



SILVER WAVE ENERGY TOKEN

Funding Oil Exploration and Production

White Paper
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Executive Summary

Oil Demand Is Expected to Grow for Decades

After several difficult years, oil prices now seem to be on the road to recovery thanks to the OPEC agreement on new production levels and shrinking oil inventories. Now, oil producers are looking toward the future as global population is predicted to increase to from 7.6 billion to 9.2 billion people by 2040.

Almost all of this population growth is expected to come from developing countries, many of which still experience energy poverty to this day. With non-OECD countries undergoing expansion in population, urbanization, and economic activities, global energy demand is expected to increase 35% by 2040. For oil, that translates to an estimated 0.6% increase in demand every year from now until 2040.¹

However, Smaller Oil Companies Have Limited Financing Options

Following the 2008 financial crisis, smaller exploration and production (E&P) companies in the oil sector have faced dwindling opportunities for debt and equity financing. Banks have tightened lending requirements, making these companies less likely to secure sufficient debt financing during the exploration phase due to a lack of cash flow and tangible assets. Equity financing has also been difficult to access since traditional investors now have a decreased appetite for the risk associated with smaller oil ventures.

Unfortunately, this system ignores the immense potential of smaller E&P ventures. Thanks to advances in technology, previously inaccessible oil resources are now more accessible, and these projects face less exploration risk than they did before. As a result, these ventures can generate attractive returns for investors. Smaller E&P companies have therefore started to seek financing via alternative sources, like project partners and private equity. In the case of Silver Wave Energy, a Southeast Asian-owned E&P company, token sales should also be added to the list of alternative financing sources.

Token Sales Offer a New Opportunity for Companies and Crypto Holders

Smaller E&P companies have limited access to equity markets and bank financing, yet they can still offer plenty of opportunity for return. That is why Silver Wave Energy is launching the SWE token. By launching its own token sale, an E&P company like Silver Wave Energy can finance a thorough exploration phase that fosters a profitable production phase.

For token holders, the SWE token offers access to a private oil investment opportunity in South Africa that has been vetted by geological experts. It is estimated that this venture could produce 40,000 barrels of crude oil per day in the production phase. Once operations become profitable, which is expected in 2024, 50% of the profit will be distributed among token holders. Individual crypto holders can therefore participate in the returns from this promising energy venture thanks to the SWE token.

¹ OPEC, "World Oil Outlook 2040," October 2017

1. The Problem of Limited Financing Opportunities for Smaller Oil Companies

Access to financing is essential for oil projects, which require large upfront investments for evaluating and preparing drilling sites before any revenue can be generated from oil production. Bank loans have historically been a principal source of financing. However, this changed after the 2008 financial crisis, when banks introduced more stringent lending controls for companies seeking to borrow money. As a result, cash flow and balance sheet requirements became stricter for potential borrowers.

These developments have had a significant impact on oil exploration and production (E&P) projects, particularly the projects of smaller companies. Large oil companies often benefit from considerable assets, proven reserves, and a wide variety of activities that generate cash flow. Therefore, they have remained attractive candidates for bank loan financing. Smaller E&P companies, on the other hand, typically have limited assets and sources of cash flow in the exploration phase. As a result, these smaller companies have encountered difficulties in accessing debt financing.

Since the value of an E&P venture is derived from the potential of future production, equity markets would seem like a more natural fit for exploration companies. A smaller E&P venture may not have considerable assets with which to secure debt, but it does have significant upside potential from which equity shareholders could benefit. Unfortunately, the 2008 crisis also impacted equity investors' appetite for oil sector projects, with oil investments experiencing a decline in the crisis aftermath. One example of this decreased appetite is illustrated by London's Alternative Investment Market (AIM): In 2013, the amount of funds raised by oil and gas equity issuance on the AIM was the lowest it had been in 10 years.²

In response to poor debt and equity financing conditions, smaller E&P companies have turned to alternative sources of finance, like project partners and private equity. However, these sources can be slow and inflexible. Thanks to recent technological breakthroughs, they could be supplemented or replaced by an entirely new funding innovation.

