



2018

# WHITE PAPER

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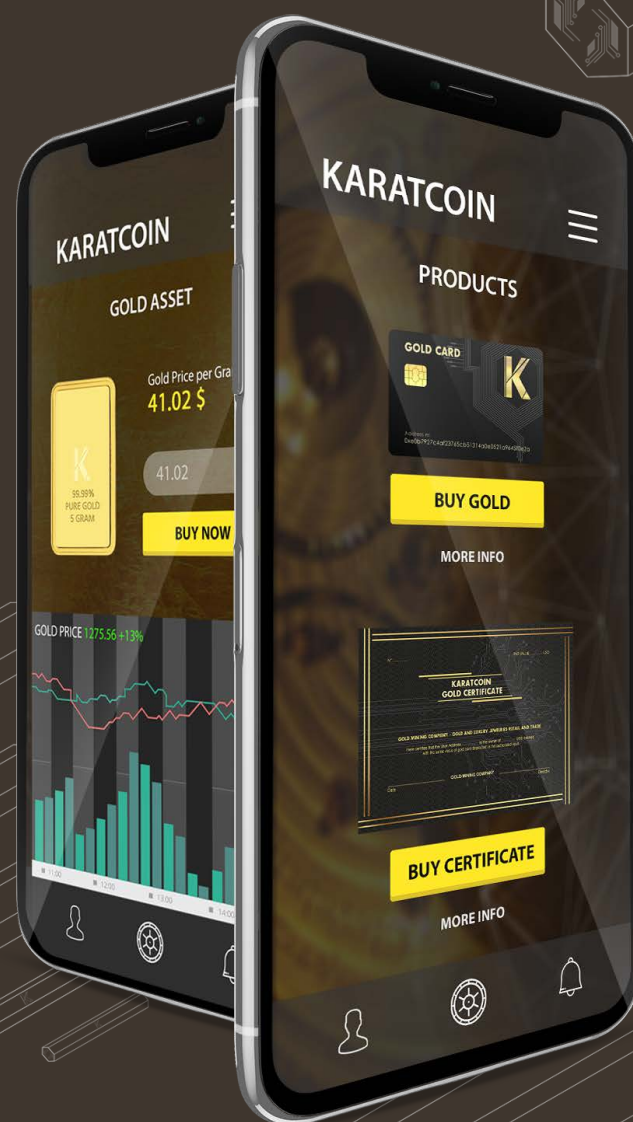
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STRAIGHT TO  
GOLD MINES

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# 1. Our History

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In 2014, Simone Orso, Claudia Busato, and other two founders created Dreammy A.P.S., an Italian organization that encouraged people to create new ethical strategies and approaches towards life, culture, music, entertainment, employment, nature, ecology, and health.

We've developed a website for this purpose, and at its inception, it was composed of eight sections:

Author (To Protect Intellectual Property); Bazaar (Financial Business Proposals); Energy (Renewable Energies); Hope (Fundraising Activity); Music (Music Cloud Service); Pixel (Games); Start (Crowdfunding); Voice (Crowd Speaking); Claudia's Secrets (Tons of Recipes and Unique Content for Vegans).

The entire website was maintained by four technical developers, with the most important one (in terms of work hours) being Simone Orso; who is also the owner of the trademark Dreammy.

Over the years Dreammy has become an incubator of web projects, with most of these projects have been sold to third parties over time.

Dreammy is an officially registered trademark authorized for classes: 35 - 38 - 42 and all their subclasses (Nice Classification - WIPO).

COPYRIGHT - Official registration through asseveration of Judicial Officer (Court of Biella, Italy).

In 2018, the founder, Simone Orso, decided to establish Karat Lab Ltd. in London, which was given the copyright management license of Dreammy and its related projects.

## 2. Introduction

*In this paper we present synthesized points from our Business Plan that can be released upon request to qualified investors in full form following the signing of the NCNDA.*

You can register here: <https://support.dreammy.io>

### 2.1 Objectives

The objective of this white paper is to present a summary of Karatcoin's business model, value proposition, as well as an introduction to the Karatcoin crowdsale for potential token purchasers.

We also raise awareness of our strategy for the issuance of instruments mainly linked to physical gold, especially demonstrating their profitability and their functioning within the decentralized world.

In this document, we will also analyze the growth strategies and expansion planned for the next few years.

### 2.2 Research Methodology

Using different financial frameworks, we have tried to be as comprehensive as possible in finding opportunities for our business and corresponding marketing strategies.

#### Primary Data

Our primary data was collected from industry experts that are also part of our team. They have many years of experience in finance, especially in gold investment, and our experts also took into consideration and integrated official reports published by the World Gold Council and the Bullion Vault.

#### Secondary Data

Our secondary data was collected from TMR (Transparency Market Research).

We therefore evaluated the market structure and its projections for the coming years, and in examining this data, it was possible to determine trends within the current market, especially the factors limiting market growth.

Other data and information were collected from a variety of online sources such as company websites, global news, etc.

## Key Frameworks

- Environment and Industry Analysis
  - PESTLE
  - SWOT
- Competitive Analysis
  - Segmentation, Targeting and Positioning (STP)
- Company Analysis and Its Nature of Business
  - Business Model (Baden-Fuller & Haefliger, 2013)



## 3. Vision

Our vision is to create a people-powered new economy that focuses on decentralized financial services that ensure both stable and aggressive investments linked to market fluctuations, and which also fuel the financial collateral needed for future projects. At the same time, we will also create an ecosystem for developers to utilize Karatcoin tokens as a framework for various Dapp developments, thus accelerating adoption of blockchain technology. The Karatcoin Project is a consultancy system that focuses on the

development and mining growth of carefully selected gold mining companies.

Our goal is to build a platform to trade gold certificates, exchange Karatcoin tokens, as well as save and exchange currency using gold cards.

We will build a platform where millions of investors can go to find the best gold opportunities to invest, trade, and exchange without worrying about traceability.

## 4. Mission

Karatcoin's Platform is directly linked to operational gold mines that will receive financing to help increase their gold production. The more Karatcoin's financing increases, so will the aggregated gold production of our mines, which in turn will increase the value of circulating Karatcoin tokens. All the mines selected by Karatcoin's technical and legal team have been carefully analyzed for their production ability, operational background, structural credibility, as well as their financial rating (no intermediary is involved in the verification process). These mines will pay the interest due with physical gold products (doré gold bars, gold nuggets, gold dust, etc.) which will be conferred at the official refinery of origin and turned into gold ingots on our behalf. Leaving the raw material in its place of origin protected in an authorized vault will minimize the costs related to transport and related taxes, thus optimizing transactions on our blockchain and allowing a more advantageous price for gold.

All small gold mines and individual miners that exist in the world who are struggling to sell their gold outside the borders of their territory can easily sell doré gold bars, gold nuggets, gold dust, etc., at the official refinery in their country where the Karatcoin Trust will have its own account. Once transformed into gold bullion bars of .999 purity, they will be left in the vault of the refinery itself and will not leave their country of origin. Instead, they will be coined KCG and continuously placed on the decentralized market to be bought and circulated all over the world.

All those entities and/or individual miners who participate in this project will be enfranchised and included into the development programs of the Karat Foundation. They will have the opportunity to gain access to finance for the development of their businesses, as well as benefit from fundraising campaigns that will be constantly sponsored by the Foundation in order to help raise awareness among donors about the ethical problems associated with mines.

These donations will bring greater well-being to miners, especially women and children, in addition to improving the surrounding communities and making the lives of the inhabitants more equitable and sustainable.



# 5. Market Analysis

The decentralized world is remarkably new. The birth of the blockchain dates back to 2008, but it has only evolved with real applications in the last few years (especially with Ethereum). As such, it is identified as a project still in its infancy, but with enormous development opportunities in almost every sector of the economy. But being in a continuous state of evolution and process transformation also opens the door to constant and ever greater attempts to champion any kind of idea that very rarely turns into a valid project with long-term viability.

Our objective is to create a groundbreaking organization that blends the centralized and decentralized worlds perfectly. Our ambition is to create a multipurpose project destined to become a major market player that embraces constant and evolutionary growth.

## 5.1 PESTLE Introduction

The political, economic, social, technological, legal, and environmental aspects of the global gold market were analyzed, and crucial points have been highlighted. These market trends were examined to determine the opportunities for profit, as well as the strategic risks to be avoided.

### Political Analysis

Monetary policy – and policymakers – will continue to be significant drivers of gold demand, especially considering that the American Federal Reserve is expected by many market analysts to hike interest rates further next year in order to allow its balance sheet to contract.

In addition to monetary policy, we view two other factors as being potentially important for the gold market. First, the ongoing strength of already expensive US equities, and second, the trajectory of the US dollar. We believe that the bull market in US equities reduced gold's appeal in 2017, and an end to that trend could reignite demand for gold. The direction of the US dollar could also be important because if 2017 marks the end of a multi-year period of US dollar strength, gold could benefit from that tailwind, unlike the headwind that it has experienced since 2001.

### Economic Analysis

#### About Cryptocurrencies

Blockchain technology, which is the core technology behind cryptocurrency, is

undoubtedly a major disruptor of the global marketplace. However, it seems that more attention is being paid to cryptocurrencies rather than to blockchain technology. Many entrepreneurs have already jumped on the bandwagon to create ICO campaigns, selling tokens to the public and raising hundreds of millions of dollars in the process. In less than a decade since Satoshi Nakamoto introduced Bitcoin to the world, a lot has happened in the cryptocurrency space.

Because of the dominance of the United States in both the global economy and international affairs, the US Dollar is the reserve currency of the global economy. Every single mainstream financial actor from all over the globe operates in the US market, and it is for this reason that any upheavals in the US financial market inevitably sends shockwaves around the globe.

Bitcoin, Ethereum, Ripple, Litecoin, and many other cryptocurrencies continue to experience massive growth in price, market capitalization, and mainstream adoption. Cryptocurrencies are providing features and functions that are changing (maybe even improving) the way we do things. It is no longer a question of whether cryptocurrencies are disrupting the global economy, but by how much, as well as how will that disruption impact the future.

With the emergence of Bitcoin and over 1,000 other crypto-coins, financial transactions are being decentralized on a massive scale. These decentralized transactions have absolutely no connection whatsoever to the US Dollar, and this fundamentally changes the dynamics of international trade, foreign relations, diplomacy, and the impact of economic sanctions. There have always been attempts to “de-dollarize” the global economy, and cryptocurrencies seem to be a verifiable means of achieving that goal.

By cutting out the middleman in the payment processing market, cryptocurrencies are causing a huge disruption to the global payment system. One of the reasons for the centralized payment processing protocol is to prevent funding for money laundering, terrorist activities, and illicit trade in drugs and ammunition. With cryptocurrencies, it becomes that much harder to trace transactions and ascertain the identities of the participants. Central banks and other financial institutions seem to have no control over its operations.

ICOs have become the leading crowdfunding method for technology-based start-ups. No longer do developers and entrepreneurs want to spend time trying to convince venture capitalists, banks, and angel investors to put up equity into their startups. These days, once a seemingly tangible idea is conceptualized, it is tokenized and sold to the public directly.

This has led to the proliferation of multiple technology-based start-ups that most

probably would never have seen the light of day. Instead of being stuck in the proverbial “development hell” for decades, these projects are now in active development and bug-testing phases with millions of dollars in investment funding already secured.

The spike in ICOs has been so massive that it has become one of the core focuses of government agencies around the world. China banned ICOs in late 2017, while the SEC issued a ruling that some ICOs were actually securities. Many countries have also placed tighter restrictions on ICOs.

If ICOs weren’t disrupting the market, they wouldn’t cause this much of an uproar.

### Top Cryptocurrencies Analysis

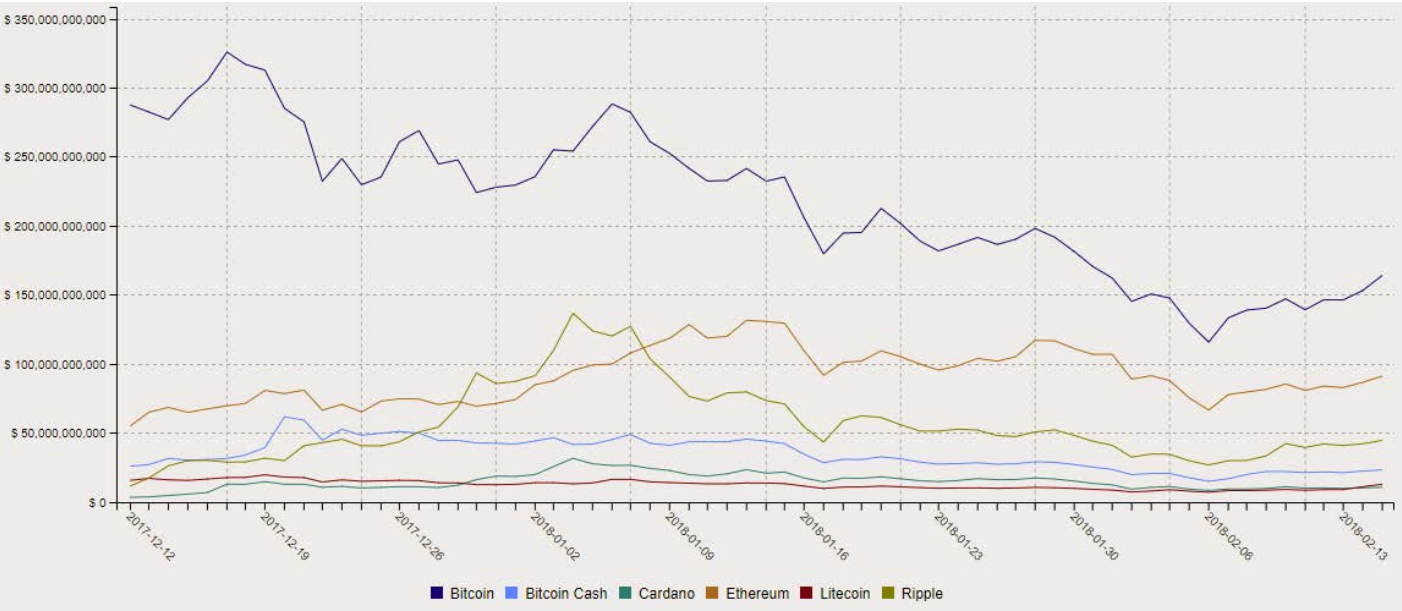


Figure 1: Top 6 Cryptocurrencies by Market Cap (USD) Period 12-12-17 / 2-15-18

Name	Pros	Cons
Bitcoin (BTC)	<ul style="list-style-type: none"> <li>The first successful cryptocurrency, which owns around 46% of the current crypto market.</li> <li>The most accepted and easy to trade crypto in the current market, with sufficient resources online for everyone to learn more about.</li> <li>It has a large community and is unlikely to suddenly disappear or be labeled as spam, which has happened to other altcoins.</li> </ul>	<ul style="list-style-type: none"> <li>Under development (none of their products are testable).</li> <li>They will not create a blockchain for their products.</li> </ul>
Ethereum (ETH)	<ul style="list-style-type: none"> <li>Ethers will always be needed to execute code on Ethereum, and most current projects are built on top of Ethereum, which makes it the best long-term potential cryptocurrency.</li> </ul>	<ul style="list-style-type: none"> <li>The value of Ether is tied to the success of Ethereum. It is possible that it can be replaced by future blockchain projects with similar features.</li> </ul>
Bitcoin Cash (BCC)	<ul style="list-style-type: none"> <li>It solves the Bitcoin scaling problem by increasing the block size from 1MB to 8MB, speeding up mining time and lowering the transaction fee.</li> <li>Miners can mine Bitcoin Cash just like they mine Bitcoin.</li> </ul>	<ul style="list-style-type: none"> <li>An overly centralized system that benefits a small number of miners at the expense of others</li> <li>Not a very large team when compared to other leading coins</li> </ul>

<b>Ripple(XRP)</b>	<ul style="list-style-type: none"> <li>• The bank market is huge, and Ripple really is strongly backed by financial institutions.</li> <li>• Compared to traditional banking services, the Ripple network is secure and anonymous.</li> </ul>	<ul style="list-style-type: none"> <li>• It is centralized and private, unlike Bitcoin and Ethereum. Ripple owns 70% of the coins, which creates the risk of manipulated inflation and deflation. Individuals don't have full access to the Ripple network.</li> <li>• Cost of XRP on the network is NOT given to anyone. It will instead slowly disappear, so Ripple's coin circulation will only get smaller. Nonetheless, it will take hundreds of years before the coin is used up.</li> </ul>
<b>Litecoin(LTC)</b>	<ul style="list-style-type: none"> <li>• Faster and almost zero transaction fees compared to Bitcoin. Mining is easier on Litecoin since it uses a new Proof of Work algorithm that improves upon Bitcoin's.</li> </ul>	<ul style="list-style-type: none"> <li>• Since Segwit has recently been included in Bitcoin, the advantages in Litecoin over Bitcoin are reduced.</li> <li>• Litecoin is simply a modified version based on Bitcoin. It does not introduce new ideas like other altcoins.</li> </ul>
<b>Cardano</b>	<ul style="list-style-type: none"> <li>• Proof of Stake consensus mechanism.</li> <li>• Completely open source.</li> </ul>	<ul style="list-style-type: none"> <li>• It doesn't exist yet and hasn't stood the test of time and usage.</li> <li>• The design decisions of how this technology will work is substantially different than any of the networks that are live now, which means no one has any idea of how well it will actually work.</li> <li>• There's still a tremendous amount of work to be done to get the technology to where they want it to be.</li> </ul>

### About Gold

Income growth is probably the most significant economic factor to consider over the long run because it has been the most important driver of gold demand, and we believe the outlook here is encouraging. China, the world's largest gold market, has avoided the hard landing that many were predicting 18 months ago, and they're expected to grow at a fair clip in 2018, with the consensus forecast at around 6.4%.

The Indian economy is still recovering from the shock demonetization of 2016, as well as adjusting to the Goods and Service Tax rolled out in 2017. But the slowdown in GDP growth last year is expected to moderate as businesses and consumers adapt to these new regulations. Indeed, India is expected to be one of the fastest growing countries in the world in 2018, expanding at an even faster rate than it did between 2012-2014.

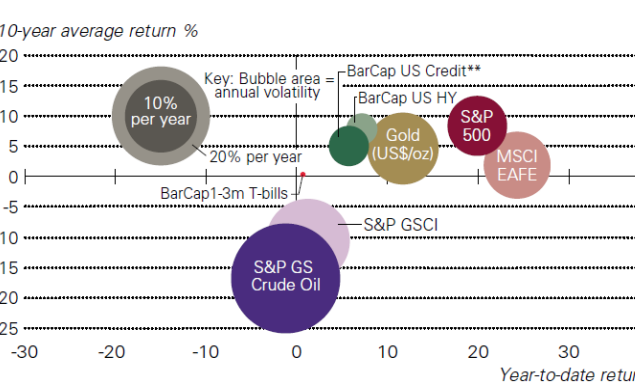
Solid income growth in the world's largest gold markets would undoubtedly be viewed as good news, but other countries are making progress too. Germany's economy is expected to maintain its momentum, and unemployment is expected to continue falling, which should bolster support for the world's third-largest bar and coin market. Across the Atlantic, the US jewelry market, the third-largest in the world, could benefit from continuing economic growth and high consumer confidence.

Structural changes in the gold market are also worth noting. These may not have a direct impact on the gold market in 2018, but they can herald significant changes in the years to come. Potential changes to the VAT rate currently applied to gold bars in Russia is a case in point. A punitive 18% has stifled market growth, so a reduction could open up an

exciting new market. Elsewhere, banks and mints are continuing to develop Shari’ah-compliant gold products, and we may see this part of the market gain traction. Finally, India decision to develop a spot exchange could result in greater transparency, which could further boost India’s gold trade.

