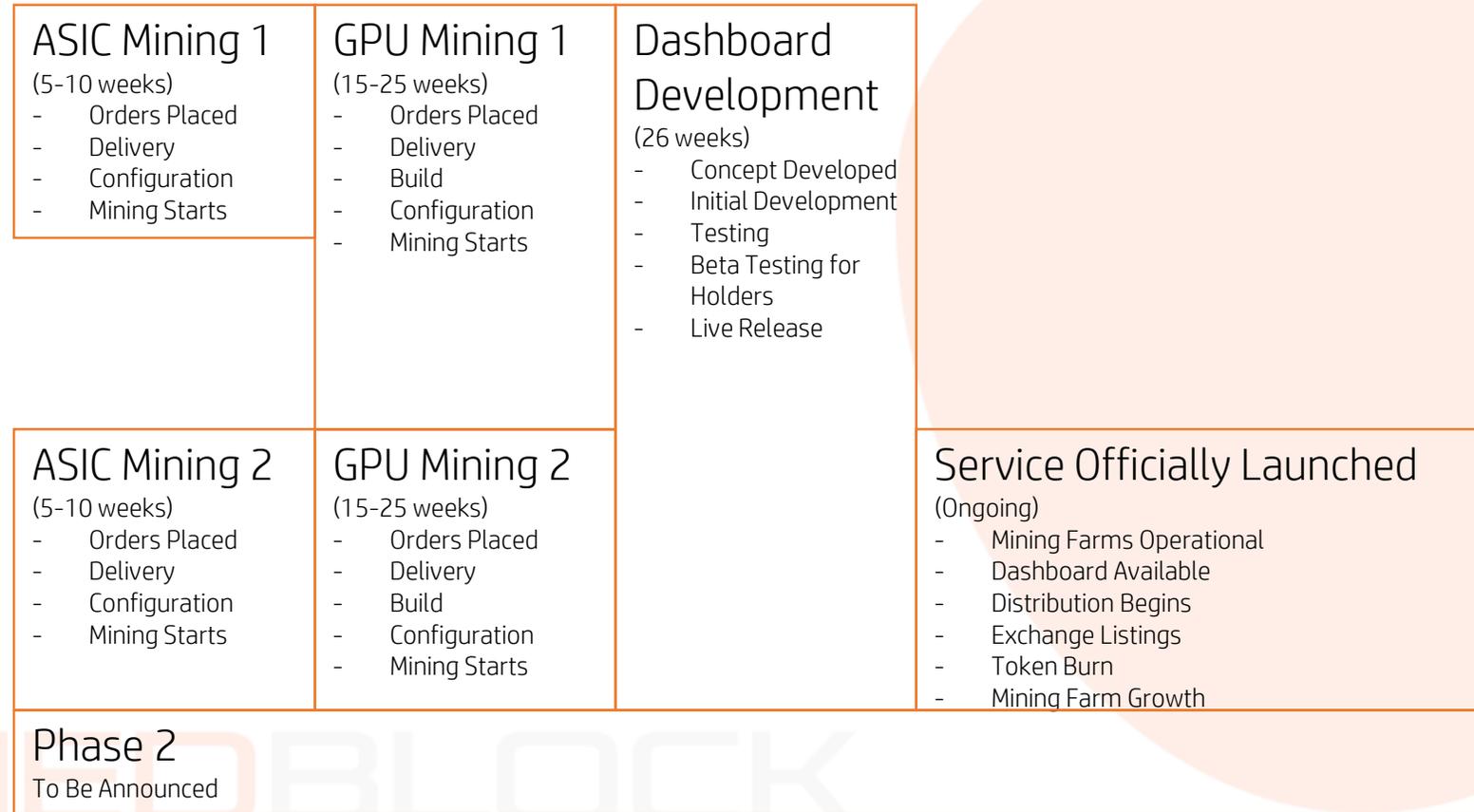
Soft Cap Met

\$1,000,000 target

Sales to be refunded if cap not met

Token Sale Ends

30/04/19 or 365m MBTX sold



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Mining Allocation

The majority of the initial investment spend will be dedicated to mining hardware for:

Bitcoin

Bitcoin Cash (BCHABC)

Litecoin*

Dash*

Ethereum

GPU Miners – Ethereum, Ethereum Classic and Callisto

* Low mining profitability at this time so we may put Litecoin and Dash on hold until the conditions are more favourable

10% of revenue per month will be used to expand the mining operation. MinedBlock will consider several factors when deciding how to expand the offering, including but not limited to:

Profitability

Customer voting

New coin release

Running ‘Masternodes’ may be considered as additional revenue stream



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What are 'Masternodes'?

A Masternode is a crypto full node (computer wallet) that supports the network by hosting a copy of the coin's ledger in real time. In return, the Masternode will generate crypto coins as a reward from transaction fees. It is a great alternative to mining.

Besides the coin rewards that you get from running a Masternode, here are more reasons why you should consider a Masternode:

- It increases the privacy of the transactions
- It enables instant transactions
- It allows the user to take part in governance as well as voting
- It enables the treasury and budgeting system in cryptocurrencies.

MinedBlock intends to host a number of different masternodes to further generate revenue for our token holders which will increase the ROI per month

The masternode enables you to earn some passive income from participating in network maintenance functions. However, there is no one-size-fits-all response on how much you can earn. Generally, it would depend on the following factors:

- The coin then you select to invest in
- The protocol that facilitates the Masternodes per coin
- The rise in the eventual value of a coin into the future.