² EY, "Funding Challenges in the Oil and Gas Sector," 2014

2. Token Sales Have the Potential to Disrupt the Oil Industry

2.1 Opening Up Funding Opportunities for Oil Projects

One of the most promising new innovations in venture financing is the token sale. That is what Silver Wave Energy—a Singapore-based E&P company—wants to bring to the oil industry. The company is introducing the SWE token, which will entitle holders to a stake in the profits from Silver Wave Energy's operations. E&P companies with solid business models no longer have to fear being shut out by stringent bank lending requirements. Now, individuals who believe in the business model can contribute directly to an oil project via token, thereby driving the project forward. By linking an annual token payout to the company's profit from operations, Silver Wave Energy offers to crypto holders the ability to access attractive returns generated from its oil production. Crypto currency tokens like the SWE token are based on block chain technology, which we explain in more detail in Section 6.

2.2 More Opportunities for E&P Companies Can Lead to a Stronger Oil Industry

With this new avenue for fundraising, smaller E&P companies may now have a greater chance of securing financing, which is beneficial for the entire oil industry. According to PwC, smaller E&P companies can have an advantage over larger companies in the current oil and gas market. This is due to the fact that large oil companies are usually responsible for a diverse set of activities in various countries while smaller companies tend to focus on one region or activity. Because they seek to participate in all environments and activities, large companies lose the benefit of specialist expertise, which makes them less competitive in certain areas. By contrast, smaller companies can hone specific capabilities—like cost efficiency or subsea engineering.³ They can also focus on particular regions, building up localized expertise that enables them to outperform generalist companies.

In today's financial climate, these smaller, specialized companies have a lower chance of getting financed than the larger generalists. In consequence, the industry may lose the specialist expertise of these small companies if they cannot find the funding to continue operations. Thanks to token sales, smaller E&P companies have another potential source of financing, which gives them a greater chance to contribute positively to the entire industry. For crypto holders, tokens issued by E&P companies provide an opportunity to access returns that are normally reserved for private partners.

³ PwC, "2017 Oil and Gas Trends"

3. Demand and Opportunity

3.1 The Demand for Oil Will Grow for Decades

E&P projects, like the one being funded via the SWE token, currently benefit from strong a demand for oil that is growing thanks to increasing energy use in developing countries. Although oil prices experienced a steep decline in 2014, a recovery in prices is underway as a result of OPEC's agreement to curb production. At the same time, oil inventories are dropping down to their 5-year average, suggesting that oversupply will not be a concern in the near future.⁴According to OPEC's secretary-general, demand for oil is expected to rise by 1.2 million barrels per day from now until 2022.⁵

This growth is supported by expanding global populations and a reduction of global energy poverty. The global population is expected to increase to 9.2 billion by 2040, representing an increase of 1.6 billion people compared to today's 7.6 billion. Almost all of this population growth is expected to come from developing countries. As non-OECD countries experience expansion in population, urbanization, and economic activities, global energy demand is expected to increase 35% by 2040. It is true that the share of fossil fuels in the global energy mix is expected to decline from about 80% to 74% by 2040. However, energy needs in developing countries lead to a demand for oil that is predicted to grow by 0.6% every year from now until 2040.⁶

3.2 The Opportunity: Silver Wave Energy's E&P Project

To meet this demand, oil exploration and production companies seek out commercially viable wells around the world. In the case of Silver Wave Energy, the country of South Africa is the location of a promising offshore area for which the company has secured exploration rights. Once SWE begins the production phase, holders of the SWE token will benefit from 50% of the profits generated by oil extracted from this area—which SWE calls Area 1.

Area 1 covers 6,719 square kilometers and is situated in the Western Bredasdorp Basin, an offshore region off the south coast of South Africa. Water depths range from 50 to 200 meters. The Western Bredasdorp Basin contains a large number of South Africa's proven reserves, and further exploration within this basin is expected to yield continued success. In 2015, SWE was granted an Exploration Right for Area 1, which enables the company to search for commercially viable wells there. The Exploration

⁴ Bloomberg, "OPEC and Its Allies Make Big Gains in Curbing Oil Output," November 16, 2017

⁵ Bloomberg, "OPEC Sees 'Healthy' Oil Demand Growth to 2022," October 15, 2017

⁶ OPEC, "World Oil Outlook 2040," October 2017

Right agreement also allows SWE to apply for and be granted a production right for each commercial discovery within the exploration area.

Since Silver Wave’s acreage is located next to proven fields that are under exploration by international E&P leaders, Area 1 has significant commercial potential. In fact, five potential leads have already been identified based on preliminary studies. Experts estimate that the volumes in place could approach the range of 50 to 100 million barrels of oil equivalent.