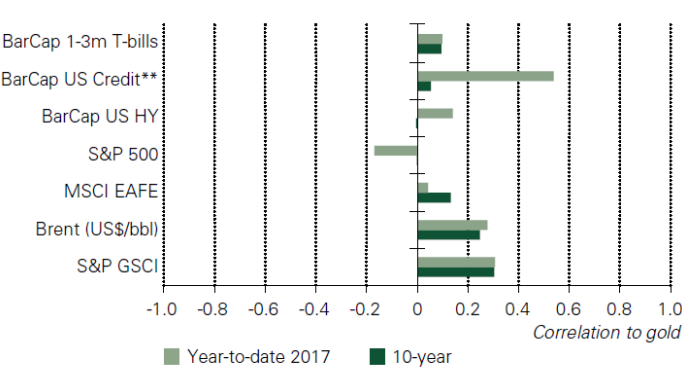
Key gold market statistic

Gold returns are competitive compared to major financial assets



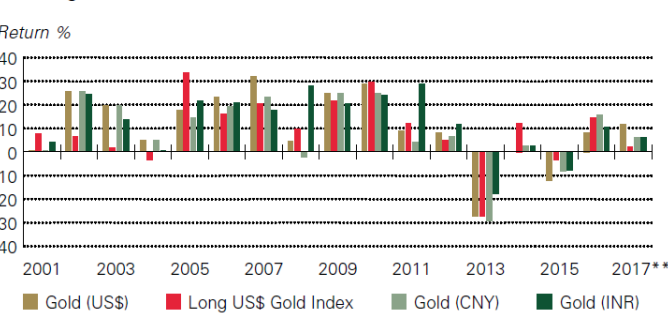
\* 1-year and 10-year returns based on data ending 30 November 2017.  
\*\* BarCap US Credit includes both government and high grade corporate bonds.  
Source: Bloomberg; World Gold Council

Gold has been inversely correlated to stocks and positively correlated to high quality bond performance so far this year



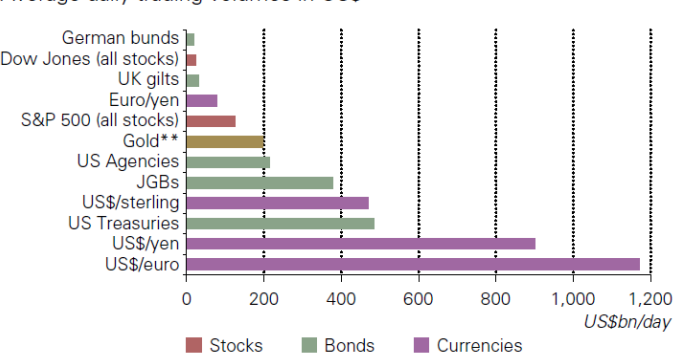
\* Year-to-date (YTD) and 10-year correlations based on weekly returns ending 30 November 2017.  
\*\* BarCap US Credit includes both sovereign and corporate bonds.  
Source: Bloomberg; World Gold Council

Gold performance should be measured in more than one currency



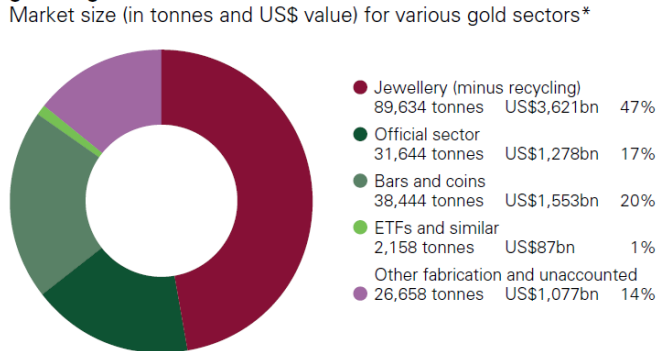
\* Based on the LBMA Gold price PM except for the Long US\$ Gold Index that is based on the Solactive GLD® Long US\$ Gold Index. The Index combines a long position in physical gold with a long position in a basket of currencies that include EUR (57.6%), JPY (13.6%) GBP (11.9%), CAD (9.1%), SEK (4.2%) and CHF (3.6%). For more details see: <https://www.solactive.com/complex-indexing/?index=DE000SLA2K90>.  
\*\* Year-to-date as of 30 November 2017.  
Source: Bloomberg; ICE Benchmark Administration; Solactive AG; World Gold Council

Gold trades more than many other major financial assets



\* Based on estimated 1-year average trading volumes as of 30 November 2017, except for currencies that correspond to 2016 volumes due to data availability.  
\*\* Gold liquidity includes estimates on over-the-counter (OTC) transactions, and published statistics on futures exchanges, and gold-backed exchange-traded products.  
Source: BIS; Bloomberg; German Finance Agency; Japan Securities Dealers Association; LBMA; UK Debt Management Office (DMO); World Gold Council

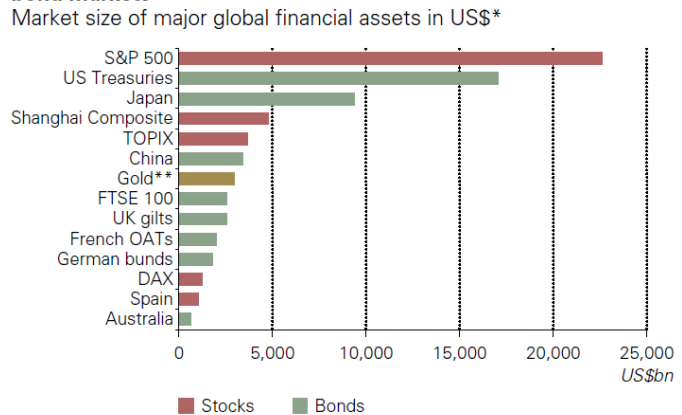
Financial gold accounts for more than a third of above ground gold stocks



\* Estimated tonnage as of 30 November 2017. US-dollar values calculated using YTD 2017 average LBMA Gold Price of US\$1,257/oz. Financial gold is defined as the sum of official sector holdings, bars and coins, and ETPs\*\* (75,595 tonnes, US\$3bn, 38%).  
\*\* ETPs include gold-backed exchange traded funds (ETFs) and similar products.  
Source: Bloomberg; GFMS; Thomson Reuters; ICE Benchmark Administration; Respective ETP Providers; World Gold Council

Source: World Gold Council

The size of financial physical gold is larger than many stock and bond markets



\* As of 30 November 2017 where available, otherwise most recent data published.  
\*\* Includes bars, coins, gold-backed exchange-traded products and official sector holdings.  
Source: BIS; Bloomberg; GFMS; Thomson Reuters; ICE Benchmark Administration; World Gold Council



## **Social-Cultural Factors**

Investors have historically turned to tangible investments such as gold bullion bars to protect their wealth and secure their purchasing power over long periods of time.

Karatcoin believes that as we advance in the blockchain age of peer-to-peer cooperation, individuals and communities will increasingly require globally recognizable and reliable mediums for savings and trade.

With leverage and systemic risk at record levels, assets like gold bullion not controlled by the banking system are attracting greater levels of investment interest.

Since gold is the only element that has the longevity and malleability to be a lasting medium of exchange, it can be globally utilized as a commodity, currency, and store of value, which not only promotes a more equitable distribution of wealth and opportunity, but it also aligns prosperity with the natural limits of our planet.

Cybersecurity is one of the most pressing concerns for businesses and consumers, as hacking is rightfully perceived as a cancer that has a disastrous impact on both our economy and society.

Karatcoin take this threat very seriously. That's why we built our application on top of EOS technology with DPoS consensus; a technology that affords the best level of security for the platform that does not overly rely on centralized security management protocols. All transactions are traceable and viewable on the blockchain, and only stakeholders can validate it.

## **Technological Factors**

Blockchain technology gained a lot of traction in recent years due to increased investment and the rapid growth in capitalization of cryptocurrencies.

The entire cryptocurrency market will reach a total value of \$1 trillion this year, according to the chief executive of a top digital currency exchange, Jesse Powell, who is the founder and CEO of Kraken.

The current market cap of all cryptocurrencies stands at around \$417 billion, according to data from the industry website CoinMarketCap. It hit an all-time high of more than \$800 billion in early January, before falling dramatically as a result of a huge cryptocurrency sell-off.

Traders have also been worried about regulatory signals recently as government ministers in South Korea and India have both upped their rhetoric against virtual currencies. On February 22, 2018, three top European Union regulators issued a warning to consumers about the risks associated with buying cryptocurrencies.

However, the use cases for blockchain technology are still being tested in several industries, and Karatcoin seeks to offer the best solution in the gold financing sector by offering the first platform to offer a complete environment for purchasing, selling, and investing into gold products.

### **Legal Factors**

Karatcoin seeks to compete in a space that is well-established and regulated. To maximize participation from gold refineries and buyers, Karatcoin will streamline "Know Your Client" (KYC) procedures and signed directors' guarantees into the registration process to meet legal requirements.

### **Environmental Factors**

Karatcoin Blockchain uses DPoS consensus (Delegated Proof of Stake) that allows for better performance and less power consumption than any other blockchain consensus.

All transactions, all ledgers, all Gold Certificates, and all Gold Cards are viewable on the blockchain and will ensure the need for printing is minimized.

All the refineries with which Karatcoin will work are Associate Members of The London Bullion Market Association (LBMA). This membership properly reflects the highest global standards for bullion purchase, storage, integrity, transparency, and security for its clients.

Any Associate Member of the LBMA must undergo the LBMA's Responsible Gold Program, which requires all refiners producing Good Delivery gold bars to comply with the LBMA Responsible Gold Guidance. The Guidance aims at combating systematic and widespread abuses of human rights as well as avoiding contributing to global conflicts. It also requires refiners to comply with the high standards of anti-money laundering and anti-terrorist financing activities.

## **5.2 STP Model**

Today, Segmentation, Targeting and Positioning (STP) is a familiar strategic approach in modern marketing. In fact, it is one of the most commonly applied marketing models in practice.

### **Segmenting**

Karatcoin is a decentralized platform that allows the buying and selling of financial products related to gold.

It has split its customers into five segments.

- Gold Customers - with very low fees compared to our competitors, Karatcoin is the perfect place for any investor who wants to keep gold safe in a vault.
- Traders – Karatcoin’s platform, with its blockchain based on DPoS consensus, is the perfect environment for traders who want to diversify their portfolio with a cryptocurrency that is also a crypto-asset.
- Young Workers - The Gold Accumulation Plan (GAP) is a general financial strategy that uses the same philosophy as a common savings plan where an investor intends to build the value of his or her portfolio to a desired size.
- E-commerce - Karatcoin can be used as ideal payment for any online product.
- Financial Institutions - Crypto-assets are the future, and Karatcoin is extremely attractive for its low volatility as an asset, good profits from KCX commissions, as well as the fixed revenue of its Gold Certificates.

## Targeting

### Gold Demand

Gold demand (Tonnes)									
	2010	2011	2012	2013	2014	2015	2016	2017	Y on Y % Change
<b>Jewellery</b>	2,055.0	2,097.3	2,138.7	2,701.9	2,498.8	2,411.6	2,053.6	2,135.5	▲ 4
<b>Technology</b>	460.5	428.6	381.3	355.9	348.7	332.0	323.4	332.8	▲ 3
Electronics	326.6	316.1	288.3	279.2	277.5	262.1	255.6	265.3	▲ 4
Other Industrial	88.3	76.3	64.6	53.7	51.2	51.0	49.8	50.6	▲ 2
Dentistry	45.6	36.2	28.4	23.0	19.9	18.9	18.0	16.8	▼ -6
<b>Investment</b>	1,633.1	1,732.5	1,613.8	810.9	867.8	949.6	1,595.5	1,231.9	▼ -23
Total bar and coin demand	1,203.6	1,500.4	1,307.7	1,722.9	1,052.1	1,074.7	1,048.7	1,029.2	▼ -2
Physical Bar demand	920.6	1,188.3	1,011.9	1,352.1	767.8	775.3	776.3	770.9	▼ -1
Official Coin	195.8	228.1	185.4	269.8	204.8	224.3	207.2	186.9	▼ -10
Medals/Imitation Coin	87.2	84.1	110.4	101.1	79.5	75.1	65.2	71.3	▲ 9
ETFs & similar products*	429.6	232.0	306.1	-912.0	-184.3	-125.1	546.8	202.8	▼ -63
<b>Central banks &amp; others inst.</b>	79.2	480.8	569.3	623.8	583.9	576.5	389.8	371.4	▼ -5
<b>Gold demand</b>	4,227.7	4,739.2	4,703.1	4,492.6	4,299.2	4,269.8	4,362.2	4,071.7	▼ -7
<b>LBMA Gold Price, US\$/oz</b>	1,224.5	1,571.5	1,669.0	1,411.2	1,266.4	1,160.1	1,250.8	1,257.2	▲ 1

Source: Metals Focus; GFMS, Thomson Reuters; ICE Benchmark Administration; World Gold Council

Gold demand rallied in the closing months of 2017, gaining 6% year-on-year (y-o-y) to 1,095.8 tonnes (t) in Q4. But it was too little, too late. Full year demand fell by 7% to 4,071.7t. ETF inflows, although positive, lagged behind 2016’s stellar growth. Central banks added 371.4t to global official gold reserves, 5% down from 2016’s net purchases.

Bar and coin demand fell 2% on a sharp drop in US retail investment. India and China led a 4% recovery in jewellery, although demand remains below historical averages. Increased use of gold in smartphones and vehicles sparked the first year of growth in technology demand since 2010.

Accumulation Plan

There were 1.2 billion youth aged 15-24 years globally in 2015, accounting for one out of every six people worldwide.

By 2030, the target date for the sustainable development goals, the number of youth is projected to grow by 7 per cent, to nearly 1.3 billion.

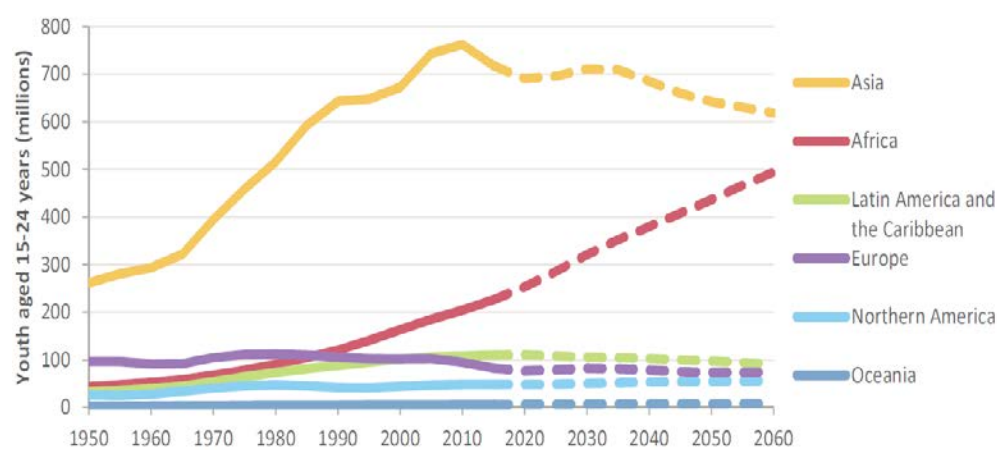


Figure 2: YOUTH AGED 15-24 YEARS, BY REGION, 1950-2060

Data source: United Nations (2013) World Population Prospects: The 2012 Revision.

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*Financial security in retirement doesn't just happen. It takes planning, commitment, and money.*

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Since the employer's retirement savings plan is an essential part of future financial security, our proposal will be extended not only to individual customers, but also to large companies that have a large number of workers for whom they can give a valid alternative to their supplementary pension plan.

A direct dialogue with financial institutions will also be opened in order to offer them additional services to expand their portfolios and diversify their financial offerings.

All of this is in line with our strategy of accumulating gold reserves through mines.

GOLD CERTIFICATES

A gold certificate in general is a certificate of ownership that gold owners hold instead of storing the actual gold. It has both a historic meaning as a U.S. paper currency (1863–1933) as well as a current meaning as a way to invest in gold.

Since ancient times, investors have had a strong attachment to Gold Certificates.

Starting in the 17th century, gold certificates were issued by goldsmiths in London and Amsterdam to customers depositing gold bullion into their safe-keeping. These gold certificates then acted as proof of gold ownership. In time, the certificates were passed from hand to hand just like cash payments, without the hassle of having to move the gold bullion itself.

Gold certificates are very much like the world's first-ever paper bank notes. In the mid-19th century, the US Treasury began to issue gold certificates that could be exchanged for gold from its vaults. These gold certificates circulated as money until 1933, when the US government banned private gold ownership inside the United States.

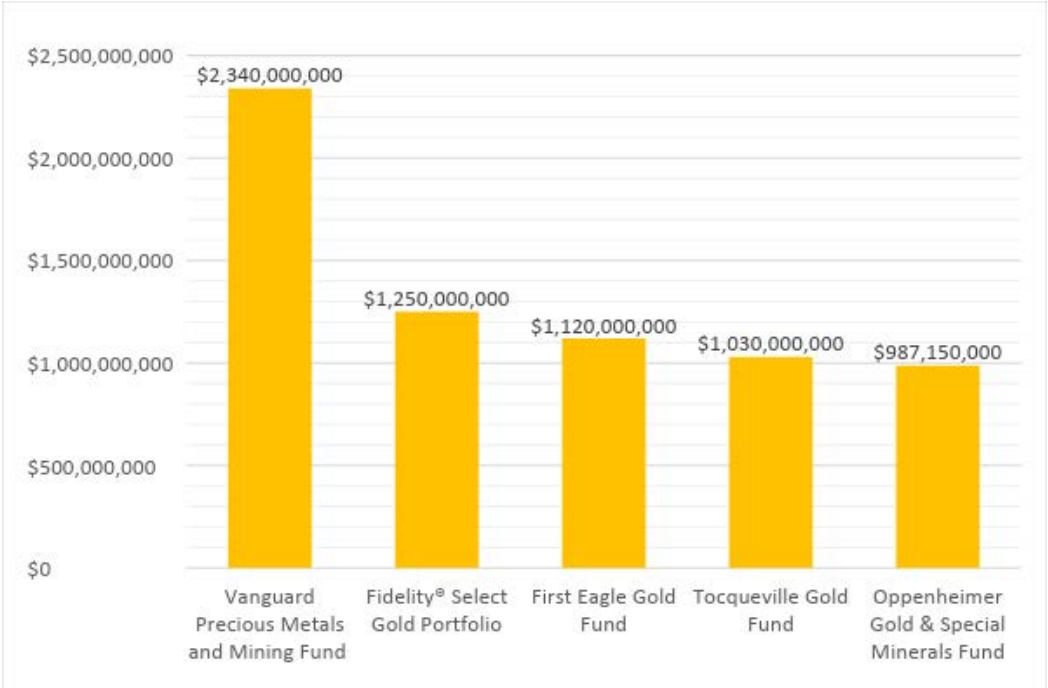
Today, gold certificates continue to be issued by several German and Swiss banks, as well as by gold pool programs in Australia and the US. These certificates represent ownership of a certain quantity of gold bullion or coins.

The owner of the gold certificate gets to save money on gold trading, delivery, storage, and insurance costs.

Funds Accumulation Plan

Precious metal portfolios focus on mining stocks, though some do own small amounts of gold bullion. Most portfolios concentrate on gold-mining stocks, but some have significant exposure to silver, platinum, and base-metal-mining stocks as well. Precious metal companies are typically based in North America, Australia, or South Africa.

Top Five Precious Metals Investment Funds



**Debit/Credit Card**

Global non-cash transaction volumes recorded their highest growth over the past decade.



According to the World Payments Report, global non-cash transaction volumes grew 11.2% during 2014–2015 to reach 433.1 billion, which was slightly above last year’s prediction. Two regions fueled this increase - Emerging Asia with a growth rate of 43.4% and CEMEA (Central Europe, Middle East, and Africa), with 16.4% growth (see graph below).

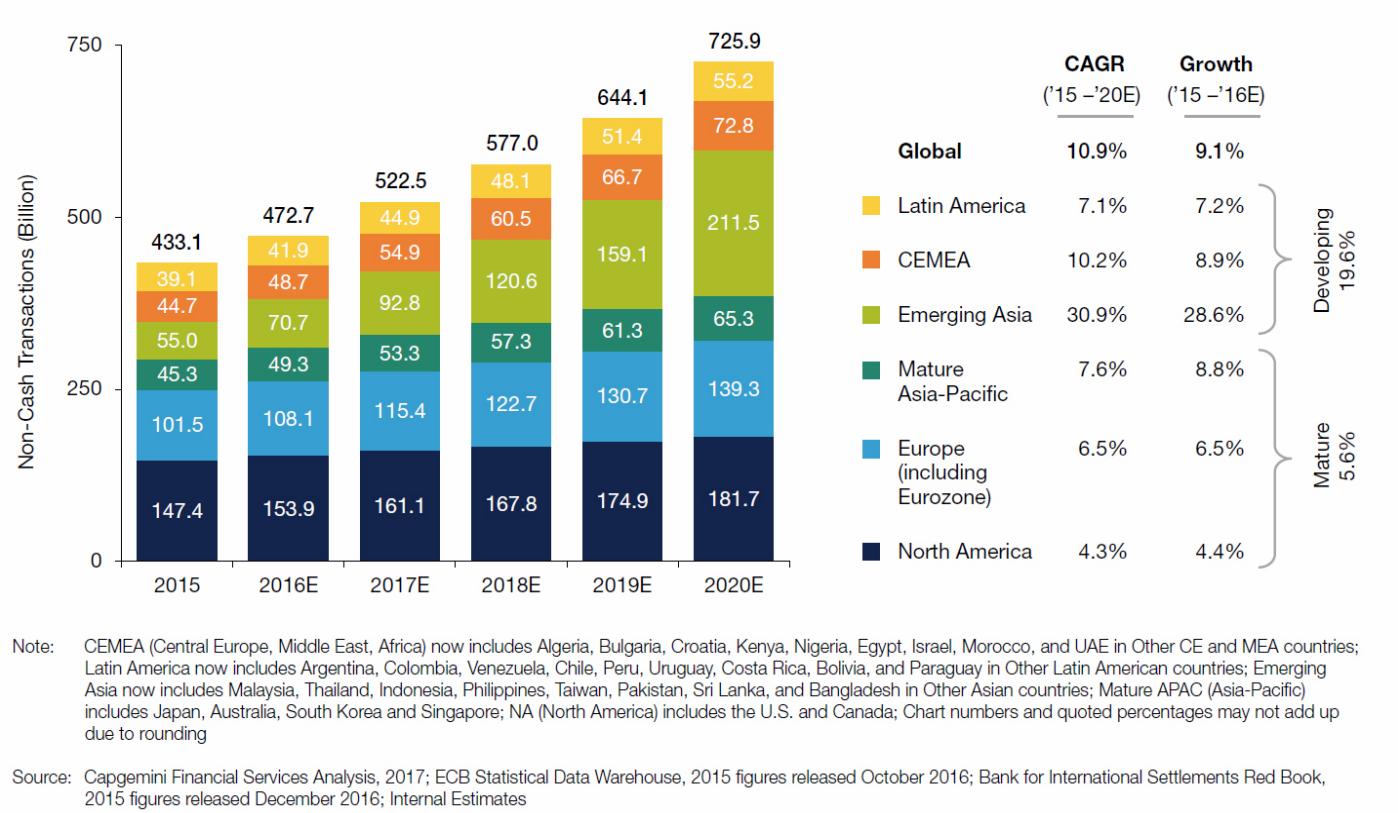


Figure 3: Number of Worldwide Non-Cash Transactions (Billion), by Region, 2015-2020E

Emerging markets contributed to 32.1% of the global volume and witnessed a growth rate of 21.6% from 2014–15, while mature markets contributed a 67.9% share with a 6.8% growth rate. Developing markets witnessed a phenomenal 21.6% growth in 2014–15, compared with 16.6% in 2009–10 and a volume share of 19.6%. Mature markets enjoyed a volume share of 80.4% in 2009–10, with a growth rate of 16.6% that dropped to 6.8% in 2014-15.

