

TERM SHEET

Palladium p.l.c. (the “Issuer”)

Offer of 100,000,000 Equity Warrants

This Term Sheet reflects the current expectations of the Issuer in relation to a potential offer and issue of Convertible Equity Warrants, the terms and conditions for which are set out in this Term Sheet (the “Warrants”). This Term Sheet does not constitute an offer to sell or a solicitation of an offer to buy the Equity Warrants, whether to the public or otherwise. Any offer and subscription of the Warrants will take place only following the prior approval of the Registry of Companies, acting on behalf of the Malta Financial Services Authority (the “MFSA”), of a prospectus for the Warrants drawn up by the Issuer in accordance with Directive 2003/71/EC as amended (the “Warrants Prospectus”). The terms and conditions of the Equity Warrants as set out herein could potentially be modified and the final terms and conditions of the Warrants shall be contained in the Equity Warrants Prospectus approved by the MFSA.

THE MFSA HAS NOT YET APPROVED A PROSPECTUS FOR THE WARRANTS

Issuer	Palladium p.l.c., a public limited company registered in Malta
Securities	Equity Warrants
Aggregate Principal Amount of Issue	€100,000,000
Issue Price	€1.00 per Equity Warrant
Minimum Subscription	€20,000.00
Date of Issue	January 15, 2019 (expected)
Offer period	July 25, 2018 to December 31, 2018
Pre-Sale period	June 25, 2018 to July 25, 2018
Pre-Sale commitments	The prospective investors who commit to a certain investment during the Pre-Sale period will have a priority in the allocation of the Equity Warrants.

Allocation policy

At the end of the Offer Period, the Equity Warrants will be allocated:

- To the Eligible Investors who have submitted a non-binding commitment during the Pre-Sale period
- If any Equity Warrant remains available, to any other Prospective Investor on a pro-rata basis

Use of Proceeds

The Company intends to create the first ever blockchain clearing and settlement platform integrating traditional bank and cryptocurrencies accounts. Approximately 50% of the issue proceeds will be used to acquire a controlling interest in a European bank and to upgrade its technology systems. About 35% of the proceeds will serve to develop or assemble a blockchain clearing and settlement platform and the crypto exchange, while the 15% of the proceeds will be invested in strategic financial services and blockchain related companies related to the project.

Convertibility

The Equity Warrants are convertible into shares of the Issuer at the option of the holders of the Equity Holders on January 15, 2020. Each Equity Warrant will be convertible into 1 Ordinary Class B share of the Issuer with a nominal value of €0.000108333. The Ordinary Class B shares will represent, in aggregate, 25% of the total nominal share capital of the Issuer

Ordinary B Shares

When issued, the Ordinary B Shares shall (i) entitle holders thereof to the distributable profits of the Company by way of dividend on a pari passu basis with the other shareholders of the Company in accordance with the nominal value of the Ordinary Shares held by each Shareholder; and (ii) not entitle the holders thereof to any voting rights or the right to attend any general meetings of the Issuer.

Form	The Equity Warrants will be in registered form and will be encoded and tokenised on an Ethereum blockchain (the Equity Warrant Blockchain). All the information necessary to identify the holders of Equity Warrants, at the Issue Date, will be recorded on a register of the Equity Warrants which will be maintained by the Issuer and which will provide for the name, surname, nationality, passport number and residential address of the holders of Equity Warrants.
Placement Agent Fees Payable by Issuer	Up to 5% of the aggregate subscription amount
Governing Law & Jurisdiction	Malta
Eligibility Criteria	The Equity Warrants can only be sold or transferred to investors who confirm in writing that (i) they have sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of the prospective investment in the Equity Warrants; (ii) an investment in the Equity Warrants meets their investment objectives; and (iii) they are able to bear the investment and financial risks resulting from an investment in the Equity Warrants. Although the Equity Warrants are not being offered solely to 'Qualified Investors' (as such term is defined in the Companies Act), it is nevertheless expected by the Company that all prospective holders of the Equity Warrants possess a certain level of sophistication specifically in respect of investments of this type.