

# THE ZERO CARBON PROJECT ENERGIS TOKEN RISKS DISCLOSURE

Participating in the Token Sale, holding Energis tokens and using the Zero Carbon Market (if and when available) involve risks, some of which are set out below.

These risks, and additional risks arising either now or in the future, could result in the failure of the Token Sale, the destruction of Energis tokens or the utility of Energis tokens, the termination of the development of the Zero Carbon Market, and/or the reduction in part or the whole value of Energis token. The entire proceeds of the Token Sale may be lost. **You may lose your entire Payment or Energis tokens.**

You must consider carefully whether the risks set out below, as well as all other applicable risks, are acceptable to you prior to purchasing any Energis tokens. The Zero Carbon Project owes no duty of care, best interests of other obligation towards an Energis token holder, to the fullest extent permitted by law.

You must seek professional advice (legal, taxation, financial, technical or otherwise) regarding your particular situation and needs before participating in the Token Sale, holding the Energis token or using the Market.

Capitalised terms in this Risks Disclosure are as defined in the Whitepaper or the Terms of Sale which are or will be made available at [www.zerocarbonproject.com](http://www.zerocarbonproject.com).

## Conceptual nature of the Zero Carbon Market

The Zero Carbon Market remains at a conceptual stage as at the date of this Whitepaper. The Zero Carbon Market may undergo significant changes before it is released. Various features of the Zero Carbon Market, including (but not limited to) its terms and conditions, fees, structure, purpose, source codes, infrastructure design and other technical specifications and parameters, may be updated and changed frequently without notice.

Further, the Zero Carbon Market may encounter difficulties during development, including financial, resourcing and technical difficulties. These difficulties are unpredictable, and may be unresolvable.

Establishment of the Zero Carbon Market may therefore fail, terminate or be delayed at any time for any reason. The Zero Carbon Market as a whole, or any Market in a particular jurisdiction may never be realised. Such failure, termination or delay is likely to reduce and may completely obliterate any utility that Energis tokens may hold.

## **Incomplete information regarding the Market and Zero Carbon Project**

You will not have full access to all the information relevant to Zero Carbon Project and/or the Market. Zero Carbon Project is not required to update you on the progress of the Market.

## **Lack of operating history of Zero Carbon Project Pty Ltd**

Zero Carbon Project Pty Ltd is a newly formed entity, and has no operating history or track record that could be used (on its own) to evaluate its ability to deliver the Market.

## **No governance rights attach to Energis tokens**

Energis tokens confer no governance rights of any kind with respect to the Market or Zero Carbon Project. Accordingly, subject to other written arrangements to the contrary, all decisions involving the Zero Carbon Market will be made by Zero Carbon Project, including decisions to discontinue the entirety, or any aspect of the Zero Carbon Market. These decisions could adversely affect the Market and the utility of any Energis tokens that you hold.

## **No assets or property underlying Energis tokens**

Energis tokens confer no ownership interest in any assets or property other than the Energis token itself. Nothing underpins the value of Energis tokens other than the prospect of Market usage.

## **Replication, modification or enhancement arising from open source nature of the smart contracts**

The smart contracts which make up the Zero Carbon Market will be open source in nature. This could allow anyone to replicate, modify or enhance the technologies that underlie the Zero Carbon Market, and readily create competitors for the Zero Carbon Market. These competitors may be more successful than the Zero Carbon Market or the Zero Carbon Project.

## **Reliance on third-party contractors**

Development of Energis tokens and the Zero Carbon Market, and the conduct of the Token Sale, will require third-party contractors with particular expertise in Ethereum and blockchain technology. The availability of such contractors is limited. There may not be sufficient (or any) such contractors available on terms acceptable to Zero Carbon Project. The costs associated with any such contractors may be significantly greater than currently estimated. Further, the quality, reliability and timely delivery of services by such contractors may vary significantly.

## **Smart contract risks**

Smart contracts are largely untested technology. In the past they have operated contrary to the intention of the parties who designed the smart contract. There is also a risk that smart contracts will not operate at all. In the event that a smart contract does not operate as intended, or at all there is a risk that no reasonable measures will be available to restore the Zero Carbon Project, Zero Carbon Market or the

Energis token holders to this position. In which case you may lose some or all Energis tokens, the value of these Energis tokens, or the Zero Carbon Market may not operate as intended,

### **Utility of Energis tokens depends on the Zero Carbon Market and zero carbon energy contracts**

The utility of Energis tokens depends on the success of a Market, if and when available. A Market may not be popular or widely used (assuming it is established). In the long term, the Market may fail to attract a critical mass of users.