Final Analysis

As you can see from the data above, in 2017, the total global gold demand was \$160,297,971,786.59, with the banks only providing \$14,621,716,755.76. The gold investments were a total of \$48,499,322,756.35, while ETFs & similar products were \$7,982,251,499.96.

Having evaluated the various market segments and analyzed the power of growth that each of them can bring to our business, the strategic decision to choose the two products that best fit both our vision and our mission are the accumulation plan and the gold certificates. We will therefore position ourselves more in the market sector of young workers and financial institutes. Indeed, the investment by the top five precious metal

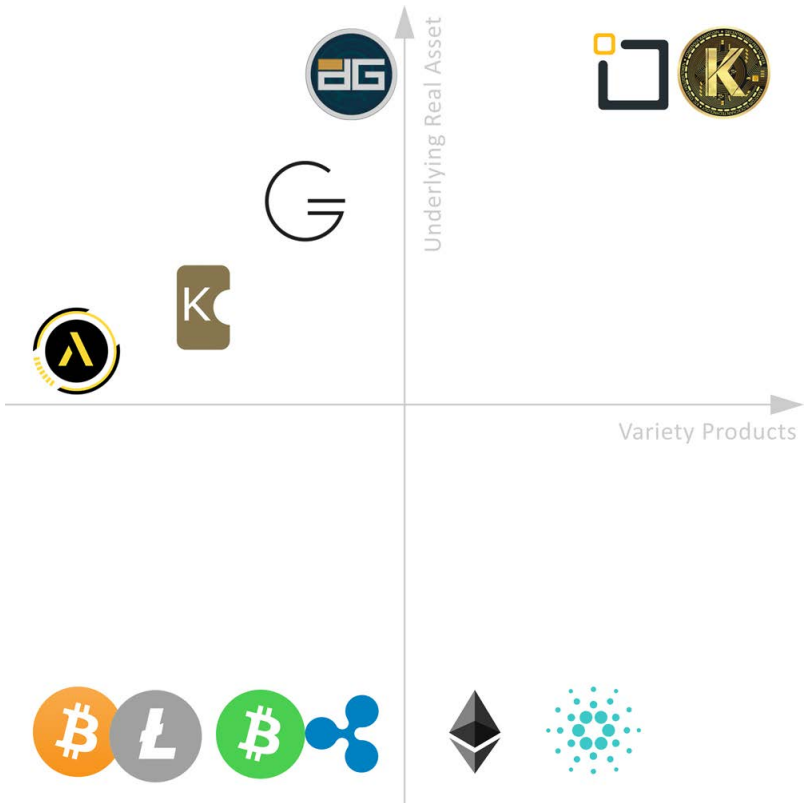
investments funds is attested at around \$5.6B, while there are 1.2 billion youth aged 15-24 years in the global market, with that number expected to grow to 1.3 billion in 2030. In short, we are positioning ourselves in a potentially huge market that will only continue to grow.

Source: United Nations – Department of Economic and Social Affairs | Population Division

Positioning

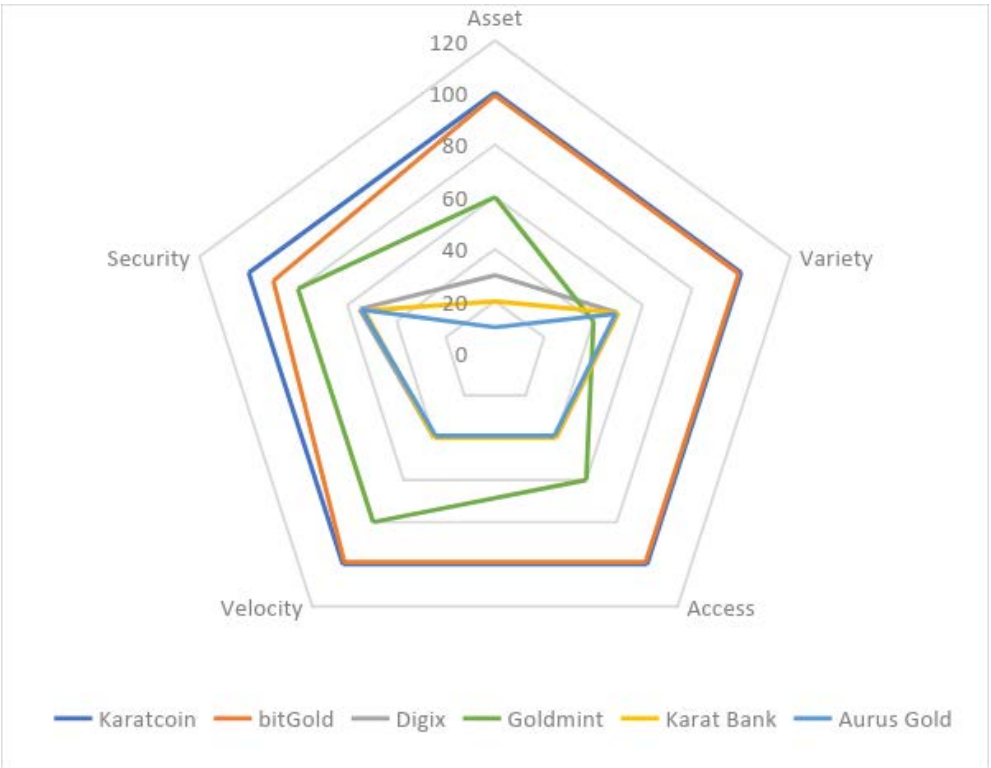
We have considered the importance of correctly positioning our product within the market. Now we will look at our direct competitors by analyzing top cryptocurrencies in regards to market cap, evaluating their core properties and functions, as well as other key factors and market requirements.

Karatcoin, as evidenced by the Perceptual Map below, is positioned in the upper right corner thanks to the wide range of products available in its marketplace, especially its real asset given by the value of gold tokens (KCG), agreements with the gold refineries, as well as investments in gold mines carried out by our Foundation.























PERCEPTUAL MAP – UNDERLYING REAL ASSET VS. VARIETY OF PRODUCTS ON THE DECENTRALIZED MARKET

As can be seen from the Radar Chart below, we have evaluated and integrated the key points of the gold sales process in the decentralized world compared to our direct competitors. Thanks to the advantage of its own EOS-based blockchain (with a DPoS consensus which guarantees the best level of security) Karatcoin is the best positioned crypto-asset in every fundamental property, with additional advantages being both lower consumption and maximum validation speed, easy access to the marketplace with a DApp based on React, as well as including a wide range of gold products from gold ingots to our accumulation plan.



RADIAL CHART – DIRECT COMPETITORS, KEY POINTS ANALYSIS

Comparative Table Between Top Cryptocurrencies

Project	Blockchain Based	Consensus System	Smart Contracts Based	Privacy and Encryption	Mint Tokens	Based on Real Asset	Fixed Revenues	Funding of Third Party Projects	API for Developers
 Karatcoin	 EOS	DPoS	✓	✓	✓	✓	✓	✓	✓
 Digix	 Bitcoin	PoW	✓	✓	✓	✓	X	X	✓
 bitGold	 bitGold	PoW	X	✓	X	✓	X	X	X
 Goldmint	 BitShares	PoS	✓	✓	✓	✓	X	X	✓
 Bitcoin	 Bitcoin	PoW	X	✓	X	X	X	X	✓
 Ethereum	 Ethereum	PoW	✓	✓	X	X	X	X	✓
 Ripple	 Ripple	RPCA*	X	✓	X	X	X	X	✓
 Litecoin	 Litecoin	PoW	X	✓	X	X	X	X	✓
 Bitcoin Cash	 Bitcoin Cash	PoW	X	✓	X	X	X	X	X
 Cardano	 Cardano	PoS	✓	✓	X	X	X	X	✓

\* Ripple Protocol Consensus Algorithm

In this comparative table, we highlight how Karatcoin is the most complete cryptocurrency and asset compared to its competitors. We not only beat our direct competitors but also all of the top cryptocurrencies by global market cap.

We also boast the best technology of consensus (DPoS) that will allow rewards for stakeholders. Unlike our competitors, our project is based on real products, not only gold, but also gold certificates, accumulation plans, as well as the Foundation financing gold mines in the centralized world.

### **Positioning Concept**

The strategy that we utilized to help us get noticed immediately by big investors in order to carve out our own market share was to institute a SAFT (Simple Agreement for Future Tokens) to place our KCG tokens (crypto-asset). This ensures that our project reaches its full potential and that from this initial step we will get optimal investment to continue on our journey.

Regarding the placement of coins on market platforms in order to buy and sell cryptocurrencies (and thus start the exchange of Karatcoin) with other currencies, we prefer those crypto exchanges that are already very successful, and which have considerable volume for both trade and capitalization. Following this investment strategy, we have therefore identified Bancor, Yobit, IDEX, Binance and Etherdelta as possible candidates.

## **5.3 SWOT**

### **Strengths**

- Karatcoin is a project based on a real asset (Gold).
- It's the first project to issue gold certificates for savings.
- It will develop its own blockchain on top of the EOS Blockchain with these key benefits:
  - DPoS Consensus
  - 10 secs. for block
  - Gateways for easy exchange
- Our own Blockchain uses the Delegated Proof of Stake (DPoS) consensus system that guarantees:
  - Better decentralization than Bitcoin

- Less power consumption
  - More security
- Fees will be used as returns for stakeholders instead of miners.
- Gold Certificate Coupons (an investment product with a fixed interest rate) are paid automatically via smart contracts semi-annually for the face value.
- Value of Gold Certificates are in dollars at a fixed price; this means that investors can save and protect their investments using our crypto-asset.
- With Gold Card (our wallet) it's possible to trade physical gold.
- You can keep your deposit in Gold Card as physical gold deposited in the safe vault of the Gold Refinery and redeem it whenever needed; transactions for this purpose will be performed on the basis of the BBO price.
- Karatcoin's Blockchain is integrating the Bancor Protocol; this means that Karatcoin owners will gain access to continuous liquidity.
- The financial team has the skills to guarantee both profits and principal in order to invest the funds generated from the sale of tokens.
- At the moment Karatcoin has close partnerships with referenced refineries to supply gold and its storage in Europe.
- KCX (Karatcoin Blockchain Token) is less volatile than other crypto-currencies because it's indirectly linked to a real asset with an owned blockchain.
- Gateways developed on our blockchain will give us the opportunity to create connections with banks and refineries, which will bring development opportunities such as creating debit and credit cards.
- KCX will give owners the right to vote for all the activities of the KARAT Foundation (which includes choosing the gold mines to be financed) and to the active interests that will be perceived from funding given to the selected mines.
- KCX will be used as a stake to validate blocks on the blockchain.
- KCG (GOLD Token) is a stable crypto-asset that represents 1 gram of 99.99% LBMA standard gold secured in Safehouse Vaults; the gold is safe from political influence and will preserve and increase its value over time.

Intellectual property is owned by Dreammy™, which developed the project utilizing the necessary technologies and capital.



Our team has been carefully selected for their skills in the different competencies and technologies needed to complete the project.

#### Technology Sector

- C++ for the blockchain and its connections.
- Solidity for the Presale, ICO, Wallets on Ethereum as smart contracts.
- React JS, React-Native, JavaScript, PHP, HTML, CSS, MySQL, and Apache for the development of both the DApp and the website.

#### Financial Sector

- Experience in commodities.
- Management of financial portfolios for both companies and individuals.
- Diversification of customer assets with physical gold shares to optimize portfolios.
- Specialized in project development and financing.
- Structured finance.
- International trading.
- Experience in corporate and international law.

#### **Weakness**

Although our team has extensive experience in the centralized world, it is equally true that the Karatcoin project is still in the startup phase. Cryptocurrencies are a new reality, and the decentralized world is still in its infancy and being created with new technologies even as we write this.

#### Related to the Blockchain

- The purchase of network tokens and cryptocurrency are particularly risky and may result in total loss of capital.
- Roadmap proposed for a network (i.e., "white paper") is subject to change or implementation failure.
- An implemented network may not be adopted, resulting in its tokens having low or no value.
- Past performance of a network or a cryptocurrency is not indicative of similar future patterns.

- Only sophisticated users who understand the risks of speculative investing in new asset classes may invest in new altcoins.

### Security Problems

There have been multiple hacker attacks over the years against Ethereum. Most of the problems stem from the incompetence of the smart contract developers, inadequacy in the management of multisig wallets, the type of Consensus used for the blockchain, as well as the structure given to the DAO (for example, Proof of Work is vulnerable to 51% attack when miners control more than 50% of the network's mining hashrate).

## **Opportunities**

### Presale

The point of buying during Presale is to secure allocation for yourself before mainstream investors, because most successful ICOs are significantly oversubscribed and saturated.

### ICO

One of the factors that really led to an explosion of interest in Ethereum last year was how the Initial Coin Offering (ICO) craze took off in the first half of 2017.

This Ethereum-fueled fundraising model led to an ICO mania, as investors poured money into anything and everything that was launching a new coin or token.

What will be different going forward, though, is that ICOs are now beginning to branch out beyond Ethereum.

### Private Placement / SAFT

For the launch of Karatcoin's Blockchain, we will reserve some gold investment products and consensus tokens (KCX) that will provide the additional benefit of becoming part of the proprietary blockchain itself.

### Bonus

Karatcoin will reward initial investors with a 30% bonus during the Presale, 16% max. during the ICO, and 75% in KCX tokens for the SAFT of our 1<sup>st</sup> block of Gold Products (Gold Certificates and Gold Cards).

This constitutes an outstanding opportunity to have a selection of products related to physical gold all grouped in one decentralized portfolio, with the certainty of the protection of the asset in an authorized vault.

### Product Opportunities

## Gold Certificates

- Real savings account.
- Coupon every six months with good interest rates.
- Protect the investment with high value stability: Gold + Dollar.

## KCD → KCX

- KCX will give owners the right to vote for all the activities of the KARAT Foundation (which includes choosing the gold mines to be financed) and to interest income perceived from funding given to selected mines.
- It will also be used as a stake to validate blocks on the blockchain.

## KCG

- Redeemable at any time through the Withdrawal Smart Contract.
- 100% Withdrawal to FIAT or to physical bullion gold.

## Gold Accumulation Plans

Comparable to mutual funds, a GAP is a formal arrangement in which an investor contributes a specified amount of money to the fund on a periodic basis.

Benefits:

- The investor accumulates a larger and larger investment in the fund through his or her contributions, which increases in value as the fund's portfolio grows.
- A prudent accumulation plan is key to building a financial nest egg for retirement.
- An accumulation plan can be useful for investors who wish to build their positions in a mutual fund over time.

The most basic – and effective – strategy for minimizing risk is diversification. A well-diversified portfolio consists of different types of securities from different cryptocurrencies, with varying degrees of risk.

## Threats

### Inflation

Inflation in each cryptocurrency depends on:

- Production Rate

- Demand
- Limitation.

If new units of a cryptocurrency are generated, there is some degree of automatic inflation as the supply rises.

For example, Bitcoin has a yearly expansion rate (in terms of supply) of 4%. But the demand for Bitcoins is rising faster than the number of new Bitcoins generated. Also, the number of rewarded Bitcoins per block decreases over time. But there is also a possibility of so-called reproduction and splitting because most cryptocurrencies are based on an open-source Blockchain, which is a publicly open protocol. This has inflationary potential.

### Cryptocurrency Regulatory Growing Pains

In 2017, we got a taste of how governmental regulations can be extremely impactful, as the Chinese governments moved to ban Bitcoin exchanges in the autumn, which caused the space to temporarily reel.

It didn't take long in the new year for us to be reminded that more market uncertainty is coming, as the regulatory ambiguity that's been fomenting in South Korea in the first days of 2018 had the entire cryptocurrency market scrambling.

### Exchanges Deal with Hyper-Growth

One of the most dominant and frustrating trends in 2017 was how cryptocurrency exchanges struggled — technically and otherwise — to deal with exponentially surging user bases.

For example, the popular crypto exchange Coinbase saw its user base grow by more than 800 percent in 2017, and there were growing pains throughout the entire sector, as other exchanges like Bittrex and Binance temporarily shuttered registrations in order to deal with overwhelming demand.

## 6. Problems

### 6.1 Difficulty in finding gold on the market

The demand is increasing and due to various factors, the gold mines cannot guarantee the necessary supply, especially for big orders.

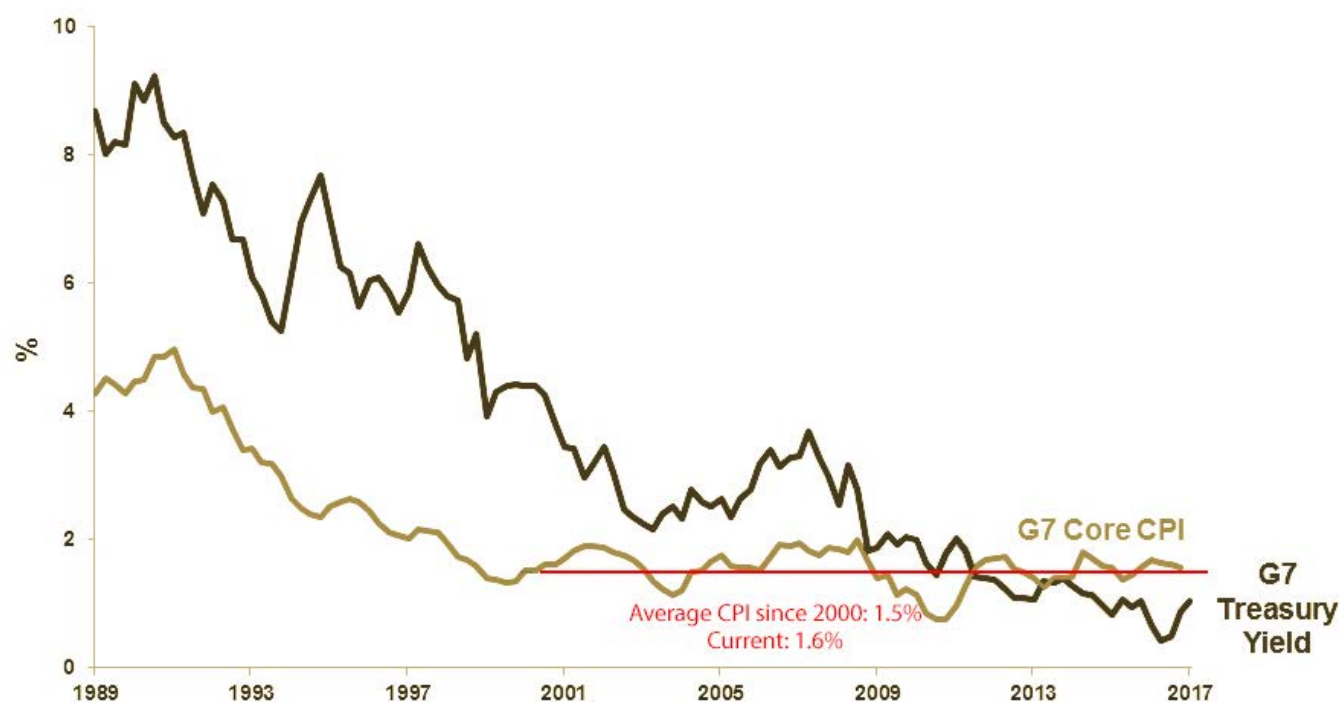
### 6.2 Bond value

In the centralized market, the bond right now is like a speedometer that is badly

calibrated and therefore unreliable. It may be less useful than usual, and is not to be interpreted literally, but it's still telling us something. And that something is that we should be worried about the possibility the world is in a nasty deflationary economic trap that won't get better anytime soon.

### 6.2.1 Bond market no longer behind 'deflation curve'

G7 Treasuries Yield and OECD G7 Core



## 6.3 Backers defaulting

One of the major drawbacks in a traditional debt-backed currency system is the possibility of backers defaulting on their contractual obligations.

## 6.4 Holding unused gold

The majority of investors who buy gold do so in the belief that it is "the one asset which is no-one else's liability." But there is a nasty legal subtlety that causes many of them hold it in such a way as to achieve the exact opposite, and they expose themselves to a hidden risk which may, in many cases, be exactly the same risk they were trying to avoid.

**"GOLD SHOULD BE PART OF  
EVERY INVESTMENT PORTFOLIO"**

**Paul Singer**



# 7. Solutions

## 7.1 Directly linked to gold mines

Karatcoin's Platform is directly linked to operational gold mines that will receive financing to help increase their gold production. The more Karatcoin's financing increases, so will the aggregated gold production of our mines, which in turn will increase the value of circulating Karatcoin tokens. All the mines selected by Karatcoin's technical and legal team have been carefully analyzed for their production ability, operational background, structural credibility, as well as their financial rating (no intermediaries are involved in the verification process). These mines will pay the interest due with physical gold extraction (doré gold bars, gold nuggets, gold dust, etc.) which will be stored at the official refinery and turned into gold ingots on our behalf.