Based on data from a study conducted by an independent petroleum agency in South Africa as well as assessments made by the U.S. Geological Survey, SWE has estimated the net value of Area 1 to be US\$1.2 billion. With regard to production and revenue generation, SWE projects that 40,000 barrels of oil could be produced per day in Area 1. This estimate is based on production levels at the nearby Oribi and Oryx oil fields, which are currently producing oil within the Bredasdorp Basin. SWE has also calculated projected revenues of US\$6.6 billion, to be cumulatively generated in Area 1 over a period of 10 years, from 2024 to 2033. This calculation is detailed in Figure 1 below. SWE management has set the budgeted selling price at US\$60 per barrel based on historical oil prices.

FIGURE 1: PROJECTED OIL PRODUCTION AND REVENUE FROM AREA 1

	Barrels per day	Decline rate	Number of barrels (Indicated & Inferred)	No. of days per year	Price per barrels	Budgeted revenue (US\$'000)
- Crude oil	40,000	10% and slowly decline to 3% per annum	303,528	365	US\$60	6,646,270
Grand total						6,646,270

4. Key Success Factors

In addition to the growing demand for oil around the world, this project also benefits from factors that are unique to Silver Wave Energy. Below, we explain how SWE’s specific expertise and government relationships can contribute to the project’s success.

4.1 Silver Wave Energy Benefits from a Team of Experts

Silver Wave Energy (SWE) has over 10 years of experience with oil and gas exploration activities. With previous experiences in Myanmar and Australia, SWE has conducted both onshore and offshore activities.

SWE is wholly owned by successful Myanmar businessman Minn Minn Oung, who brings a broad spectrum of experience to the company. In addition to owning SWE, Minn Minn Oung also serves as chairman for a number of agricultural, timber, mining, and energy companies. With his strong ties to Myanmar and his companies have received government contracts for onshore and offshore oil and gas development.

In addition to the strong leadership provided by Chairman Minn Minn Oung, SWE also benefits from an operational team filled with oil and gas experts. The team has over 300 years of combined experience in the areas of oil and gas exploration, production, geology, field observation, seismic interpretation, rig management, drilling, transport engineering, procurement, general management, and field accounting—among many others. An overview of the team is illustrated in Figure 2 below.



MR. MINN MINN OUNG, the Chairman of his Group of Silver Wave Energy Companies is born in Yangon, Myanmar but he has great passion for South Africa like his second home. He has significant investments in South Africa of having on excess of 30 oil/gas mainly in the offshore areas and 2 onshore granted by the SA Petroleum Authority.

He is educated in Yangon and Japan and besides his mother tongue, he reads and writes English and Japanese. He has business experience in South Africa, UK, USA, Japan, South Korea, China, Thailand, Malaysia, Singapore and Australia and many others countries.

FIGURE 2: OVERVIEW OF THE SILVER WAVE ENERGY OPERATIONAL TEAM



U KYAW HLAING - Project Director

Master of Science (Petroleum Geology)
Friendship University, Moscow, Russia Diploma
in Reservoir Engineering French Petroleum
Institute, Paris, France

40 years experiences in MOGE as Assistant Geologist,
Executive Geologist, Chief Geologist, Director (Exploration)



U THAN TUN - Chief Geophysicist

BE (Electrical Comn.), AGTI (E.C.)
D.A.C (Diploma in Automatic Computing)

35 years experiences in MOGE Chief Geophysicist



U ZIN THAT MYINT - Sr. Geophysicist

(Diploma in Applied Petroleum Geology)

10 years experiences in MOGE , Processing section.



U MYINT HTOO - Contract Consultant

BE (Mechanical) Diploma in Offshore Oil Engineering (UK)

35 years experiences in MOGE Dy. Director (Offshore),



U MYINT YEE - Chief Engineer (Drilling)

BE (Mechanical)

35 years in MOGE as shift Drilling Engineer to Chief Engineer (Drilling)



U AYE MYINT - Chief Engineer (Logistic)

BE (Mechanical) Job training for Heavy Equipment and Machinery at UK

35 years in MOGE as Transport Engineer to Dy. Chief Engineer and GM at oil Fields.



U MYINT AUNG - G.M (Store)

BE (Mechanical) Supply and Material Management Course at UK

25 years in MOGE as store officer, Field stores supervisor & Procurement Manager.