The success of a Market will depend in part on the availability and quality of zero carbon energy contracts. There is no certainty that any, or many zero carbon energy contracts will be offered by energy suppliers through the Zero Carbon Market. Once the Market is operational there is a risk that zero carbon energy contracts available on the Market will not be cheaper than an individual consumer's existing energy contract. There is also a risk that the zero carbon energy contracts offered on a Market may not meet the consumer's needs.

A Market or the Zero Carbon Market as a whole may be merged with other projects. Various circumstances, including technical advancement and competitors, may render any Market (and/or usage of the Energis tokens) obsolete.

### **Speculation may drive demand for Energis tokens**

Energis tokens are transferrable in accordance with the Terms of Sale. Accordingly, demand for Energis tokens may be partially or wholly driven by speculation. Speculation may continue to drive demand for Energis tokens even after the launch of the Zero Carbon Market.

### **Further token sales and development and sale of additional tokens**

Zero Carbon Project may, from time to time, and without prior notice or consultation, sell additional Energis tokens outside of the Token Sale. Further, Zero Carbon Project may develop and sell additional tokens in respect of the Zero Carbon Market, or otherwise raise funding for the Zero Carbon Market through any other means it deems necessary. You will not necessarily receive notice of the sale of additional Energis tokens or of any other tokens or fundraising means.

### **Volatility of Energis tokens**

The circulation of Energis tokens is not the responsibility of Zero Carbon Project, and Zero Carbon Project will not actively support the secondary trading of Energis tokens. As a result, Energis tokens may not circulate freely or widely, and may not be listed on any secondary markets.

Even if Energis tokens do circulate on secondary markets, the value of Energis tokens may be highly volatile. Factors such as perceptions of Zero Carbon Project, delays in the development of or disruptions in the availability of the Market, fluctuations in comparable projects and token sales, market dynamics, regulatory actions and changes, technical advancements, as well as broader economic and political factors, may cause the value of Energis tokens to change significantly (or be lost entirely) over a short period of time.

In addition, the market in Energis tokens may become susceptible to market manipulation.

### **Liquidity risk**

There is a risk that Energis tokens cannot readily be sold for a reasonable price or at all due to events such as a rapidly falling market or a lack of participants in the market. This may also affect the operation and success of the Zero Carbon Market or any particular Market.

### **Volatility of ETH, other cryptocurrencies and fiat currencies**

Payments are made in ETH. Zero Carbon Project may hold the proceeds in ETH, other cryptocurrencies or fiat currencies, or a combination of any of them. The value of these cryptocurrencies may fluctuate significantly over a short period of time as a result of market dynamics, regulatory actions and changes, technical advancements, exchange availability and broader economic and political factors. This volatility is likely to impact the funding that is available for developing the Zero Carbon Market and may affect the utility of Energis tokens.

### **Concentration of Energis tokens ownership**

At any point in time, one or more persons may directly or indirectly control significant portions of the total supply of Energis tokens. Acting individually or in concert, these holders may have significant influence over the Zero Carbon Market. They may make decisions that are not in the best interests of any other holder of Energis tokens.

### **Legal status of Energis tokens, Token Sale, the Zero Carbon Project and Market is pending**

Zero Carbon Project is seeking legal advice on a number of matters relating to Energis tokens, the Token Sale and the Zero Carbon Market. Pending such advice, and Zero Carbon Project's decisions in relation to it, some or all aspects of Energis tokens, the Token Sale or the Zero Carbon Market may need to be varied.

### **Regulatory and jurisdictional risks**

The laws of various jurisdictions may apply to Energis tokens, the Token Sale, the Zero Carbon Market and Zero Carbon Project. The application of these laws and regulations to Energis tokens, the Token Sale, the Zero Carbon Market and Zero Carbon Project is largely untested, and is subject to change without notice. In particular, any current governmental or regulatory tolerance of cryptographic tokens or cryptocurrencies can change rapidly, and Energis tokens may at any time be deemed to be a security, investment instrument, financial product, asset, money or otherwise regulated by governmental authorities or regulators.

Zero Carbon Project may receive formal or informal queries, notices, requests or warnings by governmental authorities and regulators. Action may be taken by governmental authorities and regulators against Zero Carbon Project or the Zero Carbon Market. As a result of such events, Zero Carbon Project may be required to discontinue the Token Sale and/or the Zero Carbon Market.

You may also be subject to governmental or regulatory action by participating in the Token Sale, holding Energis tokens and/or using the Zero Carbon Market (if and when available).

## **Energy market risk**

Zero Carbon Project may be restricted from rolling out or operating the Market in a particular competitive electricity market due to the operation of any laws, regulations, declaration of any government, quasi-government body or regulator, or any other commercial reason. Zero Carbon Project has not enquired as to whether any such restrictions exist.