By leaving the raw material in its place of origin and protected in an authorized vault, we will be able to minimize the costs related to transport and related taxes, thus optimizing transactions on our blockchain and allowing a more advantageous price for gold.

## 7.2 Bond yield ranging from 5 to 6%

In the decentralized market of Ethereum, it's possible to purchase **Karatcoin Gold Certificates** with different maturity dates and associated semi-annual coupons with a **bond yield ranging from 5 to 6%** depending on its duration.

## 7.3 The flexibility of smart contracts

Smart contracts help you exchange money, property, shares, or anything of value in a transparent, conflict-free way, while avoiding the services of a middleman. One of the advantages of using a smart contracts platform is that **the process can be automated**. Consequently, if the threshold of funds is not met, then all the money is returned to investors.

## 7.4 Decentralized is safer and cheaper

One of the fundamentals of the entire banking industry is custody. They provide people with a safe place to keep their own money. **Karatcoin is even safer** because it is a **decentralized and automated system**.

Allocated Karatcoin tokens are gold deposited under a **safekeeping** or custody arrangement. It is held as numbered bars, on labelled shelves.

Arranging for the physical security of bullion bars requires strong vaults, wise use of technology, carefully constructed systems for security, and the monitoring and control

of human factors. The safekeeping to be absolutely secure must bear the security costs, which are attributed to the legitimate owners of gold bars.

These costs are an important element that determines the nature of the relationship between custody and the owner. The courts accept that payment of a fee to the custodian is powerful evidence that the relationship is a custodial one and not a deposit into an account.

## **8. Karat Foundation**

### **8.1 Introduction**

The Karat Foundation will be established in accordance with the UN Guiding Principles on business and human rights, which emphasizes better control and surveillance work to ensure that gold is sourced responsibly and ethically.

All the members and staff of the Foundation are well aware of the consequences of illegal gold mining not only at the local level, but also the fact that labor exploitation and extortion by organized crime groups impact the gold market on the global level as well.

### **8.2 Vision**

Our vision is to increase mining gross domestic production and ensure that a large part of that production is dedicated to significant social and economic change.

The Karat Foundation seeks to support community and civil society initiatives that aim to ensure that the benefits from increased economic productivity are enjoyed by all of our miners, and that any negative impacts from mining are also avoided or minimized.

It is for this reason that we decided that a specific foundation will be created whose main purpose would be to support community initiatives.

We would like to listen and understand people's experiences and views regarding the various problems of gold mining, as well as help communities and civil society organizations work towards minimizing negative impacts and ensure social and economic benefits are enjoyed by all.

### **8.3 What we will do**

The Karat Foundation will define concrete actions in order to prevent the risk of slavery and human trafficking within its financial operations, which are aimed primarily at medium/small gold mines.

## 8.4 DAO

Decentralized Autonomous Organization.

DAO members can contribute by voting for projects they consider deserving.

These votes, together with the due diligence made by the Foundation's finance office, will ensure the gold mining will be managed responsibly, with substantial economic benefits for both the countries and their populations.

The Karat Foundation will operate autonomously, it will supervise and check that the quality parameters are observed respected, and it will not have direct control on the operations and external work of its members.

## 8.5 Mission

As part of its ethical and social commitment to the development and growth of gold mines, the Foundation will work to protect the environment and safeguard human rights.

More attention will be given to those people in extreme poverty in areas where there are major cases of exploitation of child labor and abuse of women.

## 8.6 How does it work?

Karat Foundation is a non-profit organization whose main objective is to establish a protocol with a code of conduct that defines all the fundamental points that allow mining companies joined to the Foundation to move easily to the next phase of development, which is the eventual acceptance of the application for funding and continued approval process and related accreditation.

The Foundation will collaborate on an ongoing basis with other organizations that have the same social purpose, as well as with governments, businesses, and universities. The primary goal is to achieve the highest rate of solidarity that can bring benefits (through the Karat Network) to those people living in conditions of absolute poverty and exploitation, especially where gold mines exist.

The Foundation, in the context of its social work of facilitated finance for selected small / medium gold mining companies, will continuously monitor progress and achievements to bring benefits between stakeholders of the Foundation and the gold mining



companies.

Members of the Foundation will benefit from interest income from financing.

## **8.7 Social and Ethical Economy Projects**

Karat Foundation will conduct analyses, studies, as well as economic impact assessments of initiatives in the field of social economy, at both the national and international levels, that are aimed at developing socially effective public planning and business activities that will help create social and ethical value for the communities the Foundation is working with.

## **8.8 Foundation Financial Products**

Investors into our gold mining operations benefit from medium/long maturities (up to 10 years), transparent pricing, built-in hedging products to manage financial risks over the life of the loan, and the ability to customize repayment schedules according to project needs or debt management requirements.

Karatcoin offers a decentralized loan product for eligible members, known as the Karatcoin Loan (KCL), through a smart contract-issuing KCX that has a financial term tailored to the needs of the member country's overall debt management strategy.

### **Loan Resolution**

The KCL will be granted in 5 tranches, with each anchored to the success of the project status plan prepared by the deliberating office.

### **Currencies**

KCL (interests and principal) is committed and repayable with physical gold extraction (gold bars, gold nuggets, gold dust, etc.) which will be delivered by miners to the official refinery of the country of origin for their transformation into .999 gold bars, which are then deposited under the name Karatcoin to increase the gold reserves of KCG.

### **Interests**

The interest will be paid every 3 months through direct deposit at the refinery.

### **Warranty**

Shares pledged.

### **Surcharge**

A surcharge may be payable on the loans to a Borrower for certain member countries with portfolios representing a significant financial exposure to Karatcoin

DAO. The surcharge is determined by reference to the excess exposure over a specified threshold.

### **Maturity**

KCL has a final maturity of 10 years and average maturity limit of 5 years.

### **Bullet Repayment**

The funded capital will be paid in a single payment at maturity using the system Bullet Repayment.

### **Pricing**

This comprises the interest rate, front-end fee, and commitment fee.

## **8.9 Charity Fundraising**

To increase aid to mines, fundraising campaigns will be launched through online platforms, events and conferences will be organized, as well as organizing lunches and gala dinners.

Karatcoin tokens will be offered as a prize for participation in individual events.

Each charitable action will set precise objectives to be achieved and quantify the sum necessary to pursue this goal. If the established amount is collected, the prize offered will be extracted.

The draw will determine the winner.

To participate in the draw, participants must:

- Connect to the website [karatcoin.co/foundation](https://karatcoin.co/foundation)
- Access the dedicated section
- Create their own user profile by entering the address of the Karatcoin wallet
- Enter the number shown in the receipt of the donation made
- Click on the "Play" button on the website.

By clicking on the appropriate "Play" button that allows participation, the management information system will verify the correctness of the data entered and will activate an "Instant Win" extraction software of the prize to be won that will be randomly assigned. The consumer will immediately receive a pop-up informing him of the win or the non-win, as well as the information needed to validate the winnings to receive the prize.

The most virtuous mines that follow and implement the objectives listed in the project status plan will receive donations to conduct humanitarian projects (already predetermined with the Karat Foundation) as established by the guidelines included in our Code of Conduct.

Every update of these humanitarian projects will be communicated online through our press office.

## 8.10 Social & Ethical Projects

Karat Foundation will conduct analyses, studies, as well as economic impact assessments of initiatives in the field of social economy, at both the national and international levels, that are aimed at developing socially effective and public planning business activities in order to create social and ethical value for the communities the Foundation is working with.

### Services

- Planning of investments
- Feasibility analyses
- Technical assistance to support the definition and implementation of public policies
- Environmental impact assessment
- Monitoring
- Economic Impact Assessments
- Development of economic models
- Identification of good practices
- Monitoring and evaluating workforce planning activities
- Building of partnerships
- Communication

All gold mining operations that join the Karat Foundation will agree to uphold the Workplace Code of Conduct in their supply chain. The Code of Conduct is based on the International Labor Organization's (ILO) standards and seeks to protect the workers who work in mines.

This Workplace Code of Conduct defines labor standards that aim to achieve decent and



humane working conditions. The Code's standards are based on the International Labor Organization's standards and internationally accepted good labor practices.

Gold mining companies joined with the Karat Foundation are expected to comply with all relevant and applicable laws and regulations of the country in which workers are employed and to implement the Workplace Code in their applicable facilities. When differences or conflicts in standards arise, affiliated gold mining companies are expected to apply the highest standard.

Karat Foundation will monitor compliance with the Workplace Code by carefully examining adherence to the Compliance Benchmarks and the Principles of Monitoring. The Compliance Benchmarks identify specific requirements for meeting each Code standard, while the Principles of Monitoring guide the assessment of compliance.

Karat Foundation will expect affiliated gold mining companies to make improvements when Code standards are not met, as well as develop sustainable mechanisms to ensure ongoing compliance.

Karat Foundation will provide a model of collaboration, accountability, and transparency that serves as a catalyst for positive change in workplace conditions.

As an organization that promotes continuous improvement, the Karat Foundation will strive to be a global leader in establishing best practices for respectful and ethical treatment of workers, as well as promoting sustainable conditions through which workers earn fair wages in safe and healthy workplaces.

## **8.11 Code of Conduct**

### **Employment Relationship**

Employers shall adopt and adhere to rules and conditions of employment that respect workers, and which, at a minimum, safeguard their rights under national and international labor laws, as well as social security laws and regulations.

### **Nondiscrimination**

No person shall be subject to any discrimination in employment, including hiring, compensation, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social group, or ethnic origin.

### **Harassment or Abuse**

Every employee shall be treated with respect and dignity. No employee shall be subject to any physical, sexual, psychological, or verbal harassment or abuse.

## **Forced Labor**

There shall be no use of forced labor, including prison labor, indentured labor, bonded labor, or other forms of forced labor.

## **Child Labor**

No person shall be employed under the age of 15, or under the age for completion of compulsory education, whichever is higher.

# **KARAT FOUNDATION CONDEMNS CHILD LABOR IN WORLD GOLD MINES**

## **Freedom of Association and Collective Bargaining**

Employers shall recognize and respect the right of employees to freedom of association and collective bargaining.

## **Health, Safety, and Environment**

Employers shall provide a safe and healthy workplace setting to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work, or as a result of the operation of employers' facilities. Employers shall adopt responsible measures to mitigate negative impacts that the workplace has on the environment.

## **Hours of Work**

Employers shall not require workers to work more than the regular and overtime hours allowed by the law of the country where the workers are employed. The regular work week shall not exceed 48 hours. Employers shall allow workers at least 24 consecutive hours of rest in every seven-day period. All overtime work shall be consensual. Employers shall not request overtime on a regular basis and shall compensate all overtime work at a premium rate. Other than in exceptional circumstances, the sum of regular and overtime hours in a week shall not exceed 60 hours.

## **Compensation**

Every worker has a right to compensation for a regular work week that is sufficient to meet the worker's basic needs and provide some discretionary income. Employers shall pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, and provide any fringe benefits required by law or contract. Where compensation does not meet workers' basic needs and provide some discretionary income, each employer shall work with the Karat Foundation to take appropriate actions that seek to progressively realize a level of compensation that does.

## 8.12 Report

### Mining Impacts

Mining can impact local communities both positively and negatively. While positive impacts such as employment and community development projects are important, they do not off-set the potential negatives.

We have found mining can negatively affect people by:

- Forcing them from their homes and land.
- Preventing them from accessing clean land and water.
- Impacting their health and livelihoods.
- Causing divisions in communities over who benefits from the mine and who doesn't.
- Changing the social dynamics of a community.
- Exposing them to harassment by mine or government security.

These impacts are exacerbated when local people aren't consulted and are given no information about a planned mine. Even worse is when people are not given a say on whether or not a mine should even be developed.

The potential benefits that mining brings to a community can be undermined if secrecy surrounds the payment of mining taxes to the government, as well as the benefits shared at the local level.

### The gendered impacts of mining

## THE IMPACTS OF MINING ARE NOT GENDER NEUTRAL

- Women often experience the negative impacts of mining more than men, and rarely receive the benefits that men do.
- Women aren't consulted when companies negotiate access to land, compensation, or benefits.
- When mining damages the environment, it undermines women's ability to provide food and clean water for their families and can increase their workload. Compensation and benefits are often paid to men "on behalf of" their families,

denying women access to mining's financial benefits and potentially increasing their economic dependence on men.

- Women can lose their traditional status in society when mining creates a cash-based economy.
- A transient male work force can bring increased alcohol, sex workers, and violence into a community, which can affect women's safety.
- Women mine workers often face discrimination, poor working conditions, and unequal pay for equal work.

## **Effects of Gold Mining on the Environment**

Gold has been a popular and valuable component of jewelry for thousands of years.

Gold is resistant to solvents, doesn't tarnish, and is also incredibly malleable, so it can be shaped with relative ease. Although its price fluctuates, gold regularly sells for more than \$1,000 per ounce. Gold nuggets are popular among collectors but are rare. Most gold is found as small particles buried in gold ore.

According to Earthworks, mining just an ounce of gold from ore can result in 20 tons of solid waste and significant mercury and cyanide contamination.

### **Water Contamination**

Some gold can be found by panning in rivers; heavy gold will remain in the pan, whereas lighter rocks and minerals float out.

This small-scale form of gold mining has little effect on the body of water, but the large-scale practice of mining gold from ore can have tremendous negative effects on water quality.

Gold typically sits in ore and sediment that contains toxins such as mercury. When rivers are dredged to mine large placer deposits of gold, these toxins float downstream and enter the food web, as they have done in California's South Yuba River, according to the U.S. Geological Survey.

### **Poisoned Drinking Water**

Water contamination negatively affects not only wildlife populations but also human populations.

Two open-pit gold mines in Montana closed in 1998 but continue to cost the state's taxpayers millions of dollars in reclamation and water-treatment efforts. Cyanide used at these mines to leach gold from ore resulted in such high levels of pollution that people cannot use nearby water resources until they have been subjected to extensive and expensive treatment and purification.

Montana's Department of Environmental Quality expects reclamation efforts at the former mines to continue indefinitely.

### **Habitat Destruction**

Most forms of gold mining involve moving massive amounts of soil and rock, which can be detrimental to the surrounding wildlife habitat.

The U.S. Environmental Protection Agency estimates that the development of a proposed gold and copper mine in Alaska's Bristol Bay would destroy at least 24 miles of streams that support the world's largest sockeye salmon fishery.

Thousands of acres of wetlands and ponds would also be destroyed by the proposed mine's daily operations.

Local communities depend heavily on this fishery and would be affected by this habitat destruction.

### **Risks and Accidents**

Regular operations at gold mines adversely affect the environment in several ways. For example, the operation of large mining equipment requires fuel and results in the emission of greenhouse gases. However, potential mine accidents and leaks pose an even greater threat to nearby land and water resources.

Contaminated tailings, or waste ore, need to be stored behind a dam, and the failure of such a structure would result in the widespread release of toxins.

Mines must operate wastewater treatment plants to remove cyanide, mercury, and other toxins from the water used for mining, and a treatment plant failure could also result in catastrophic contamination of the surrounding landscape.

Read more on the [Karat Foundation Overview](#) document.



# KARAT BLOCKCHAIN





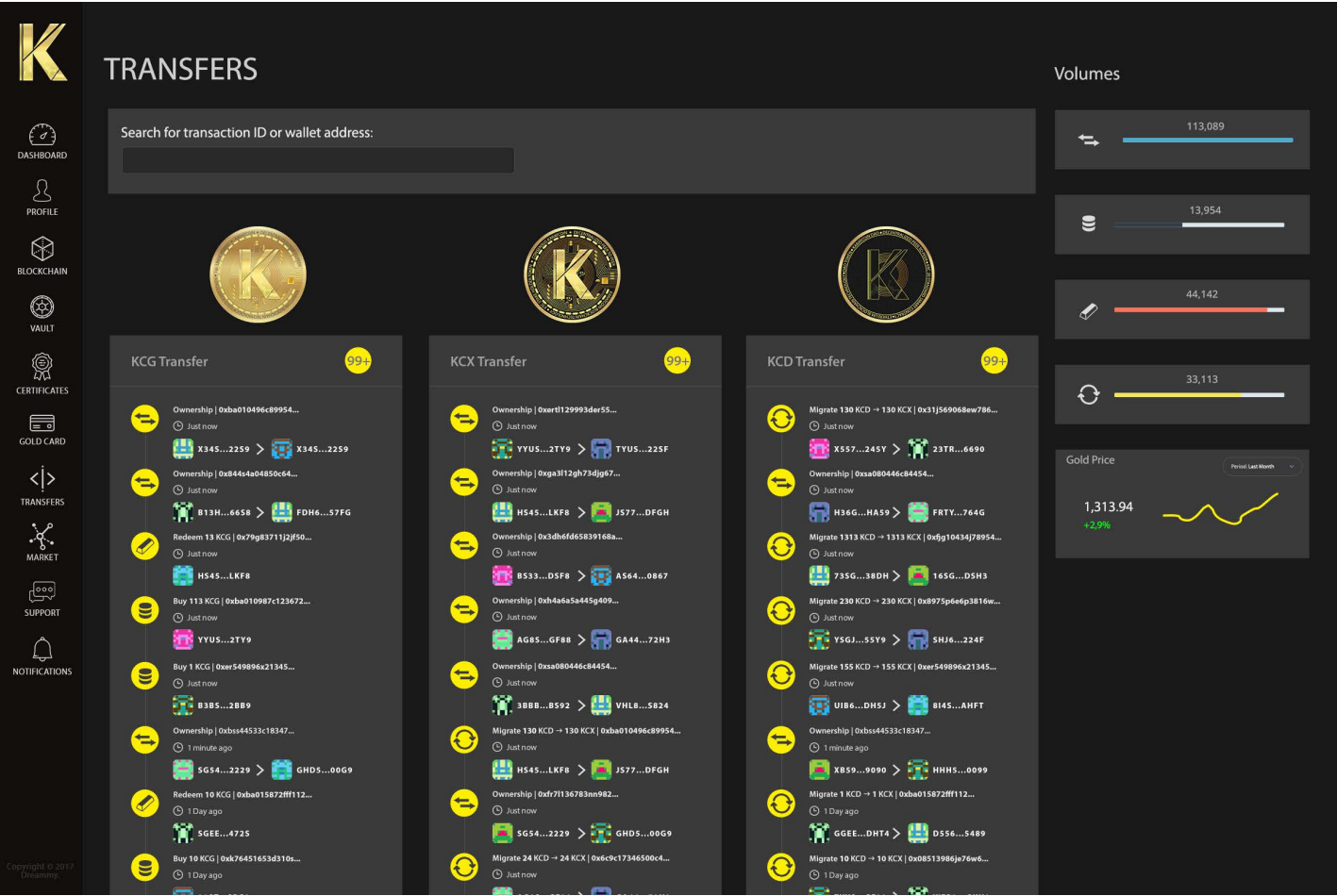
Our custom blockchain will be safer than Ethereum. It doesn't use turing complete smart contracts, it doesn't allow additions of custom tokens, and it will have very high validation time blocks.

In short, we want to build a perfect infrastructure for our tokens.

With 10 second block times, Karatcoin's network will be one of the fastest in the industry.



Karatcoin utilizes the Delegated Proof of Stake (DPOS) consensus mechanism that is the fastest, most efficient, most decentralized, and most flexible consensus model available. These delegates are tasked with running the network and are rewarded with block rewards, much like miners in Bitcoin.

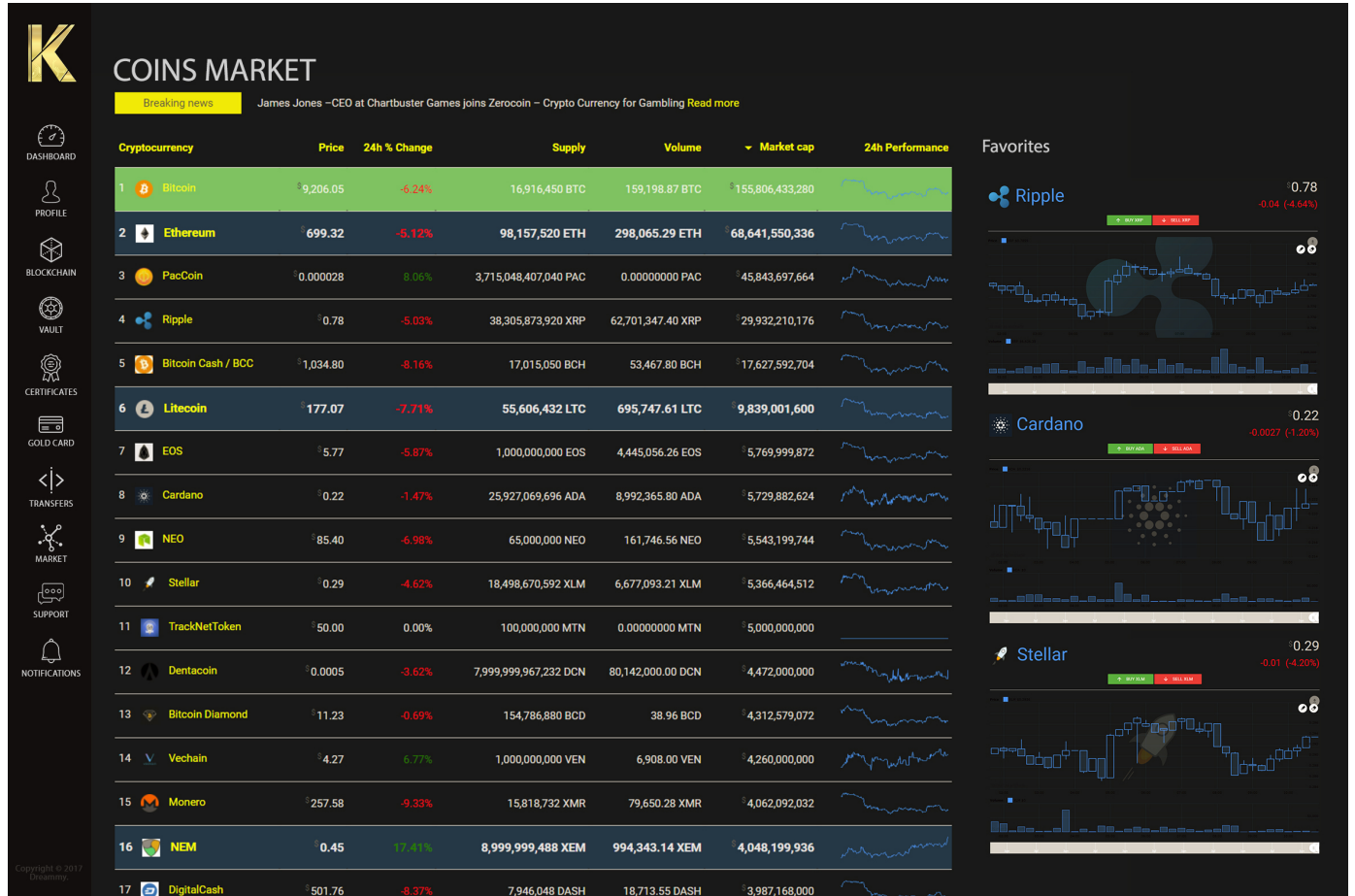


Karatcoin is built on top of EOS technology, which is a truly global effort with an ever-growing population of hardcore and dedicated community developers.