U AUNG MYINT - G.M (Administration)

B.Sc (Maths)

25 years experiences in Co-operative Ministry as Township Cooperative officer, Manager, Dy. GM & GM



U AUNG KYAW NYUNT - Chief Accountant

BSc(Maths), RA, RL

10 years in Trade Corporation No. 1
30 years in MOGE as Accountant & Sr. Accountant
10 years in Silver Wave Energy as Chief Accountant

4.2 Silver Wave Energy Has Built Important Government Relationships

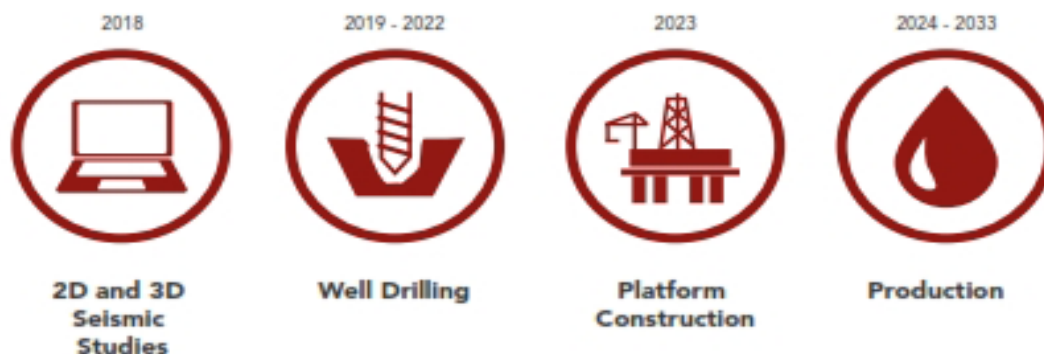
In addition to an expert team, the success of an oil project also relies on the relationship forged with the local government. Good relationships can lead to better access to acreage and oil field services. Having a strong working relationship with the local government can make it easier for an E&P company to obtain licenses, permits, and other approvals that ensure smooth conditions for operations. Other benefits for the company include avoiding legal challenges and tapping into the local workforce in a competitive way.

A productive relationship with the government helps the E&P company to operate in a sustainable manner that protects local communities and the environment. That positions the company as a trusted contributor to the host country's social and economic development. With such positioning, E&P companies are well placed to realize the hydrocarbon potential of drilling sites over the long term. They are also more likely to have an advantage when starting new projects in their current host countries as well as other countries. Indeed, the reputational capital built with one national government can be used to foster strong relationships with other nations.⁷

Given the importance of government relationships, SWE's project greatly benefits from the relationship-building efforts of Chairman Minn Minn Oung. In addition to meeting with high ranking public officeholders in the US throughout 2013 and 2014, Minn Minn Oung visited the South African president in 2015 and presented SWE's oil exploration and production project in South Africa is well placed for further positive interactions with the government.

⁷ PwC, "Government-Facing Strategy for Oil and Gas Companies," 2012

5. Project Development and Costs



Since SWE has already completed preliminary assessments on Area 1 with positive results, the next steps of project development include 2D and 3D seismic studies. These studies enable the creation of 2D and 3D images that detail the subterranean structure below the earth's surface. This information can then be used to determine where oil reserves are located and how large they are. SWE estimates that Area 1's seismic studies will cost \$36 million and last throughout 2018. Once oil reserves are located, then SWE can move on to the next step of the pre-production process: well drilling. The exploration and development phases of the well-drilling process are estimated to cost approximately \$470 million last from 2019 to 2022.

From that point, an oil platform can be built to provide offshore facilities for extracting and processing oil. The platform can also include housing for the workforce and temporary storage for the product before it is brought to shore. The construction of platforms is very technically complex, as platforms may be built up from the ocean floor or may float on the ocean surface. The platforms may also be connected to subsurface wells, resulting in a network of flow lines travelling from the wells to the platform. Due to these complexities, the construction costs for offshore platforms are substantial. SWE has estimated the cost of platform construction and installation to be approximately US\$780 million, a conservative estimate given that the average cost is US\$650 million. Platform construction is expected to take place throughout 2023 in order to prepare the site for oil production starting in 2024.

The majority of the project costs are incurred during the pre-production phase. Once production begins, annual production costs are estimated to be 10% of revenue. The cost structure described above is detailed in Figure 3 below. Figure 3 also presents the other cash inflows and outflows that are expected throughout the life of the project.