Example:

Running a Masternode for Dash is likely to earn you a reward of about 45%, while miners get 55% which is split to all Masternodes.



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Appendix



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Digital Security Token – Information Sheet



Terms for the purpose of this document:

Company	MinedBlock Limited and/or MinedBlock Holding Limited
Assets	The total mining service which will be generated through the MinedBlock mining facilities and will be referred to as the 'Asset'
Revenue Share	75% of the total mining service output will be owned collectively by MBTX token holders
Mining Service	Represents the total service offered across multiple mining technologies. This will grow over time as MinedBlock Limited utilize 25% share of the revenue to increase mining capacity and to reduce the total circulating supply of token shares. It also includes any revenue generated by masternodes hosted and owned by MinedBlock Holdings Limited.
Special Purpose Vehicle	Represents MinedBlock Holding Limited which will be the legal entity which owns 75% of the mining hardware and acts as the investment vehicle for the fundraising stage
MinedBlock	Unless stated as a specific entity, any reference to MinedBlock is assumed to be inclusive of both Limited Companies

Overview

MinedBlock is a large scale, cost efficient crypto mining company. We provide a fully managed crypto mining service which pays out 75% of our revenue to our share/token holders. You can read the full detail of the project in our Whitepaper. This document is an initial offering overview which covers how the Security Offering, Company and the Service is structured

The full Service is comprised of two UK registered Limited Companies:

MinedBlock Limited (Company Number 11481414)
MinedBlock Holding Limited (Company Number 11734839)

MinedBlock Holding Limited will own 75% of the total **Mining Service** and will be 95% owned by the shareholders. MinedBlock Limited will own the remaining 5%
MinedBlock Limited will own 25% of the Mining Service and will use the mined revenue to grow the service offered to increase the revenue generation over time.

The Security Token Offering is to purchase Equity by way of preference shares in MinedBlock Holding Limited. Each token will represent 1 preference share and there is no hard cap on the raise. Simply put – the more funds raised the larger the mining service will be and therefore the larger the return.
Dividends will be paid on a monthly basis directly to token holders Ethereum wallets. Token Holders will receive a right of first refusal on any future share offerings and future fundraising rounds.

We have set a soft cap target of **\$1,000,000** in order for the project to proceed, if this target is not reached then all funds will be refunded to participants.

The company will offer a limited option for participants to request a refund up until the point where the soft cap is reached. Once the soft cap has been raised the funds raised will be committed to purchases relating to building the mining farm.

Our Security Token

MinedBlock offers the opportunity for investors to purchase our ST20 Security Token which is a digital asset backed by a corresponding

Preference Share in MinedBlock Holding Limited that enables holders to receive a revenue share produced by our mining farms. Collectively, MBTX token holders will own 95% of the **Special Purpose Vehicle** and the associated costs and revenue so therefore will receive the **revenue share** each month based on the profit generated. Revenue will be shared respectively and equally between all token holders on a 'payout per token' model.

Each MBTX token sold will represent 1 Preference Share A in MinedBlock Holding Limited.

Shareholder rights:

"Each Preference Share A holder will be entitled to a **revenue share** produced by 75% of the total **Mining Service**. Shareholders will also have the right to vote on future expansion of the **Mining Service**. Shareholders are not liable for any losses or costs due from the **Company**"

MinedBlock Limited will assume responsibility for maintaining, replacing and expanding the physical assets and will remain responsible for any costs incurred beyond that of the revenue generated in the unlikely event the service becomes un-profitable. At no point will token holders be expected to cover any losses if this did ever happen.

All expense and revenue information for each month will be available for review by any token holders to ensure full transparency of the total managed **Mining Service**. All Wallet addresses owned by the **Company** will be published within the Investor Dashboard to give full visibility.

Token holders will be able to 'vote' for the direction of future expansion from within the Investor Dashboard when it is live. The term 'vote' in no way reflects a right to direct the company itself but will allow an input into how the **Mining Service** is expanded.

Security Token Offering

Security Token sale participants will be required to pass KYC (Know Your Customer) checks via our Website to enable whitelisting within the Smart Contract. To satisfy the requirements of the US Securities and Exchange Commission (SEC); US investors will need to qualify as Accredited Investors.

The cost for KYC and Accreditation checks will be passed to the investors at our cost price, upon successful completion of the required checks you will be credited with the equivalent number of MBTX tokens at a discounted value of \$0.075 each. This is to ensure only serious participants go through the process to reduce unnecessary cost for the **Company**.

- The Security Token Offering will be a staged sale with the initial pre-sale available for 30 calendar days.
- The Base price will be set at 0.8 POLY per MBTX which represents a 20% discount on the standard token price.

Following a successful pre-sale we will start the main sale stage, details of which will be available on our website.

Disclaimer

- MinedBlock makes no promise or prediction of future MBTX token price, we offer value through enabling access to a revenue generating asset and any token value deemed via the secondary market is completely out of our interest and control.
- MinedBlock reserves the right to overrule the expansion vote where we believe there to be suitable reason to do so but in this event full communication to token holders will be provided with our reasoning for doing so.
- No ownership of physical hardware is granted to token holders, the 'Asset' refers to the total mining service provided by MinedBlock
- MinedBlock reserves the right to geographically re-locate the Company if we deem beneficial to do so.
- MinedBlock also reserves the right to re-issue the Security Token on another platform if the Polymath ST20 token platform becomes unfit for purpose.