On our blockchain, we will integrate the Bancor Protocol that will help make our ecosystem even stronger, as it will bring us one step closer to our vision of a truly global and inclusive P2P lending platform.



Karatcoin token future holders will gain access to continuous liquidity regardless of trade volume or exchange listings. Through the Bancor Network, any integrated token can be automatically converted to any other directly from our DApp or any Web3 wallet (like MetaMask).



Read more on the [Technical White Paper](#).

# 10. Key Products



Gold Asset Certificate



Gold Asset Card



Karatcoin Token

- Gold asset certificate is used for fixed revenues;
- Gold asset card is used as wallet inside the Karat Blockchain to store certificates and tokens;
- Token is used for different functions inside the Karat Blockchain.

Let's start with the details...

# 11. Crypto Asset

## Assumption

KCG (GOLD Token) is the token used in the Karat Blockchain. It represents 1 gram of 99.99% LBMA standard gold secured in Safehouse Vaults, which means the gold is safe from political influence and will preserve and increase its value over time.

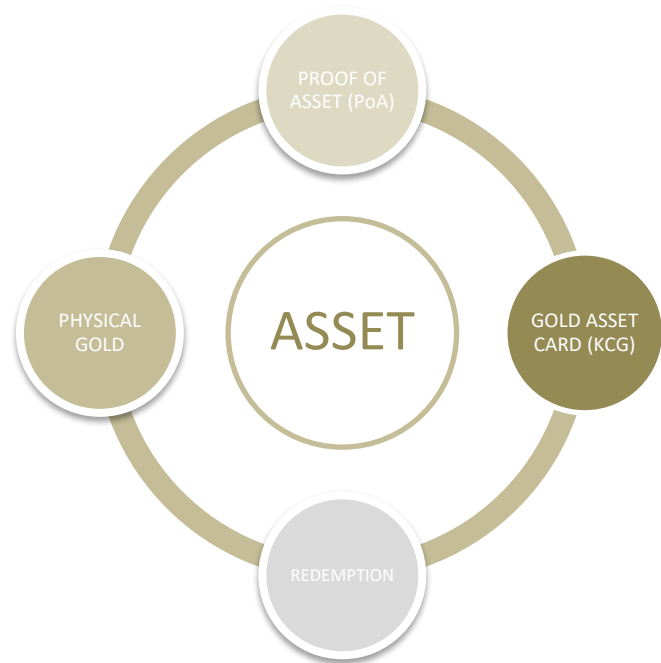
- Cost and buyback are 100% based on LBMA price of gold.
- Each KCG represents 1 gram of gold securely stored in a specialized, fully-insured, and audited vault.
- Backed by fully allocated gold bullion in vaults.
- Gold documents are publicly available for verification.



- Redeemable at any time through the Withdrawal Smart Contract.
- 100% Withdrawal to FIAT or to physical bullion gold.

The withdrawal of the gold is subject to KYC and AML procedures carried out by the Vault.

### 11.1 Product Lifecycle



### 11.2 Gold Price

The price for any purchase or redemption of gold is based on the Best Bid or Offer (BBO, figure 4) in each of our respective vault locations.

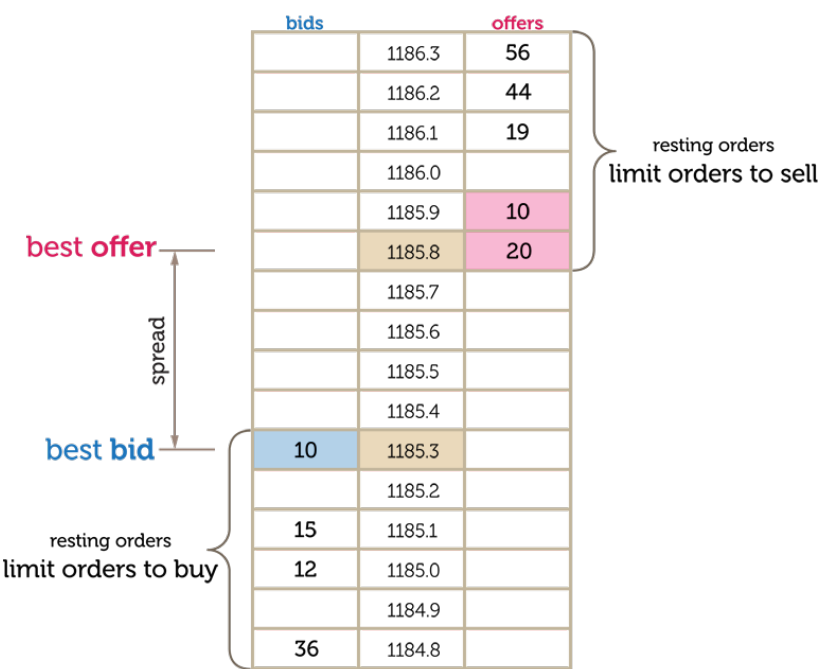


Figure4: Depth of Market also known as Level II - Bid price is the price at which buyers are willing to purchase the product. Ask (Offer) price is the price at which sellers are willing to sell the product.

Best-Bid-Offer (BBO) or Level I represent the lowest ask and highest bid available at the time.

This ensures the most accurate price available for the front-end user (figure 5).

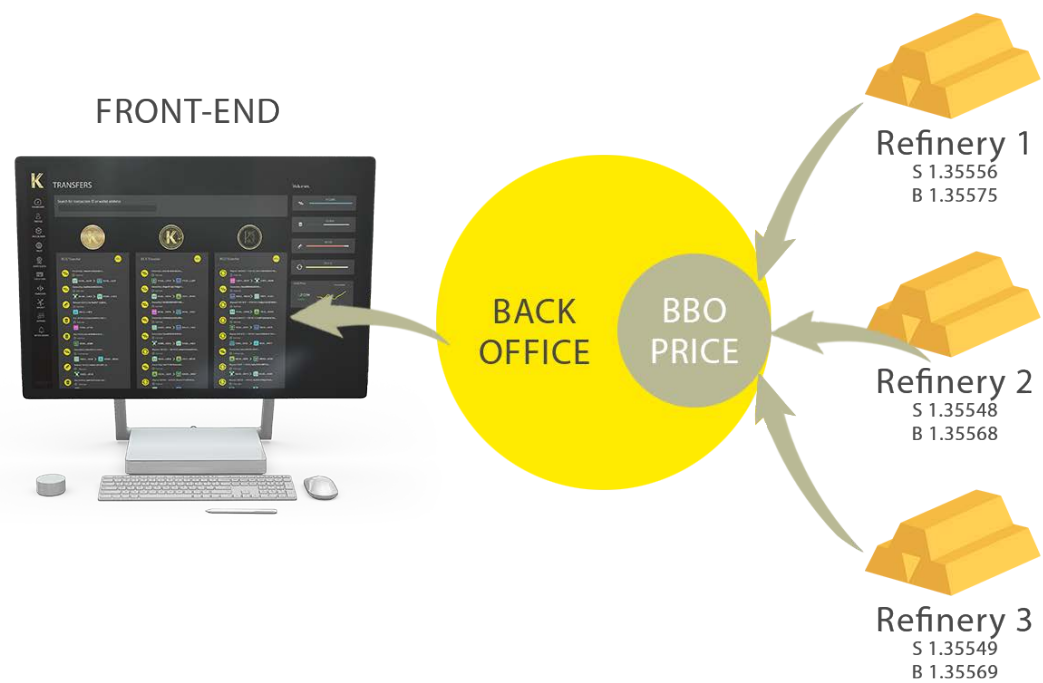


Figure5: Back Office Model – Connection between refineries to get BBO price for the front-end user.

### 11.3 Physical Gold Emission

Gold (999 quality granules) is purchased at the BBO price (from different refineries) directly through our Trust.

The Vendor transmits the number of grams of physical gold owned by Karatcoin in the vault and updates the Gold Asset Registry, making it transparent and open to all members.

The amount of gold held by Karatcoin is checked monthly by an external authorized auditor.

All KCG transitions are stored in a public ledger inside the KC blockchain, and all asset documents are stored as images in the IPFS (Interplanetary File System) to guarantee their immutability (thus giving everyone the opportunity to check and verify them).

### 11.4 Trust

A trust is a legal arrangement by which a person (the “**settlor**”) transfers the legal ownership of specific assets to another person (or a group of persons) (the “**trustee**”) who is required by the terms of the arrangement to hold those assets (hereinafter referred to as the “**trust assets**” or the “**trust fund**”) for the benefit of other persons (the “**beneficiaries**”).



A written document (the “**trust deed**”), the provisions of which are agreed between the settlor and the trustee, sets out the terms and rules upon which the trustee is to manage the trust assets for the benefit of the beneficiaries and the respective rights, duties and powers of the trustee and the beneficiaries.

One of the fundamental aspects of a trust is that the trustee holds and manages the assets forming the trust fund, not for his own benefit, but for the benefit of the beneficiaries. A trust is not a legal entity like a company or a foundation; it is simply the relationship which is created between the trustee and the beneficiaries.

The trust will activate call options with the refineries to ensure minimum gold reserves for the KCG tokens.

In order for a trust to be created, there must be:

- A Settlor.
- A Trustee (or Trustees).
- A Beneficiary (or Beneficiaries).
- Trust Assets.

It is important from the outset to understand that a trust can be extremely flexible and can adapt to changes in fiscal and family circumstances.

Whilst trust law can be complex and varies from jurisdiction to jurisdiction, the general principles of trusts are well established and understood, especially in common law, but increasingly so in a number of civil law countries.

## **The Trustee**

As mentioned above, in establishing a trust, the settlor transfers legal ownership of the assets to be settled in trust to the trustee, who agrees to safeguard such assets for the benefit of the beneficiaries of the trust.

It is important to realize that the trustee is not the agent of the settlor, but rather takes ownership of the trust assets from the settlor, which the trustee is then obliged to safeguard and manage in terms of the trust deed for the benefit of the beneficiaries.

## **The Settlor**

Even though the settlor dispossess himself of the trust assets, it is important to note that the settlor can also benefit from the assets of a trust if he is one of the beneficiaries. A typical family trust is set up to benefit the settlor and his or her spouse whilst they are alive, as well as their children.



## 11.5 Fees and Rewards

Price and percentages here below may be subject to revision before the blockchain is opened.

### **Buy & Sell Fees - Gold**

Fee paid each time you buy or sell gold at the quoted buy and sell prices.

2.5%-3.5%\*

### **Storage & Insurance**

0.12% per year on gold, billed monthly and subject to monthly minimum of \$4.00.

### **Monthly Storage Credits**

To incentivize the use of the platform, Karatcoin rewards clients with credits to apply against storage fees.

We calculate total buying, selling, and exchange activity each month, and apply the total commission paid against monthly storage fees.

This means that a user only pays storage fees during periods of inactivity.

For example:

An account with a gold balance of \$10,000 would only need to make \$200 worth of KCG transactions per month to avoid paying a storage fee.

### **Account Withdrawal Fees**

We deduct a withdrawal fee from a user's currency balance before funds are sent to his bank account. These fees are charged by our banks and passed on to the user. We transparently disclose these fees to the user before each transfer is approved.

The fee depends on the currency and destination of the transfer but will not typically be in excess of \$30.

### **Physical Redemptions Fees (Vault)**

Unlike the methods adopted in the centralized world, with Karatcoin, the user can easily convert his asset and transport it to any country in the world without restrictions or limitations safely and legally.

Physical redemptions from each vault can be arranged if a user owns at least 1 kilogram of gold.

An appointment will be made on user's behalf, at which time he may visit the vault custodian with necessary paperwork to collect his gold. There is a one-time fee of 10 gold

grams for each physical redemption.

**KCG Commission**

Commission charged for each KCG transitions.

0.1%-0.3%\*

\*Depending on the current gold price.

**KCG Rewards**

Every commission generated by KCG transactions is divided as follows:

- 85% for the stakeholders to confirm the transaction.
- 15% for maintenance and marketing needs to keep the blockchain active and operative.

# 12. Crypto-Currency

## 12.1 Karatcoin DAO Tokens (KCD)

KCD is the coin token that will be created during the Token Sale and deployed on Ethereum (ERC20 Standard Smart Contract).

It will migrate to the Karat Blockchain in a 1:1 ratio once the Blockchain is ready.



## 12.2 Karat Blockchain Tokens (KCX)



KCX is a crypto-currency that is a fast and comfortable payment method with a worldwide scope; it's private and anonymous enough to serve as payment method for several markets and any other economic activity.

KCX will give owners the right to vote for all the activities of the Karat Foundation (including the choice by vote of the gold mines to be financed), as well as the operational and fundraising activities that the Foundation provides for participating mines and their surrounding communities.

It will also be used as stake to validate blocks on the blockchain (DPoS Consensus).

# 13. Gold Certificates

**Asset Gold Certificates** consist of the PoA information permanently uploaded into the decentralized database.



These gold certificates have a specific duration and a fixed revenue, ideal for anyone who needs a safe investment.

Each Gold Asset Certificate represents 1,000 USD of value.

## A HIGH YIELD PRODUCT RESERVED FOR RETAIL AND QUALIFIED INVESTORS

Karatcoin Gold Asset Certificates have different maturity dates and associated semi-annual coupons with a bond yield ranging from 5 to 6% depending on its duration, which is paid in KCG.

At maturity date, the redemption will be in KCG.

The duration was determined as follows:

- **One year** and the return is an annual rate of **5%**;
- **Two years** and the return is an annual rate of **5,25%**;
- **Three years** and the return is an annual rate of **5,50%**;
- **Four years** and the return is an annual rate of **5,75%**;
- **Five years** and the return is an annual rate of **6%**.

Advantages:

- Each Certificate has semi-annual coupons with good interest rates;
- Real savings account;
- Gold Certificates and Coupons refer to unallocated asset;
- No Gold Asset storage fees applied;
- All certificates held in a Cold Storage Wallet, when the certificates mature, they can be redeemed.
- Protect the investment with high value stability: Gold + Dollar\*.

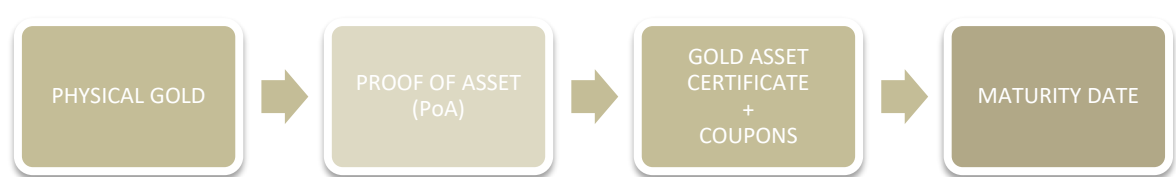
All certificates are backed with bullion gold bars stored in the Authorized Vault.

Karatcoin Gold Certificates are obligations issued by authorized financial institutions, with the underlying assets being a basket of gold and other commodities.

At maturity date, the redemption will be in KCG.

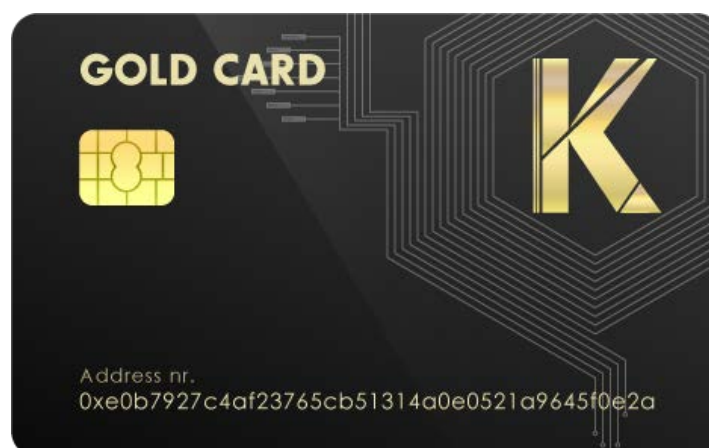
*\*Since the stability is an important feature of successful global economies and well know that without stability individuals across the world could not have low cognitive costs while engaging in commerce and savings, Karatcoin Gold Certificates can be safely used to fund startups or other finance projects.*

## 13.1 Product Lifecycle



## 14. Gold Cards

Each Gold Card represents a personal wallet inside the Karatcoin Blockchain where Gold Products are stored.



### Advantages:

- The physical gold asset is safely stored in a protected area (Vault);
- Gold Asset Card refers to allocated asset;
- All Gold Card Certificates are held in a Cold Storage Wallet.

## 15. Accumulation Plan

Karatcoin strongly believes in a form of long-term investment for a collective future benefit.

The Gold Accumulation Plan (GAP) is a general financial strategy that uses the same philosophy as a common savings plan in which an investor intends to build the value of his or her portfolio to a desired size.

The user sets aside a certain amount of gold each month. The fixed sum then buys gold every trading day in that month. The established monthly sums can be small, and purchases are not subject to the premium usually charged on small bars or coins. Exposure to short term variations in price is contained because small amounts of gold are bought over a long period of time.

In short, the Gold Accumulation Plans are similar to conventional savings plans in that they are based on the principle of putting aside a fixed sum of money every month.

#### Gold Accumulation Plan Benefits:

- Comparable to mutual funds, a formal arrangement is made in which an investor contributes a specified amount of money to the fund on a periodic basis. By doing so, the investor accumulates a larger and larger investment in the fund through his or her contributions.
- A prudent accumulation plan is the key to building a financial nest egg for retirement. Many investors accumulate investment funds with regular contributions, along with the reinvestment of dividends and capital gains. Generally, the goal is to keep funds invested, reinvest income and capital gains, and have these compounds for as long as possible.
- An accumulation plan can be useful for investors who wish to build their positions in a mutual fund over time.



# KARAT DAPP



Karatcoin will create a decentralized gold market application by enabling established gold traders and providers to tokenize the same metal under one crypto-asset token, generating a highly liquid and stable market.

We will create a large, independent, decentralized and easily-scalable gold market not beholden to any central government organization, allowing multiple gold traders and providers to use a single protocol to tokenize gold for all their needs.

The Karatcoin ecosystem codebase will be released under the MIT License to ensure any network participant can extend and adapt the platform for its specific use cases.

The DApp consists of:

- Blockchain
- Wallets
- Smart-contracts
- Marketplace

There will be versions for desktop, Windows and Mac, and mobile, iOS and Android, written in React JS and React Native respectively.

The DApp will communicate directly with the Karat Blockchain and the Karatcoin server (for the interface) run by Dreammy on Amazon.

The server will have a 64-bit architecture on Linux and the database (which will be used for secondary data and cold storage) will be hosted on Amazon RDS, both will always guarantee maximum security and best performance using the autoscaling function.

#### Key Benefits:

##### **No centralized database**



All chain of custody information is **fully managed by the Ethereum blockchain**. This blockchain **ledger is immutable** with data upload taking significantly less time than on the Bitcoin blockchain.

##### **Everlasting Existence of Digital Assets**



**All asset data** is recorded on the blockchain and **exists indefinitely**. Even if Karatcoin folds, **every proof generated** can be verified and **are admissible in a court of law** in the applicable jurisdiction.

Using Karatcoin, users can buy one or more gold products in the marketplace where they

can exchange and trade any gold products using the buy-and-sell button.

In other words, liquidity generated on the marketplace will create a significant cash flow of Karatcoin tokens which will be used by both old users and new users to purchase gold certificates and gold cards and its value will increase according to the number of Karatcoin tokens (KCG) circulating.

## 17. Adoption, Integration & Collaboration

### 17.1 Adoption

API and bridge connections will be developed to integrate most major refinery platforms into the Karatcoin blockchain platform, ensuring adoption is easy.

### 17.2 Integrations and Collaborations

The key to this technology will be to provide a wide ecosystem of systems, functionality, and options to buy Gold Products.