FIGURE 3: ESTIMATED ANNUAL CASH FLOWS OF THE AREA 1 PROJECT

	2018-2022*	2023**	2024***	2025	2026	2027-2033
	Year 1 – 5	Year 6	Year 7	Year 8	Year 9	Year 10 - 16
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Proceeds from token issued (1 st tranche)	500,000	-	-	-	-	-
Proceeds from token issued (2nd tranche)	1,200,000	-	-	-	-	-
Professional fees	(204,800)	(150)	(150)	(150)	(150)	(1,050)
Net inflow from proceeds	1,495,200	(150)	(150)	(150)	(150)	(1,050)
Budgeted revenue	-	-	876,000	788,400	725,328	4,257,542
Pre-development costs	(480,000)	-	-	-	-	-
Platform construction costs	-	(780,000)	-	-	-	-
Production costs	-	-	(87,600)	(78,840)	(72,533)	(425,754)
Taxation	-	-	(220,752)	(198,677)	(182,783)	(1,072,901)
Net cash flow	1,015,200	(780,150)	567,498	510,733	469,862	2,757,837
Reserves for redemption of token****	-	-	(283,824)	(255,442)	(235,006)	(1,379,444)
Dividend*****	(95,000)	(68,000)	(68,000)	(68,000)	(68,000)	(476,000)
Cumulative cash flow	920,200	72,050	287,724	475,015	641,871	1,544,264

* The management assumes to incurred pre-development costs ie. Seismic study, exploration and development of wells drilling

** The management assumes to construct the platform in year 2023

*** The management assumes to commence its production from year 2024 to year 2033 (10 years)

**** Reserve 50% of profit from operation for the token holder to redeem

***** Dividend declared - 3% for 1st year and 4% for subsequent years

As illustrated above, production is expected to begin in 2024, with revenue generation commencing during that year.

6. Understanding the Role of Blockchain Technology

As discussed earlier, E&P projects often rely on bank loans, project partners, and private equity. As a result, these projects often have complex, opaque financing structures that insert a multitude of middlemen into the picture. The SWE project is unique in that, instead of turning to complex dealings with middlemen, it turns to the power of tokenized crowd selling. Since crypto tokens are only possible thanks to blockchain technology, the next section will describe this new technology in further detail.

6.1 A Chain of Blocks⁸

A blockchain is a distributed ledger that does not rely on a centralized intermediary to authenticate transactions. Instead, copies of digital records are stored across a network of replicated databases. These databases, or ledgers, are distributed among a large number of participants in the network. Each network participant runs a “node” program on their computer that allows them to store a copy of the entire blockchain ledger.

A network node can be run by anyone with a computer, and any computer running a node will have an identical copy of the network’s ledger. Because these nodes are operated by a multitude of individuals and groups spread across the world, the identical copies of the ledger are considered to be “distributed” and decentralized. In order to change this distributed ledger to reflect new transactions that take place, the new transaction must first be verified by a special subset of network participants known as “miners.”

The verification process begins when a new transaction is first initiated. At that moment, the transaction is grouped with other recently initiated transactions. This group of recent transactions is called a “block.” Each block is protected by a cryptographic puzzle that can only be solved by computational brute force. In other words, a large amount of processing power must be used to methodically run through every possible solution to the puzzle until the correct solution is found. Miners compete to be the first ones to solve the cryptographic puzzle for a given new block. The first miner to find the correct solution validates the authenticity of all the transactions in the new block. As a reward for validating the block, the miner will receive a certain amount of crypto currency in return.

Once validated, the new block is linked to the older blocks that have already been validated. In turn, those older blocks link back to the blocks that were validated before them. These links go all the way back to the first block ever created, forming a chain of blocks—or blockchain. The blockchain runs from the first validated transaction to the last and therefore serves as a ledger for all transactions. A copy of this blockchain ledger is stored on the computer of every participant who has agreed to act as a node in the network. These copies are constantly being updated across the entire network so that each participant’s copy of the distributed ledger is identical to all the other copies.