Zero Carbon Project may also be restricted from rolling out or operating a Market in a regulated electricity market including by reason of a restriction which prevents or curtails a consumer's ability to purchase, sell or otherwise trade international carbon credits.

## **Tax treatment and accounting**

The tax treatment and accounting requirements relating to cryptographic tokens and cryptocurrencies is a largely untested area of law and practice that is subject to change. Tax treatment of cryptographic tokens and cryptocurrencies may vary amongst jurisdictions. Your participation in the Token Sale, holding or transfer of Energis tokens or use of the Market may attract Taxes either now or in the future. You must seek independent professional advice for your situation.

## **Reliance on the internet**

Energis tokens, the Token Sale and the Zero Carbon Market rely heavily on the internet. However, the public nature of the internet means that either parts of the internet or the entire internet may be unreliable or unavailable at any given time. Further, interruption, delay, corruption or loss of data, the loss of confidentiality in the transmission of data, or the transmission of malware may occur when transmitting data via the internet.

## **Reliance on Ethereum**

Energis tokens, the Token Sale and the Zero Carbon Market rely on Ethereum. Ethereum is open source software that is built upon experimental technology, namely blockchain. Risks arising from this reliance include (but are not limited to):

- the existence of technical flaws in Ethereum;
- targeting of Ethereum by malicious persons;
- majority-mining, consensus-based or other mining attacks on Ethereum;
- changes in Ethereum's consensus protocol or algorithms;
- settlement and transfer risks;
- decreased community or miner support for Ethereum;
- rapid fluctuations in the value of ETH;
- the existence or development of competing networks and markets;
- the existence or development of Forked versions of Ethereum;
- flaws in the Solidity scripting language, being the computing language of Ethereum;
- disputes between Ethereum developers, miners and/or users; and
- regulatory action against Ethereum developers, miners and/or users.

## **Cryptographic advancements**

Developments in cryptographic technologies and techniques, including (but not limited to) the advancement of artificial intelligence and/or quantum computing pose security risks to all cryptography-based systems including Energis tokens and the Zero Carbon Market. Applying these technologies and techniques to Energis tokens and/or the Zero Carbon Market may result in theft, loss, disappearance, destruction, devaluation or other compromises of Energis tokens, the Zero Carbon Market or your data.

## **Source code changes and flaws**

The various source codes used in the Token Sale and (if and when available) the Zero Carbon Market are subject to change and may at any time contain one or more defects, weaknesses, inconsistencies, errors or bugs.

## **No anonymity when using Ethereum**

Your participation in the Token Sale, holding and transfer of Energis tokens and/or use of the Zero Carbon Market (if and when available) will not be anonymous. Your address and such participation will be recorded on an unpermissioned blockchain, namely Ethereum. It is possible to match addresses to identities.

## **Inadequate computing resources**

The Token Sale and the Zero Carbon Market will require intensive computing resources. The demand for these resources may exceed Zero Carbon Project's estimates. Ultimately, Zero Carbon Project's resources may prove inadequate to support the Token Sale and/or develop the Markets, which may affect the delivery and/or utility of Energis tokens.

## **Loss of private key is permanent and irreversible**

The security of your private key is your sole responsibility.

Losing control of your private key will permanently and irreversibly deny you access to your Energis tokens. Neither Zero Carbon Project nor any other person will be able to retrieve or protect your Energis tokens. Once lost, you will not be able to transfer your Energis tokens to any other address or Digital Wallet. You will not be able to realise any value or utility that the Energis token may hold now or in the future.

## **Targeting of Energis tokens, the Token Sale, the Zero Carbon Market and Zero Carbon Project by malicious persons**

Energis tokens, the Token Sale, the Zero Carbon Market (if and when developed) and Zero Carbon Project may be targeted by malicious persons who may attempt to steal Energis tokens or the proceeds, or otherwise intervene in the Token Sale, any Market or Zero Carbon Project.

This includes (but is not limited to) interventions by way of:

- distributed denial of service;
- Sybil attacks;
- phishing;
- social engineering;

- hacking;
- smurfing;
- malware;
- Double Spending;
- majority-mining, consensus-based or other mining attacks;
- misinformation campaigns; and
- spoofing.

### **Targeting of Energis token holders by malicious persons**

Malicious entities may target you in an attempt to steal any Energis tokens or cryptocurrencies that you may hold, or to claim any Energis tokens that you may have purchased. This may involve unauthorised access to your Digital Wallet, your private keys, your cryptocurrency addresses, your User Account, your email or social media accounts, as well as unauthorised access to your computer, smartphone and any other devices that you may use.

You are responsible for protecting yourself against such actions.