Therefore, collaborations with other blockchain technologies will be explored.

### 17.3 Future Development

- Development of a Debit Card Token, accepted by millions of merchants and ATMs worldwide, which manages all assets in one place, especially sending or receiving assets quickly and securely, as well as switching between digital assets, pounds, dollars, or euros.
- Integration of new assets related to precious metals and diamonds.
- Integration of new cryptocurrencies, especially the most popular ones, in order to facilitate exchanges.
- Adding the exchange of financial instruments such as Gold Certificates within the marketplace.

# 18. Key Processes

All processes have been designed with extreme attention in order to give excellent results, especially providing validation for asset documentation, its correct redemption, and developing Dapps for future applications.

## 1. Gold Registration

Verification process which records and provides an audit trail of an asset on the Karat Blockchain using sequential digital signatures from the entities in the chain of custody, namely Vendor, Custodian, Auditor, which are further validated with proof of depository receipts provided and uploaded onto IPFS for permanent record. The PoA Verification also contains a sub process for regular audits called Auditor Process, which are executed each quarter.

## 2. Gold Minting (KCG creation)

This process allows the creation of KCG gold tokens to be used as crypto-assets inside the Karat Blockchain.

## 3. Certificate Registration

This process allows the registration of Karat Certificates inside the Karat Blockchain.

## 4. Certificate Recast

This process allows the recast of a Karat Certificates into KCG gold tokens.

## 5. Withdrawal

This process allows the withdrawal of KCG gold tokens into fiat.

## 6. Redemption

Redeeming physical gold bars. The user can choose between withdrawal agreed on the spot or by courier.

## 7. Smart Contracts Stack

The process related to the creation of individual Smart Contracts distributed in the Blockchain; this is beneficial because it allows developers to utilize Karatcoin tokens for Dapp development.

Full documentation on the [Technical White Paper](#).

# 19. Proof of Asset (PoA)

**Proof of Assets** (PoA) is a scheme designed to let entities (vendors) prove they control a given amount of gold asset certificates (allocated and not allocated) that are blockchain based. The PoA Asset consists of the following information permanently uploaded onto the decentralized database (the Blockchain):

For Gold Certificates:

- Certificates creation;
- Time stamp of Certificates creation;
- Certificates Signature;
- Certificates serial number.

For Gold Asset:

- **SKU of the Gold Bar** made by the Authorized Vault;
- **Bar Serial Number** made by Refinery;
- Chain of **Custody Digital Signatures** (the Gold Mining Company, Custodian, Auditor);
- Audit Documentation;
- **Depository Receipt** made by the Authorized Vault;
- Certificate creation;
- Time stamp of Certificate creation;
- Certificate Signature;
- Certificate serial number.



## 20. PoA Participants

(Blockchain Oracle Entities)

### 20.1 Asset Vendor

Our Trust supplies gold bullion bars certified by London Bullion Market Association (LBMA) through the Karatcoin platform. It also provides retail and trading of gold.

## 20.2 Authorized Financial Institution

The Authorized Financial Institution, Karatcoin Partner, is a company engaged in the negotiation of monetary transactions, such as deposits, loans, investments, and currency exchange rates.

In practice, financial institutions include a wide range of commercial transactions in the financial services sector, including banks, trust companies, insurance companies, as well as brokerage or investment companies.

## 20.3 Independent Auditor

Bureau Veritas - Fifth Floor - 66 Prescott Street - LONDON E1 8HG

Created in 1828, Bureau Veritas is a global leader in Testing, Inspection and Certification (TIC), delivering high quality services to help clients meet the growing challenges of quality, safety, environmental protection, and social responsibility.

As a trusted partner, Bureau Veritas offers innovative solutions that go beyond simple compliance with regulations and standards, reducing risk, improving performance, and promoting sustainable development.



Bureau Veritas core values include integrity and ethics, impartial counsel and validation, as well as customer focus and safety at work.

Bureau Veritas is an approved London Bullion Market Association (LBMA) supervising company, who can be appointed to undertake proactive monitoring in order to ensure high gold refining standards are met.

Having staff within easy reach of most precious metal refineries, Bureau Veritas is able to bring its expertise in representative sampling and accurate assaying to you locally, protecting commercial interests throughout the verification process.

Some of the Bureau Veritas services includes:

- Supervision of Unpacking and Recovery at the Refinery;
- Stock Audits;
- Weighing, Sampling;
- Moisture / Sizing / Sample Preparation;
- Party and Umpire Analytical Services;
- Consultancy.



Supervision includes monitoring and reporting on:

- Raw Materials;
- Melting Operation;
- Witness of the Sampling;
- Sealing of Reserve Samples.

Bureau Veritas is recognized and accredited by major national and international organizations, and the Bureau Veritas Inspectorate will carry out quarterly checks on the quality and quantity at our custodian vault to ensure accounting is upheld.

## 20.4 Local Government Authorities in Gold Mining

Local Government Authorities, along with their Minerals Commissions, are responsible for the regulation and management of their nation's mineral resources, as well as the coordination and implementation of policies relating to mining. They also ensure compliance with both Mining and Mineral Laws and Regulations through effective monitoring.

Every bar of gold bullion is rigorously tested with precision instruments at Audits.

## 20.5 Participating Custodian Vault

The vault provides account holders with a secure location to store their monetary gold reserves.

None of the gold stored in the vault belongs to the vault itself. The vault acts as the guardian and custodian of the gold on behalf of account holders.

The usual process for storing gold in the vault is as follows:

All bars brought into the vault for deposit are carefully weighed, and the refiner and fineness (purity) markings on the bars are inspected to ensure they agree with the depositor instructions and are properly recorded.

Following the verification process, the gold is then moved to one of the vault's compartments, where each compartment contains gold held by an account holder

Each compartment is secured by a padlock, two combination locks, and an auditor's seal. Compartments are numbered, rather than named, in order to maintain confidentiality of the account holders.

The Vault charges account holders a handling fee for gold transactions and storage, including when gold enters or leaves the vault.

## 21. Real World Governance

Karatcoin ensures the safety of its products through friendly cooperation with local, small-scale miners, as well as with local judicial authorities. We comply with all legal standards defined by the host governments where our mines are located.

The Karatcoin Team works hard to prevent unpleasant surprises such as robberies, thefts, and scams against our collaborators and colleagues, and we have created a host of precautions and safeguards in order to ensure they are protected. The entire supply chain is also controlled by independent supervisors such as the International Mineral Resources Management.

## 22. Business Model



We adopt a business model\* that creates, delivers, and captures value.

\* Business Models and Technological Innovation (Baden-Fuller & Haefliger, 2013).

### 22.1 Customers

Karatcoin is based on a hybrid concept that lets customers trade gold and earn from exchanges, keep gold in the vault as a long-term investment or Accumulation Plan for

retirement, buy Gold Certificates for its fixed maturity and half-yearly coupons, buy KCX in order to receive block rewards, as well as receiving interest on loans given to gold mines.

## 22.2 Customer Engagement

Customer engagement is a fundamental element of the value delivery system, and the “bus” model delivers the same product offering to all customers in a scale-based manner.

We offer a standardized “pre-designed” platform on a scaled approach where the level of customization is limited.

## 22.3 Value Delivery and Linkages

Karatcoin is a complex network with a blockchain that links all customers to the marketplace and automates everything via smart-contracts. Karatcoin facilitates the exchange of gold products, it also simplifies the transfer of value through the use of the platform.

Karatcoin provides the opportunity to buy or sell gold at the best market price, to buy investment instruments, as well as having the possibility of obtaining a reward through the validation of transactions.

## 22.4 Monetization

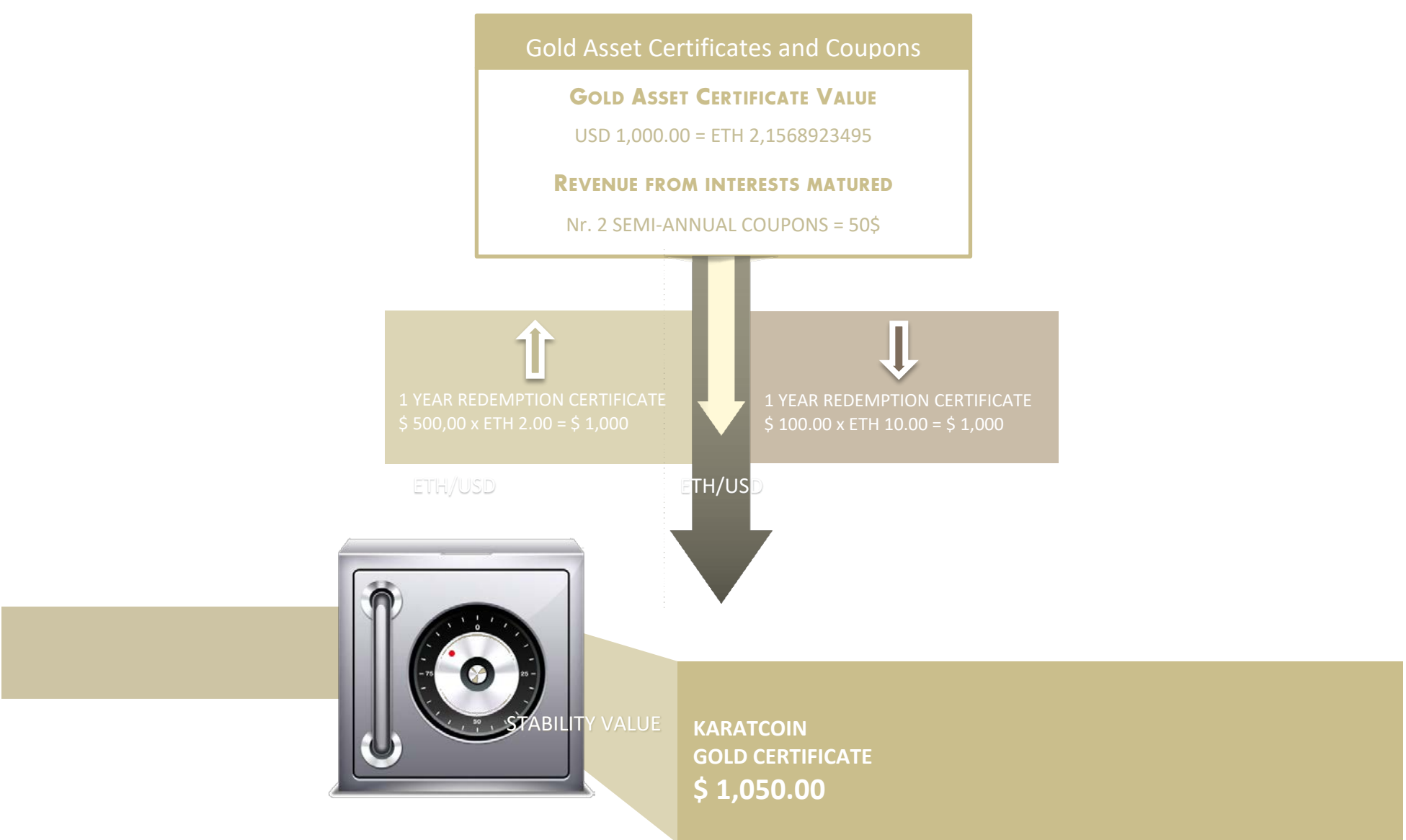
Karatcoin charges transaction fees when gold products are traded, as well as when KCX are exchanged to make withdrawals. KCX owners can also validate blocks to get rewards, and the rewards vary depending on the number of transactions for each block.

# 23. Beat Inflation

When you are faced with inflation, you may be wondering how you are going to continue to be able to meet your financial goals and obligations with the cost of living constantly rising.

Inflation generally hits items that you buy on a regular basis, such as food and gas, but it can affect almost every purchase that you make.

If you do not take steps to handle it, you may end up relying on credit cards and going deep into debt.



## 24. Products Target

Over half the world's population, which lives in the Eurasian land mass, understand that gold is money.

Asian central banks will want to increase their gold reserves, something India has been desperately trying to do by gaining possession of her citizens' gold. China would be the first to adopt the gold standard and would then be followed by Russia. How will the world's other superpowers respond to such economic and monetary transitions?

We firmly believe that the future will be very brilliant for a fast expansion of the gold business, so we have planned our goals as described below:

### 24.1 Goal for 2018

When the Karat Blockchain is opened, KCG tokens will be available for the purchase of gold products inside our marketplace.

GOLD ASSET CERTIFICATES

- Closing the **first block** of allocation Gold Certificates at total value **\$15,000,000.00**

GOLD ASSET CARDS

- First KCG tokens with a face value of 1gr. of gold each are issued on Gold Cards for total amount of **\$15,000,000.00**.

24.2 Goal for 2019

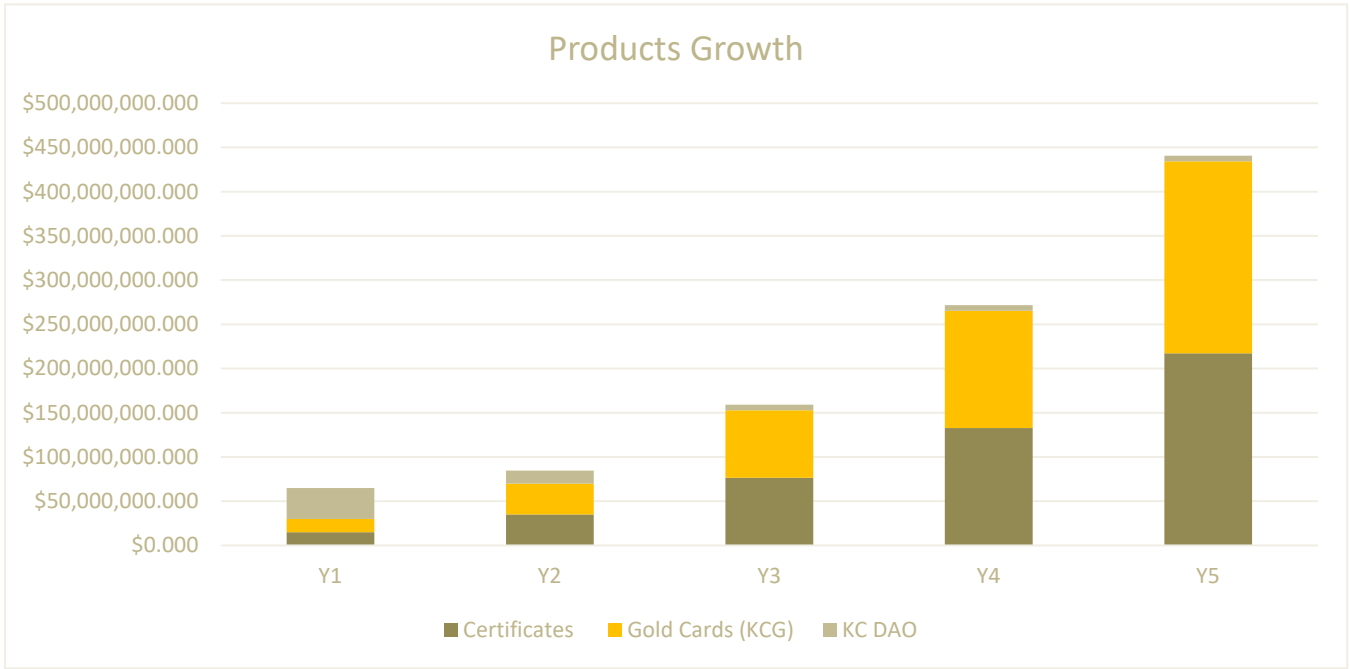
GOLD ASSET CERTIFICATES

- Closing the **first block** of allocation Gold Certificates at total value **\$35,000,000.00**

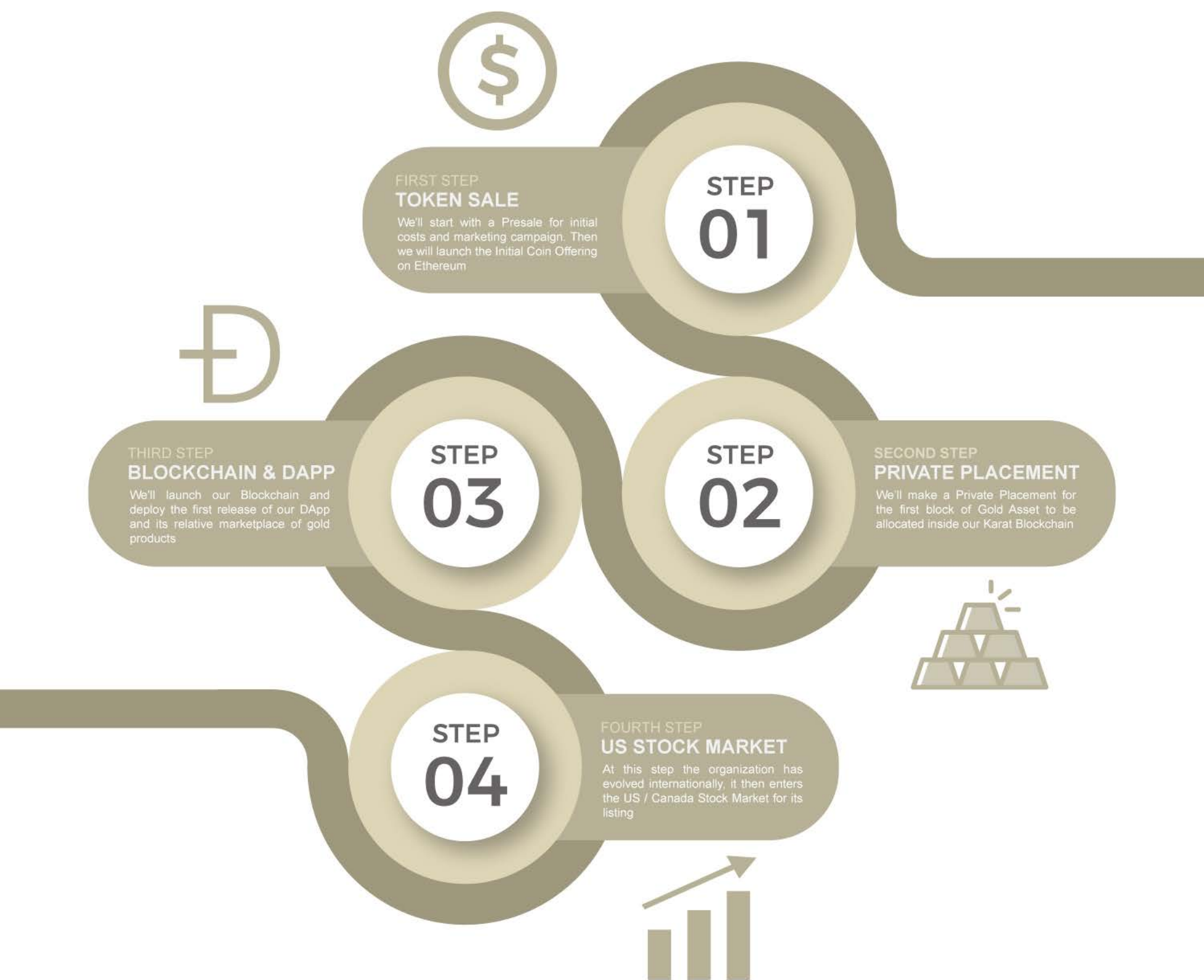
GOLD ASSET CARDS

- First KCG tokens with a face value of 1gr. of gold each are issued on Gold Cards for total amount of **\$35,000,000.00**.