Moreover, each network of distributed ledgers functions as its own ecosystem. For example, the Bitcoin network is composed of its own ledger and nodes, with its own blocks verified by Bitcoin miners. The Bitcoin ecosystem is separate from other networks such as

⁸ For more information, see “How does the Blockchain Work?” by Collin Thompson: <https://medium.com/blockchain-review/how-does-the-blockchain-work-for-dummies-explained-simply-9f94d386e093>

Ethereum, which also has its own ledger, nodes, blocks, miners, and coins. As of November 2017, Bitcoin and Ethereum are the two most popular crypto currencies in terms of market capitalization. Bitcoin has a market cap of about \$183 billion while Ethereum has a market cap of about \$45 billion.⁹

6.2 Ethereum and Smart Contracts

Although Bitcoin is currently the most popular crypto currency, Ethereum has recently shot to fame due to its enhanced functionality, which offers certain advantages over Bitcoin. The Ethereum platform was built with a programming language that allows transactions to go beyond the simple exchange of value. Unlike Bitcoin transactions, Ethereum transactions can also include code that is automatically executed when a given set of conditions is satisfied. These conditions are defined by a “smart contract,” which also defines the code that will be executed upon satisfaction of the conditions.

As a result, the exchange of ether (the Ethereum coin) can be linked to actions that are automatically executed by the smart contract. For example, someone could theoretically build a smart contract to automatically transfer one ether from Party A to Party B every time it rained in Paris. In that case, the smart contract would pull in data from an objective weather source and then make the transfer automatically whenever the necessary condition of rain was fulfilled.

For the fundraising industry, this innovation has been revolutionary. Ventures across the world can now issue their own token smart contracts. Whenever a token buyer sends crypto currency to the contract, tokens representing some sort of benefit will be sent back to the buyer. Usually, these token sales take place over a fixed period of time and are commonly referred to as initial coin offerings (ICOs).

Token benefits vary from venture to venture. Often, the token will give the buyer the future ability to use services on the platform being built. In other cases, the token can offer the buyer access to some sort of investment return, dividend, or interest payment. With the first ICO having taken place in 2013, this industry is still very new and in a constant state of development.

6.3 Asset-Backed Tokens

The SWE token belongs to a sub-class of token that is considered to be “asset backed.” Asset-backed tokens are becoming very popular due to several advantages that they offer. While some tokens are purely speculative—with value being driven only by market

⁹CoinMarketCap (coinmarketcap.com) as of December 1, 2017

sentiment, asset-backed tokens are supported by something that actually exists. As the name suggests, an asset-backed token is backed by one or more underlying assets that have real-world value. The token therefore gives claim to some proportion of the underlying asset or, more practically, the equivalent value thereof. In practice, the underlying asset typically needs to be sold or bought back by the original owner in order for the proceeds to be proportionally distributed among token holders. As more asset-backed tokens are developed, crypto markets will see greater variations of the rights and benefits offered to holders.

When it comes to oil projects, asset tokenization blends the best of both worlds. Firstly, the token enables holders to directly fund the project of their choice. This freedom of choice makes the token superior to other options like oil industry ETFs, which provide access to a mix of companies chosen by asset managers—not the individual investor. Secondly, the existence of secondary token markets gives asset-backed tokens a level of liquidity that is more akin to ETFs while maintaining the level of choice and control that private investors enjoy.

6.4 Why Blockchain for Silver Wave Energy?

At Silver Wave Energy, we are excited about the potential that blockchain technology has to improve project finance. Below, we explain how token sales bring decentralization and liquidity to projects that have traditionally been closed off and illiquid.

6.4.1 Decentralized Funding for Renewable Energy Projects

For exploration and production projects, there are compelling reasons to use blockchain-based tokens as a crowd funding vehicle. Traditionally, oil project financing has remained exclusively in the hands of a small number of actors. The SWE token aims to change this by acting as a model for distributed participation in oil projects. With this distributed funding model, projects can rely less on a small group of actors and instead be supported by the public. It is true that traditional participants will continue to play an important role in large energy projects. However, individuals can now be the decisive actors who drive these projects forward.

6.4.2 Providing Liquidity to an Illiquid Investment

In addition to decentralization benefits, token sales also bring liquidity benefits to E&P projects. Private equity investments in E&P projects are typically highly illiquid, with capital locked into the project until revenue can be generated through oil production. By contrast, asset-backed tokens can be traded on secondary markets. Token holders can therefore release capital by selling their tokens on secondary exchanges at market prices. In

comparison, traditional private investors must go through a lengthy, complex divestiture process to achieve the same end.

Disclaimer

Disclaimer & clarifications for purchasing SWE Token

Please read this section very carefully to clarify uncertainties and ambiguities regarding any legal and financial matters in direct and indirect relation to the contents of this Document, and to avoid any unnecessary difficulties, disputes, and legal actions in the future. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD SEEK PROPER LEGAL, FINANCIAL, OR OTHER PROFESSIONAL CONSULTATION.