24.3 Forecast Products Growth and Distribution



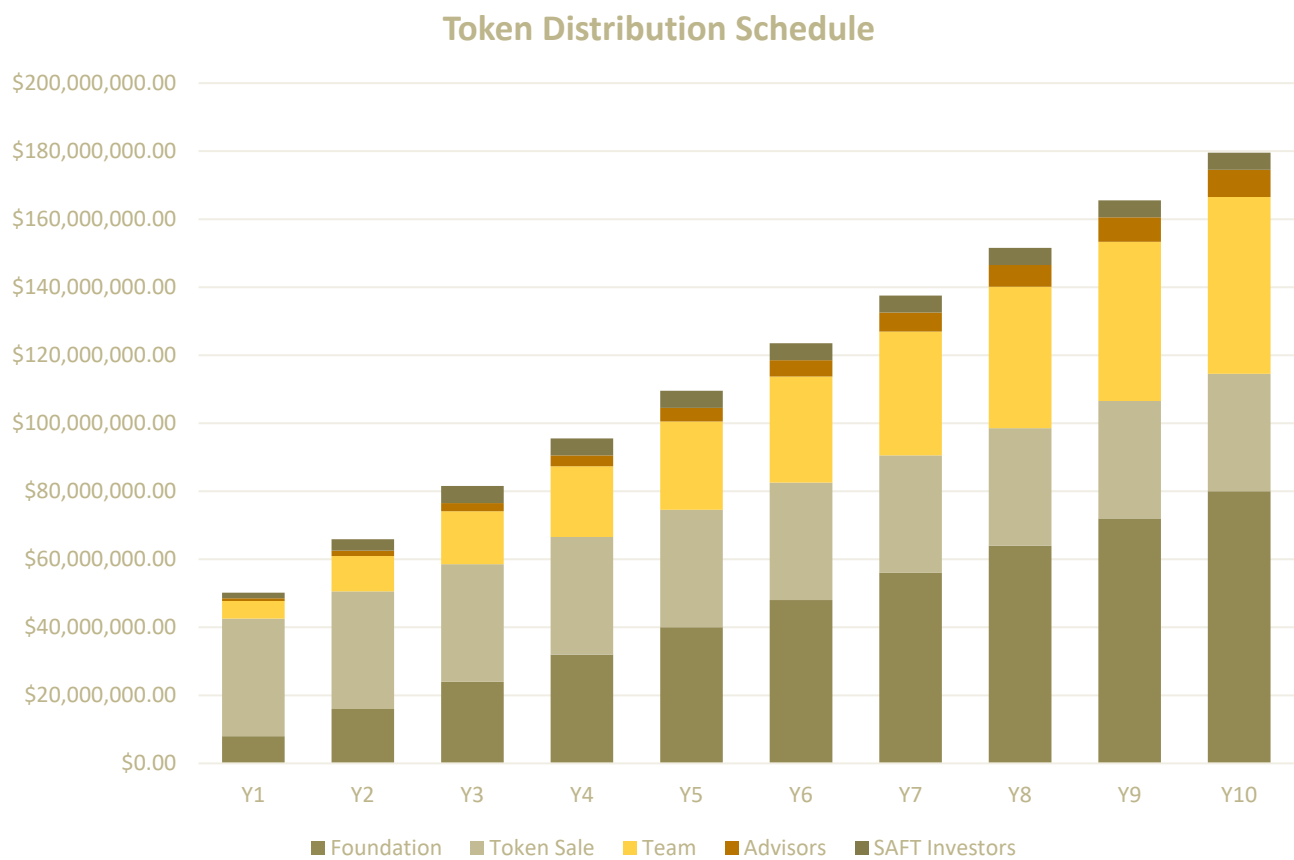
# 25. Evolution





# 27. Token Sale

Tokens will have a vesting period of 10 years accordingly to the table below



## 27.1 Financial Projections

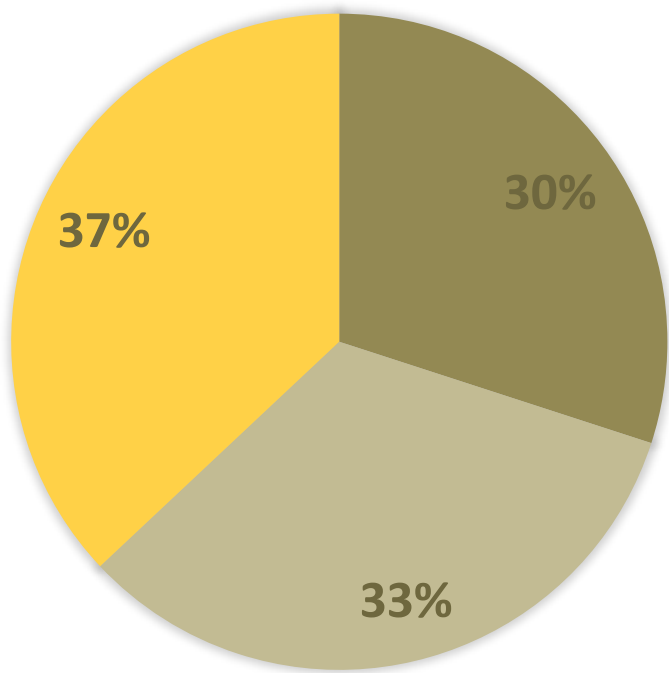
Raising funds via a token crowdsale is superior to the traditional VC model in many ways, especially for startups not based in one of the really great startup hubs. However, the similarity between “IPO” and “ICO” (“Initial Coin Offering”) is not coincidental.

A good crowdsale has more in common with a company IPO than a company raising a seed or Series A round, and investor expectations after a successful raise are very different.

The funds raised by crowdsale will be used for Karatcoin operations, and in particular for the issuance of Karatcoin Gold Certificates and Gold Cards, platform development, marketing and public relations, legal fees and international expansion.

## 27.2 Token Distribution

■ Team & Advisors   ■ Foundation   ■ Token Sale



### GENERAL INFORMATION

- Karatcoin DAO Token (KCD) is a fully ERC-20 compliant Ethereum utility token and will be available in exchange for Ethereum (ETH) contributions
- Total number of KCD Tokens that will be generated during the distribution are 1 billion equivalents to \$100,000,000.00
- Number of KCD Tokens that will be allocated for the Crowdsale are 370,000,000 KCD (37%)
- Token Crowdsale (Presale + ICO) Hard Cap: ETH in equivalent of \$25,000,000.00
- Soft Cap: ETH in equivalent of \$3,000,000.00
- Offered Token exchange ratio: 1 KCD = 0.1 U.S. dollars
- Contributions validation time will be communicated on the website [coinmarketcap.com](https://coinmarketcap.com)

Details:

The Know Your Customer (KYC) procedure, where contributors disclose their personal information, is mandatory in both phases before the contribution.

Our goal is to collect \$1,000,000.00 in the Presale and an additional \$24,000,000.00 in the public crowdsale in equivalent Ethereum contributions.

After we end the crowdsale, we'll distribute all the tokens to the contributors. This may take a few days depending on Ethereum.

Additionally, unsold tokens in Presale period will be transferred to the public crowdsale phase with a different bonus.

Unsold tokens during the Crowdsale will be transferred to a fund, dedicated to charity plans of Karat Foundation.

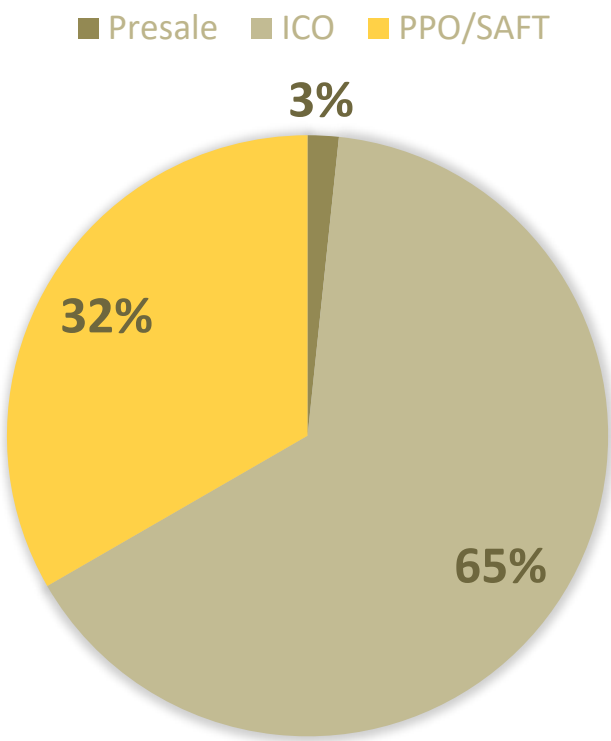
If the equivalent value of all contributions will not reach the soft cap, all contributions will be returned to the contributors' Ethereum addresses.

Excess contributions in ETH, received after the individual phase hard cap is reached, will be bounced or returned to the contributing Ethereum addresses, reduced by the transactional costs (GAS).

Contributors should NOT contribute ETH directly from online exchanges, as KCD tokens will be returned directly to those contributing address, which might not be able to accommodate our tokens. All contributors MUST contribute ETH from their private Ethereum wallets.

For more information, please refer to the Terms of Sale available on our website [karatcoin.co](http://karatcoin.co).

### 27.3 Token Sale Division



On Ethereum, to create our DAO, the **Token Sale** will be divided into 2 parts:

## 27.4 STEP 1: Presale

In the first step, we have planned a presale campaign to start the project. This step is dedicated to early contributors and private investors. However, we reserve the right to introduce an invite-only Private Presale contribution period depending on our financial partners.

- KCD Tokens distributed during the Presale period will not exceed 3% of all the available KCD Tokens assigned to the contributors for the Token Sale.
- **10,000,000** of KCD will be allocated for a value of **\$1,000,000.00**
- Minimum contribution: **\$50,000.00**
- A **30% bonus** of additional KCD Tokens for all accepted contributions will be assigned to the participants for a total value of **\$300,000.00**
- Start date: not set yet
- Presale of the Karatcoin tokens will start on 2° quarterly 2018 for 15 days
- Fiat, Bitcoin and ETH will be accepted

## 27.5 STEP 2: ICO

The price that users get depends on how early they buy in.

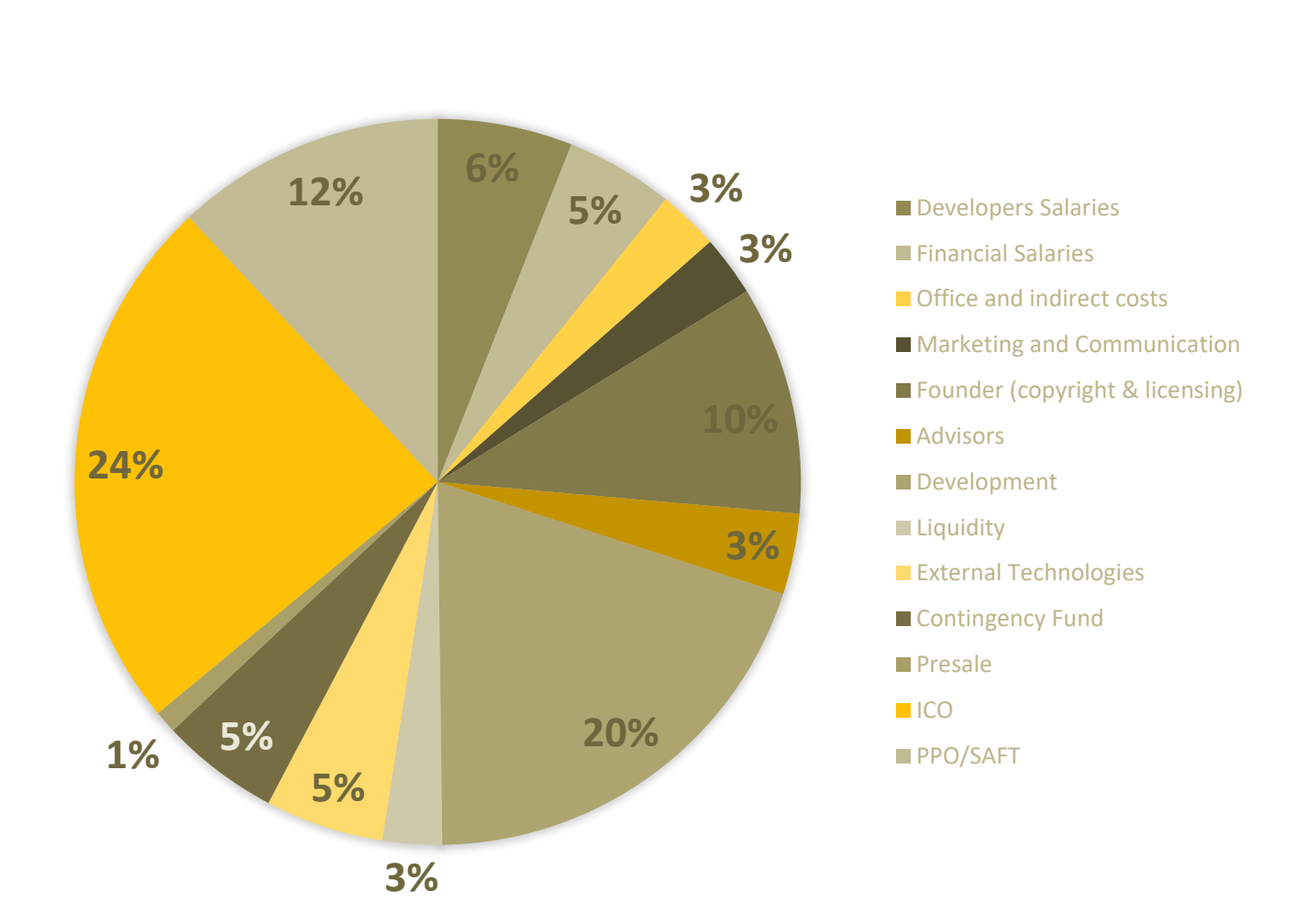
- KCD Tokens distributed during the ICO period will not exceed 65% of all the available KCD Tokens assigned to the contributors for the Token Sale.
- During the **ICO**, **240,000,000** of KCD will be allocated for a value of **\$24,000,000.00**
- Minimum contribution: 0.1ETH
- A **bonus scale** of additional KCD Tokens for all accepted contributions will be assigned to the participants for a total value of \$2,539,200.00

Step	Nr. Tokens	RATE
1	44,850,000	16%
2	44,850,000	13%
3	44,850,000	10%
4	44,850,000	7%
5	15,600,000	0%



- Start date: not set yet
- ICO of the Karatcoin tokens will start on 2° quarterly 2018 for 30 days
- Both Bitcoin and ETH will be accepted

## 27.6 Detailed Budget Costs



### % Tokens

#### **30% Team & Advisors**

The technical team deals with the development of the blockchain, the researching of new technologies, as well as the development and integration of smart-contracts, processes, wallets etc.

The financial team deals with sales of gold products, both with private and institutional investors, public relations with gold refineries, as well as the financial management of the organization.

The marketing team deals with researching the best positioning on the market, as well as advertising the brand and individual products on several fronts.

- 6% Developers Salaries
- 4.8% Financial Salaries
- 2.7% Office and indirect costs



- 2.7% Marketing and Communication
- 10.2% Founder (copyright & licensing)
- 3.6% Advisors

### **33% Foundation**

The Foundation mainly deals with the external financing of gold mines, as well as assessing interesting financial opportunities that will be submitted to the Karatcoin Community for a vote.

- 19.8% Development
- 2.6% Liquidity
- 5.3% External Technologies
- 5.3% Contingency Fund

### **37% Token Sale**

The Token Sale sold to the public and private investors is divided into 3 phases. The first phase includes a Presale with a fixed bonus that will cover the first costs relating to the development and marketing. The second phase includes an ICO with a scale bonus which will allow the establishment of the DAO. The third phase involves the sale of gold products (KCG) on the Karat Blockchain and a vesting bonus for validation tokens (KCX) divided into two years through two Private Placement Memorandum.

- 1% Presale
- 24% ICO
- 12% PPM/SAFT

## **27.7 Legal and Company Incorporation**

The Terms of Sale and Company Incorporation Information will be published at our website and linked to the major social media sites a week before the crowdsale starts.

# **28. Private Placement**

## **Introduction**

A private placement is a capital raising event that involves the sale of securities to a

relatively small number of select investors. Investors involved in private placements can include large banks, mutual funds, insurance companies, and pension funds.

A private placement is different from a public issue in which securities are made available for sale on the open market to any type of investor.

## 28.1 SAFT

The SAFT (Simple Agreement for Future Tokens) framework is bringing a financing structure and standard for token financing that fits with the stage and intent of the companies.

The developer of a token-based decentralized network enters into a written agreement, called a SAFT, with accredited investors. The SAFT calls for investors to pay money to the developer in exchange for a right to tokens once the network is completed.

- The investors typically get a discount.
- The developers don't issue any pre-functional tokens at this stage, but they do file the required forms with the SEC.
- The developer uses the money to develop the network. This could take months or years. Still no pre-functional tokens are issued.
- Once the network's basic functionality exists, the developer creates the tokens and delivers them to the investors, who can sell tokens to the public on the open market to realize their profit.
- The developers themselves can also sell tokens to the public at this point as it is now a consumptive use-token.

Tokens sold as utility tokens to the public might end up being considered securities at the time of issuance by the U.S. Securities and Exchange Commission (SEC), which is often followed by many unwanted legal consequences.

*Issuing unregistered securities is a violation of Section 5 of the Securities Act of 1933, and, beyond significant monetary penalties, issuers could face a maximum of five years of federal prison.*

## 28.2 Karatcoin Offering

After the success of the ICO, we'll sell our gold products (KCG) for the Karat Blockchain during two Private Placements.

For the first year there will be one SAFT of the amount of \$30 million and another Private Placement Offering of \$70 million the second year. Up to 120 million tokens will be sold

to the public, representing exactly 12% of the supply, with the possibility of a vested linearly bonus over 12 months equal to 75% of KCX tokens.

Every investment made during the Private Placement will be divided as follows:

DAO Tokens (KCX)	Crypto-Asset (KCG)
10.7%	89.3%

### 28.3 Purchase Options

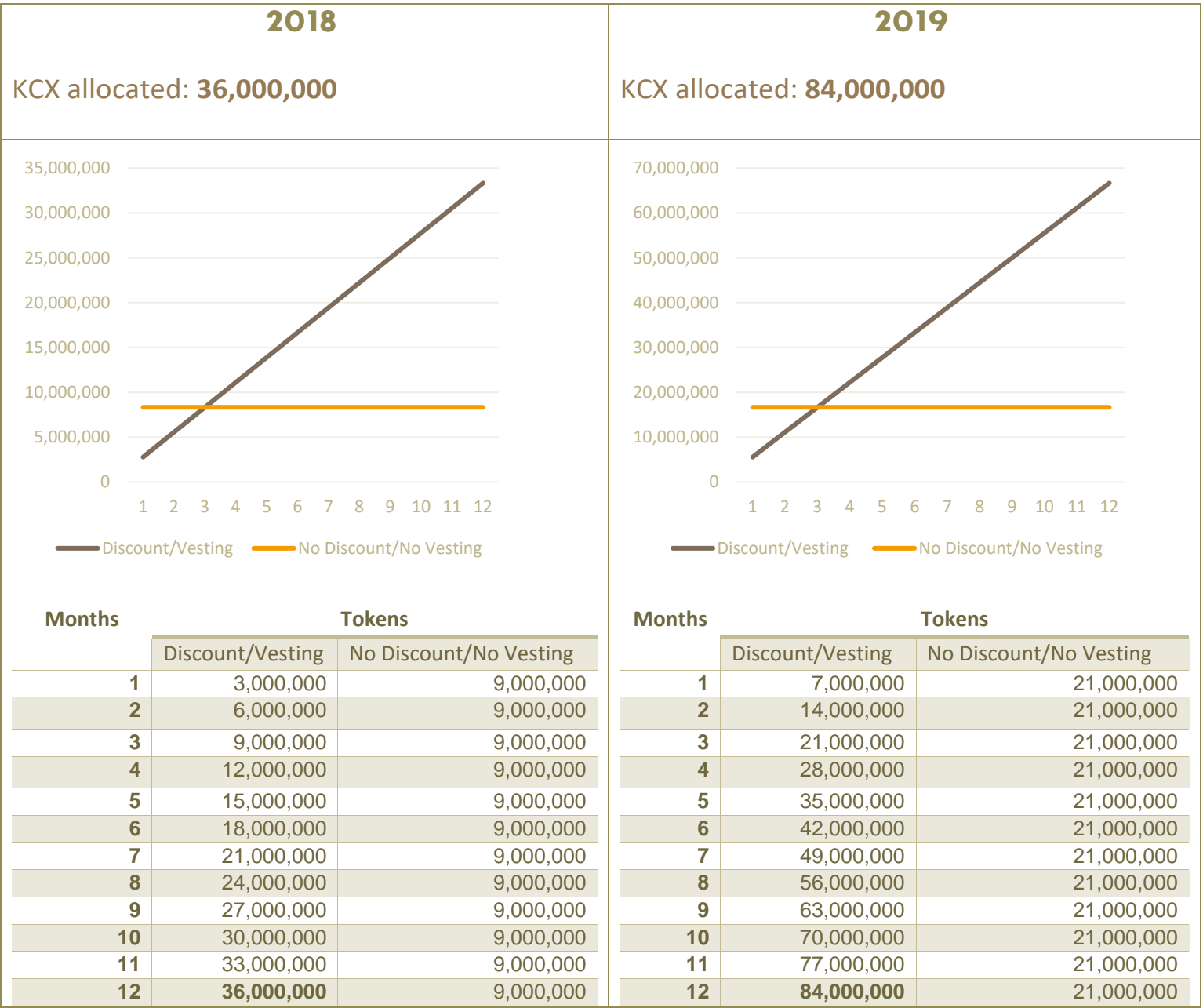
In order to satisfy different liquidity preferences, we are offering two purchase options:

**1. No discount / No vesting**

You pay full price for the tokens and receive them all immediately upon application launch.

**2. Discount / Vesting**

You get a 75% discount on the full token (KCX) price vested linearly over 12 months.