The SWE tokens, as defined and described in this Document hereinafter, are not intended to constitute securities in any jurisdiction. This Document does not constitute a prospectus or offer document of any sort and is not intended to constitute an offer of securities or a solicitation for investment in securities in any jurisdiction.

This Document does not constitute to solicit or sell any of the SWE tokens, and should not form the basis of, nor to be relied upon, in connection with any contracts or investment decisions.

The SWE E&P INC will be the ruling body overseeing the SWE project hereon after, and will deploy all proceeds of sale of the SWE tokens to fund SWE cryptocurrency project, businesses and operations.

No person is bound to enter into any contract or binding legal commitment in relation to the sale and purchase of the SWE tokens and no cryptocurrency or other form of payment is to be accepted on the basis of this Document.

Any agreement between the SWE E&P INC and you as a purchaser, and in relation to any sale and purchase of SWE tokens is to be governed by only a separate document setting out the terms and conditions of such agreement. In the event of any inconsistencies between the agreement and this Document, the former shall prevail.

You are not eligible and you are not to purchase any SWE tokens in the if you are a citizen, or a resident of any countries where public offerings of crypto tokens are banned or are considered as securities trading in general.

There are risks and uncertainties associated with SWE E&P INC and SWE tokens, their respective businesses and operations, and the prospective buyers of SWE tokens should carefully evaluate SWE tokens and SWE E&P INC before they make such decisions.

Disclaimer of Liability

To the maximum extent permitted by the applicable laws, regulations and rules, SWE E&P INC, and all the affiliates of SWE businesses and operations shall not be liable for any losses of any kind, financial or nonfinancial, including but not limited to loss of revenue, income or profits, and loss of use or data, arising out of or in connection with any acceptance of or reliance on this Document or any part thereof by you.

Representations and Warranties by You

By accessing and/or accepting possession of any information in this Document or such part thereof, you represent and warrant to SWE E&P INC as follows:

- A. you agree and acknowledge that the SWE tokens do not constitute securities in any form in any jurisdiction;
- B. you agree and acknowledge that this Document does not constitute a prospectus or offer document of any sort and is not intended to constitute an offer of securities in any jurisdiction or a solicitation for investment in securities and you are not bound to enter into any contract or binding legal commitment and no cryptocurrency or other form of payment is to be accepted on the basis of this Document;
- C. you agree and acknowledge that this Document, the undertaking and/or the completion of the SWE token sale, or future trading of the SWE tokens on any cryptocurrency exchange, shall not be construed, interpreted or deemed by you as an indication of the merits of the SWE E&P INC and/or Blockchain E&P INC, and the SWE tokens;
- D. you agree and acknowledge that in the case where you wish to purchase any SWE tokens, the SWE tokens are not to be construed, interpreted, classified or treated as:
 - i. any kind of currency other than cryptocurrency;
 - ii. debentures, stocks or shares issued by any person or any entity
 - iii. rights, options or derivatives in respect of such debentures, stocks or shares; or
 - iv. any other security or class of securities.
- E. you are fully aware of and understand that you are not eligible to purchase any SWE tokens if you are a citizen, or a resident in any countries where public offerings of crypto tokens are banned or are considered as securities trading in general;
- F. you are fully aware and understand that in the case where you wish to purchase any SWE tokens, there are risks associated with SWE E&P INC, their respective business and operations, and the SWE tokens;
- G. you agree and acknowledge that neither SWE E&P INC Factory is liable for any losses of any kind, financial or nonfinancial, including but not limited to loss of revenue, income or profits, and loss of use or data, arising out of or in connection with any acceptance of or reliance on this Document or any part thereof by you; and
- H. all of the above representations and warranties are true, complete, accurate and nonmisleading from the time of your access to and/or acceptance of possession this Document or such part thereof.

Risks and Uncertainties

Prospective purchasers of SWE tokens should carefully consider and evaluate all risks and uncertainties associated with SWE E&P INC, the SWE tokens, all information set out in this Document, and the legally binding purchase agreements prior to any purchase of SWE tokens. If any of such risks and uncertainties develops into actual events, the business, financial condition, results of operations and prospects of SWE E&P INC could be materially and adversely affected. In such cases, you may lose all or part of the value of the SWE tokens.

SILVER WAVE ENERGY E&P INC.

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