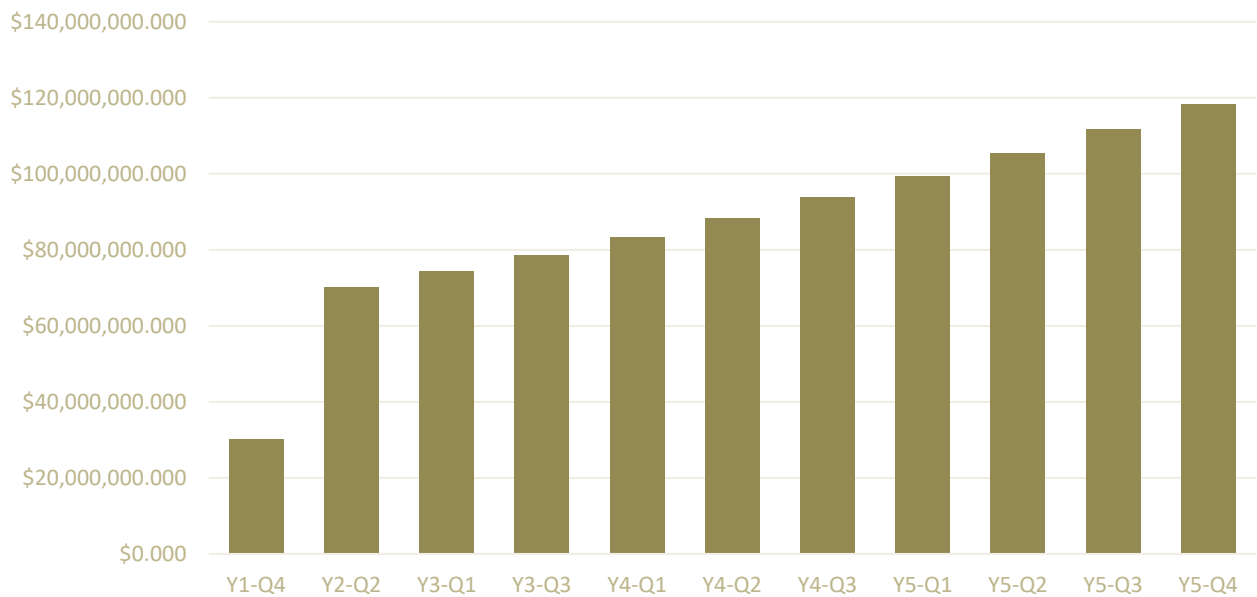


## 28.4 Gold Sales Forecast Growth

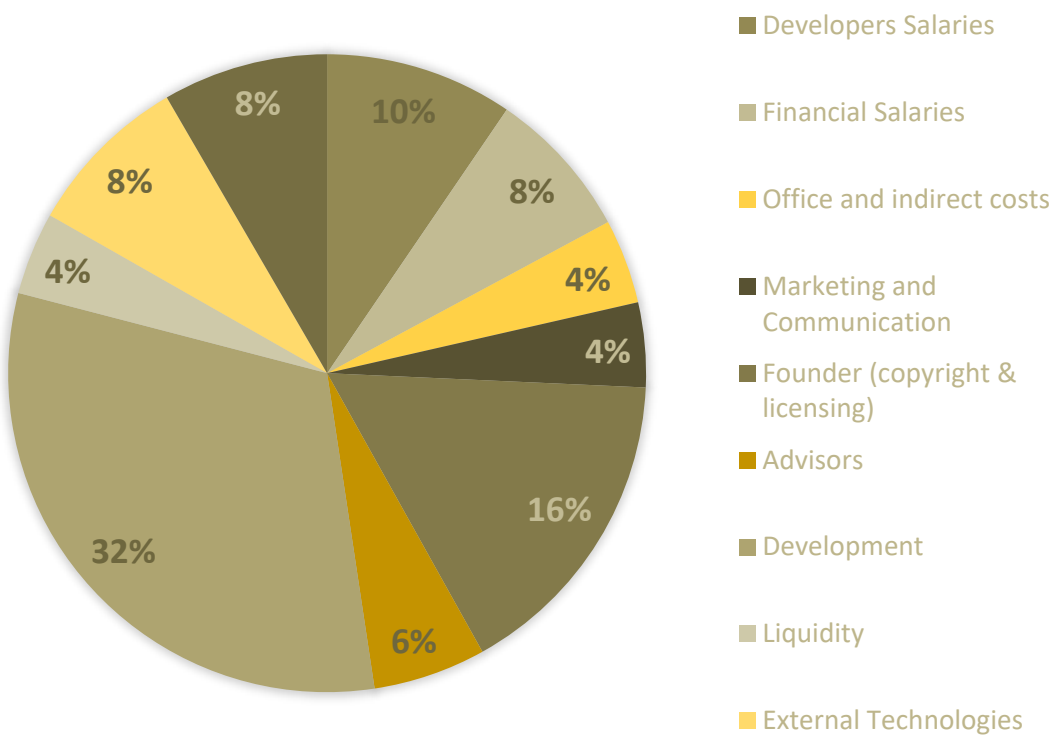
During the start-up year, we have programmed a SAFT for the issue of gold products in line with our gold reserve potential.

From the following year, referring to the existing market demand, we assumed a progressive average growth of 6% over time.

This provision is based on existing contacts between members of our team and sellers on the commodities market.



## 29. Budget Costs



**48% Team & Advisors**

- 10% Developers’ Salaries
- 8% Financial Salaries
- 4% Office and Indirect Costs

Costs of offices as well as other indirect, employment-related costs

- 4% Marketing and Communication

Community animation and expansion activities are strictly related to Karatcoin's expansion plan. This includes both communication and marketing efforts to get new communities on board, as well as supporting (financing or co-financing) third party integrations with Karatcoin

- 16% Founder

Copyright & Licensing

- 6% Advisors

**52% Foundation**

- 31% Development

Development and operations for gold mines

- 4% Liquidity

- 8% External Technologies

Expenditures on external technologies and development and management marketplace platform

- 8% Contingency Fund

# 30. Collateral services

Collateral is an asset pledged by a borrower to a lender, usually in return for a loan. The lender has the right to seize the collateral if the borrower defaults on the obligation.

Traditionally the financial collateral means security, which is why collateralized loans

often receive better interest rates than unsecured loans, since the lender bears less risk. Although mortgages are one of the most common collateralized obligations (with the house being the collateral), many other kinds of lending circumstances require collateral. For instance, margin loans almost always require collateral. Frequently the collateral is the securities involved in the margin loan.

The owners of Gold Certificates will be able to increase their earnings, leasing the certificates to startup companies to accelerate their fundraising.

In conclusion, privately held assets can be safely and efficiently used as collateral without going through lengthy verification processes to ascertain an asset’s existence and authenticity.

# 31. Management Summary

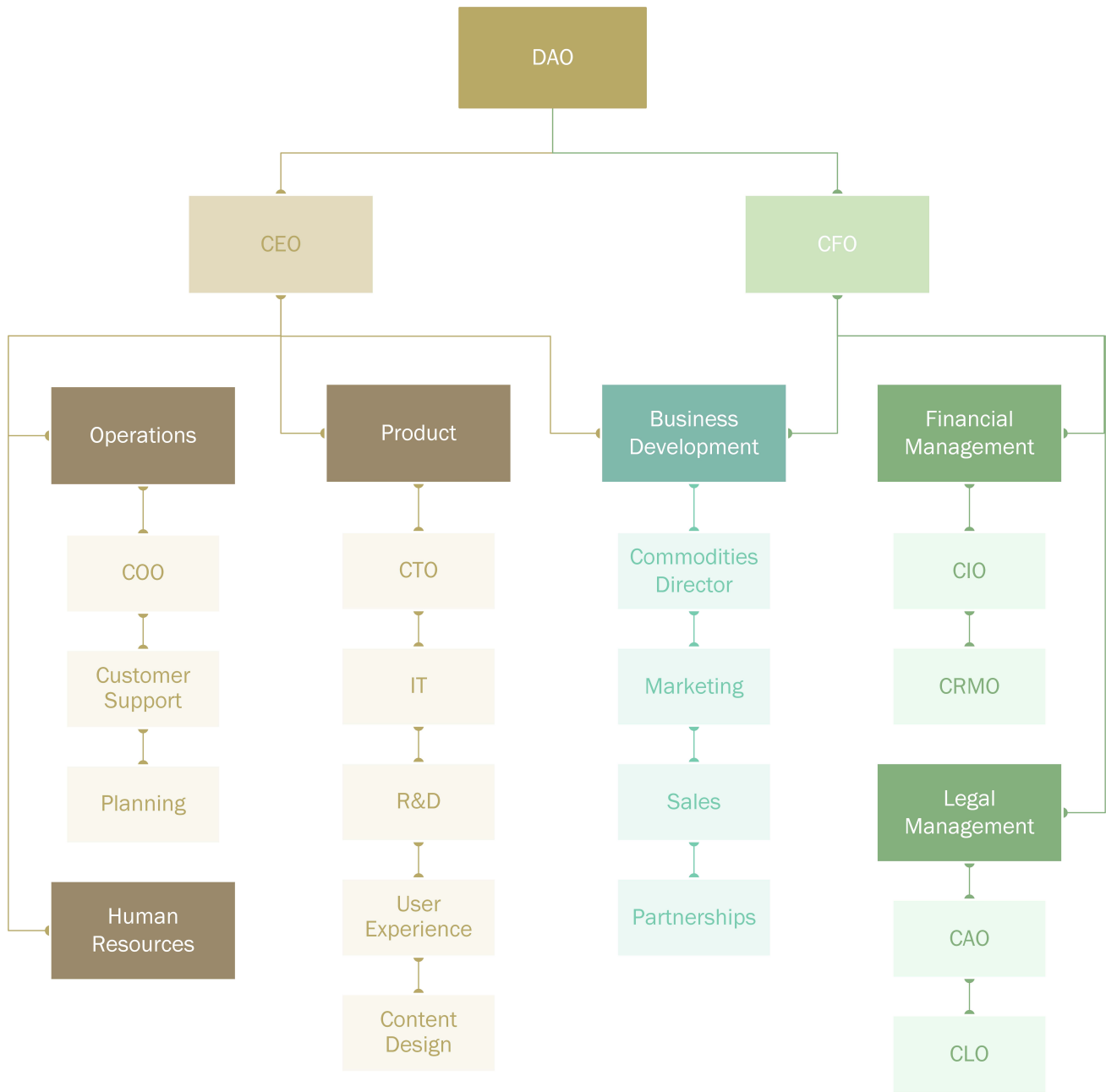


Figure 6: DAO organizational chart



Karatcoin's functional structure includes mid-level management within our hierarchy that report to the top-level CEO (who is also the founder), as well as the CFO.

This structure is designed to leave space for collaborative work and decision-making both in the technical and financial sectors, as the two departments need to be managed and guided by professionals who are experts in their respective sectors.

The two teams help to create an organizational structure and culture that increase speed, efficiency, and productivity, especially when it comes to executing “real time” decision making.

The organizational chart (figure 6) shows four, in-house departments for the CEO and two for the CFO, with each being led by a Department Head that is an expert in their respective field. All Department Heads will report directly to the CEO and CFO individually for their specific organizational sectors.

The CEO directs the DAO in order to maintain the vision outlined for the organization. He partners with high-level company officers in order to grow the DAO, strengthen it, and ensure its long-term sustainability. He represents the organization as required, including attendance of important functions, working closely with the CFO (Chief Financial Officer) to prepare annual budgets, and completing risk analysis on potential investments. He also works closely with Human Resources (HR) regarding hiring practices, payroll, etc., as well as overseeing quality control throughout the organization by establishing goals for each department in partnership with division managers.

The CFO drives the company's financial planning. His role includes analyzing the organization's liabilities and investments, deciding on investment strategies by considering cash and liquidity risks, controlling and evaluating the organization's fundraising plans and capital structure, ensuring cash flow is appropriate for the organization's operations, supervising all finance personnel (controllers, treasurers, analysts, etc.), preparing reliable current and forecasting reports, as well as setting up and overseeing the company's finance IT system.

The Business Development Department will be the key point of contact with all major clients and partners, and they will work closely with the CEO to increase growth and sales.

The Chief Technology Officer (CTO) is responsible for overseeing all technical aspects of the company. The CTO works directly with the CEO to grow the company through the use of technological resources. Using an active and practical approach, the CTO will direct all employees in the Product Department to attain the DAO's strategic goals established in the organization's strategic plan.

The Operations Department will work closely with the CTO and ensure a better user

experience by keeping the service efficient, as well as meeting the expectations and requirement of the customers.

The Human Resources department will take care of recruitment, remuneration, and benefits.

The Head of Financial Management will be responsible for leading the Investment Management Group and participating in various senior level committees. He will oversee all investment manager due diligence criteria and asset allocation policies. He will also manage all investment-related projects and initiatives, participate in client/prospect meetings on an as needed basis, as well as being active in investment areas such as research and acquisition of new business.

The Head of Legal Management will be responsible for Karatcoin's regulatory strategy across all relevant markets. He will work with Karatcoin leadership to define optimal regulatory approaches in each respective geography, while driving the legal process to establish appropriate registrations and attain licenses where needed. He will manage all inbound and outbound interactions with government regulators, while both engaging with advocacy groups as well as actively monitoring the financial regulatory environment in order to stay abreast of emerging regulatory developments. He will work with the compliance team to ensure our compliance program aligns with all necessary regulations, while also managing all legal matters involving customers, partners, and other third parties as they relate to the company's regulatory status. He will oversee, analyze, and perform oversight of litigation, settlement, and defense strategies, while also counseling business units and reviewing contracts to ensure compliance of business interests. He will manage legal counsel, compliance staff, and support personnel, as well as conduct audits, compliance reviews, and risk assessments. Finally, he will evaluate, develop, and implement business policy, procedure, and risk mitigation strategies.

## 32. Team

Karatcoin has an experienced and enthusiastic team who are ready to make this vision a reality. We are a unique collection of experts which span and include the gold industry, crypto-currencies, distributed computing systems, and mobile technology.



**Simone Orso**

Founder & CEO

*Biella, Italy*

in: <https://www.linkedin.com/in/simone-orso-897a36131/>

Simone is a top full-stack developer with more than 15 years of experience working in a variety of projects.

Prior to founding Dreammy™, an incubator for web projects, Simone worked (2009-2012) as a Management Consultant at Sungold Srl.

He specializes in front-end, WordPress, Blockchain technology, PHP, and JavaScript frameworks with more than six years of professional experience spanning the IT sector to digital advertising. He is passionate about applying top-end solutions and software engineering patterns in order to solve complex problems. Simone has strong communication skills and knows how to thrive both in small, agile teams as well as in large, compartmentalized corporations.



**Claudia Busato**

Founder & COO

*Biella, Italy*

in: <https://www.linkedin.com/in/cbusato/>

Claudia is a business consultant with a Bocconi Master's Degree in Marketing and Communication.

She co-founded Dreammy in 2014, which focuses on developing new, internet-based technologies and services. She also co-founded and created Karatcoin in June 2017, which is linked to active physical gold, as well as having been built on the Ethereum

Blockchain. Her main activities and skills are direct communication and negotiation with customers interested in commercial deals, business relationships with financial institutions, investigation of business opportunities, talent scouting, as well as start-ups. She is active mainly in the real estate and renewable energy sectors.



### **Glauco Verdoia**

Lead Financial Advisor

*Rome, Italy*

in: <https://www.linkedin.com/in/glauco-verdoia-a405a2a/>

Glauco is 57 years old, with sound leadership experience in medium-sized companies in Europe and abroad such as China, South East Asia, Australia, France, Ukraine, and Italy. In addition to his entrepreneurial experience, he is fluent in English, along with a good understanding of French and Spanish. His expertise focuses on financial restructuring, harmonization of bank relations, management of external relations, scouting and screening, implementation of development projects, special / structured finance and company strategy, as well as internationalization.



### **Andrea Venturoni**

Commodities Director

*Modena, Italy*

in: <https://www.linkedin.com/in/andrea-venturoni-36058867/>

After graduating in administrative economics studies, Andrea worked as Director of Human Resources and Professional Training at the SME Confederation. Since 1994, he has held the position of manager at several important Italian banks, as well as major international insurance companies. He specialized in commodity investments, especially in gold investment. His main skills are: expert in commodities, management of financial portfolios for both companies and individuals, as well as diversification of customer assets with physical gold shares in order to optimize portfolios.

Other team members can be found here: <https://karatcoin.co/#team>

# 33. Disclaimer and Risk Disclosure

*PLEASE READ THIS ENTIRE SECTION AND DO NOT TAKE ANY ACTIONS UNTIL YOU FINISH IT.*

This is not an offer or to sell or a solicitation to buy any digital assets. The crypto-currency space is volatile. Please be careful and thoughtful when purchasing any crypto-currency token, digital asset or token sale.

The purpose of this white paper is to present a summary of Karatcoin's business model, value proposition and an introduction to the Karatcoin crowdsale for potential token purchasers in connection with the proposed token sale. The information set forth below may be changed for any reason, may not be exhaustive and does not imply any elements of a contractual relationship. The sale and purchase of KCD tokens is governed by the Terms of Sale available on the Karatcoin website.

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) and immediately navigate away from the Karatcoin website and do not contribute to the development of Karatcoin.

This white paper does not purport to be all-inclusive or contain all information that you may desire in examining the project. This white paper's sole purpose is to provide relevant and reasonable information to you in order for you to determine whether to undertake a thorough analysis of the project and the company with the intent of acquiring KCD tokens. PURCHASE OF KCD TOKENS INVOLVES A HIGH DEGREE OF RISK, AND YOU SHOULD NOT SPEND ANY FUNDS IN THIS CROWDSALE UNLESS

YOU CAN AFFORD TO LOSE YOUR ENTIRE AMOUNT SPENT. Please refer to the Terms of Sale for a more comprehensive list of possible risks concerning the KCD token purchase. All information and content provided in this white paper is to be used on an "as is" basis. In making a decision to purchase KCD tokens, you must rely on your own examination of the project and the terms thereof, including the merits and all different risks involved. Prior to making a decision regarding the purchase of KCD tokens, you should consult your legal, financial, tax or other professional advisor(s), as to all matters concerning this purchase, and carefully review and consider this entire white paper. You and other prospective token purchasers are encouraged to ask questions about Karatcoin, its business and the Terms of Sale of the crowdsale, and to request such data as may be necessary to enable you to make an informed purchase decision.

Nothing in this white paper, on the Karatcoin website or in the Terms of Sale will be deemed to constitute a prospectus of any sort or a solicitation for investment, nor does it in any way pertain to an offering or a solicitation of an offer to buy any securities in any jurisdiction. If you decide to purchase KCD tokens, please note that your purchase does not involve the exchange of cryptocurrencies for any form of securities, investment units and/or form of ordinary or other shares in Karatcoin or any other company. Furthermore, you as an KCD token holder do not receive any form of dividend or other revenue right that is guaranteed or participate in profit sharing scheme nor receive any right of ownership in Karat Lab Ltd. or any right to participate in the management of Karat Lab Ltd.

It is for these reasons that we believe that KCD tokens are not securities and may be purchased by anyone. If you determine that KCD tokens may constitute securities subject to regulation in any country, we strongly advise you not to acquire them and suggest you immediately notify us of the possible risks. This document is not composed in accordance with, and is not subject to, laws or regulations of any jurisdiction that are designed to protect investors.

No regulatory authority has examined or approved of any of the information set out in this white paper. 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 this white paper does not imply that the applicable laws, regulatory requirements or rules have been complied with. No financial information contained in this white paper has been audited.

Karatcoin, its founders, team members and any third party involved in Karatcoin project do not warrant or assume any legal liability arising out of or related to the accuracy, reliability, or completeness of any material contained in this white paper or any accompanied material or statements. To the maximum extent permitted by the applicable laws, regulations and rules, Karatcoin, its founders, team members and any third party involved in the Karatcoin project will not be liable for any indirect, special, incidental, consequential or other losses of any kind, in tort, contract or otherwise (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 white paper or any part thereof, or any accompanied material, statements or information provided on the Karatcoin website by you.

All statements, estimates, and financial information contained in this white paper, on the Karatcoin website, in press releases or in any other place, accessible by the public, and oral statements that may be made by Karatcoin, its founders, team members and any third party involved in the Karatcoin project and acting on behalf of Karatcoin, that are not statements of historical fact, constitute forward-looking statements or information.



Such forward-looking statements or information involves known and unknown risks and uncertainties which may cause actual events or results to differ materially from the estimates or the results implied or expressed in such forward-looking statements. These statements may be identified by words such as “expect”, “target”, “anticipate”, “intend”, “plan”, “estimate”, “will”, “should”, “could”, “would”, “if”, “may”, “possible”, “project” or words of similar meaning or form. However, these words are not the exclusive means of identifying forward-looking statements.

The law in certain jurisdictions may restrict or limit the sale and purchase of KCD tokens. These jurisdictions include but are not limited to Canada, People’s Republic of China, Singapore, South Korea and the United States of America (including Puerto Rico, the U.S. Virgin Islands or any other US territories). The KCD tokens are not being offered or distributed to, as well as cannot be resold or otherwise alienated by their holders to, citizens of, natural and legal persons, having their habitual residence, location or their seat of incorporation in the country or territory listed above or where transactions with digital tokens are prohibited or in any manner restricted by applicable laws or regulations. If such restricted person purchases KCD tokens, such restricted person has done so on an unlawful, unauthorized and fraudulent basis and in this regard, will bear negative consequences. Aforesaid persons that participate in the fundraiser by providing false information about their citizenship, residency place and nationality, will breach the Terms of Sale of KCD tokens and would entitle Karatcoin to request such persons to compensate any damages and/or losses suffered due to this violation. You agree that you purchase, receive and hold the KCD tokens at your own risk and that KCD tokens are provided on an ‘as is’ basis without warranties of any kind, either express or implied. It is your responsibility to determine if you are legally allowed to purchase KCD tokens in your jurisdiction and whether you can then resell KCD tokens to another purchaser in any given jurisdiction. You bear the sole responsibility for determining or assessing the tax implications of your participation in the crowdsale, purchasing, or receiving and holding KCD tokens in all respects and in any relevant jurisdiction. You represent and warrant to us that the contributed funds do not derive from any illegal activity and allow us appropriate Anti-Money Laundering (AML) Checks. You understand and accept that we may at any time and without any explanation reject any contribution on the basis of simple suspicion that the funds derive from illegal acts or that AML regulation was not honored.

This white paper may be updated or altered with the latest version of the white paper prevailing over previous versions. Karatcoin is not obligated to give you any notice of the fact or content of any changes. The latest version of the white paper in English is available at the website <https://karatcoin.co/>.

However, there is no obligation to update, supplement or correct this white paper or

accompanying materials in any respect, or otherwise to provide you with access to any additional information. The information contained herein may from time to time be translated into languages other than English or used in the course of written or verbal communications with existing and prospective token purchasers, customers, partners, etc. In the event of any conflicts or inconsistencies between such translations and communications and this official English language white paper, the provisions of this English language original document will prevail.



# KARATCOIN

Straight to Gold Mines