

Business Plan

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Karat Lab LTD
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Executive Summary

Our 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 third-party intermediary is involved in the selection and vetting process.

The Company and Management

KARAT LAB LTD is the official licensee of the project named "KARATCOIN", which was developed under "Dreammy™", which is owned by Simone Orso (Dreammy and Karatcoin Co-Founder).

Key Products

- **Gold Certificate** – Each Gold Asset Certificate represents 1,000 USD of value, with the duration of each certificate being from 1 to 5 years, and the annual rate of return being between 5% to 6%.
- **Gold Card** – Gold Cards are wallets containing our gold products, which will be available in the Karatcoin Marketplace.
- **DAO Token (KCD)** – KCD are ERC-20 standard tokens developed on Ethereum during the Initial Coin Offering. These tokens will migrate to KCX (1:1 ratio) once we open our own blockchain.
- **Blockchain Tokens (KCX)** – KCX will be used as a consensus system to validate blocks on the blockchain, as well as for voting on any Karatcoin proposals.
- **Gold Asset Tokens (KCG)** – KCG are stored on Gold Cards and represent 1 gram of 99.99% LBMA standard gold secured in Safehouse Vaults. KCG is the crypto-asset of the Karat Blockchain.
- **Accumulation Plan** – Accumulation plans are for investors who wish to build their positions in a mutual fund over time. Generally, the goal is to keep funds invested, reinvest income and capital gains, and have these compounds for as long as possible.

Key Benefits

- No Centralized Database
- Everlasting Existence of Digital Assets
- No Web-Based Account
- Direct Transfer
- Low Fees
- Gold Storage
- Use Everywhere
- Never Frozen
- No Prerequisites
- Safe
- Fast Execution
- Dividends for Stakeholders

Key Features

- Own Blockchain on Top of EOS Technology
- DPoS Consensus
- Bancor Integration
- React JS DApp
- Funding Real World Projects (Gold Mines)
- Asset Tokens
- Consensus Tokens
- PoA (Proof of Asset) Protocol

Financial Projections

We are planning a sale of gold products divided over two years for an amount equal to \$150 million. During the first year, we will allocate \$25 million worth of Gold Certificates and \$25 million divided into a portfolio composed of 88% KCG and 12% KCX, both of which will be allocated and distributed as Gold Cards. For the 2nd year, we will allocate \$50 million worth of Gold Certificates and \$50 million divided into a portfolio composed of 88% KCG and 12% KCX, both of which will also be allocated and distributed as Gold Cards.

The Market

Global, gold-backed funds added 25.3 tons of gold over the first two months of 2018. During the same time period, Asian funds grew assets by 10%, while European-listed funds had outflows, with both regions reversing their 2017 trends. Elsewhere, iShares Gold Trust accounted for 47% of global net inflows. *

Technological innovation is disrupting many economic sectors, and the way gold is traded will likely not be immune. Blockchain technology, in particular, holds promise in offering a more robust, operational, and cost-efficient mechanism for facilitating the settlement of gold transactions. More broadly, blockchain technology could become an integral component of the gold value chain by facilitating the tracking of gold from “mine to consumer,” and thereby strengthening the market’s chain of integrity. Establishing tamper-proof gold provenance would make the gold market more transparent, efficient, and help eliminate illegal practices such as the smuggling of conflict-gold.

* SOURCE: [WORLD GOLD COUNCIL](#)

Start-up Financing Requirements

Up to 200 million KCD tokens (Karatcoin DAO) will be sold to the public at a fixed price of \$0.2, representing exactly 20% of the total supply (divided between Presale and ICO). A Presale has been programmed for a value of \$1 million, which is equal to 5 million tokens, with a 20% bonus of the token value. The money collected during this step will be used mainly for the initial development of the platform, as well as the marketing necessary for the success of the Initial Coin Offering (ICO).

Karatcoin will launch a public ICO to distribute up to 19.5% of KCD (Karatcoin DAO), with a bonus ranging from 16% to 7% of the token value. After the success of the ICO, we’ll sell our gold products for the Karat Blockchain during two SAFTs (Simple Agreement for Future Tokens).

There will be one SAFT per year for the annual amounts of \$50 million the first year and \$100 million the second year. Up to 100 million tokens will be sold to the public, representing exactly 10% of the supply, with the possibility of vesting a bonus equal to 75% of KCX tokens.

Introduction

Objectives

The objective of this business plan is to 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 analyze the growth strategies and expansion planned for the next few years.

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)
- 4Ps of Marketing

Company Analysis and Its Nature of Business

- Business Model (Baden-Fuller & Haefliger, 2013)

Market Analysis

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 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 placed tighter restrictions on ICO.

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

Top Cryptocurrencies Analysis

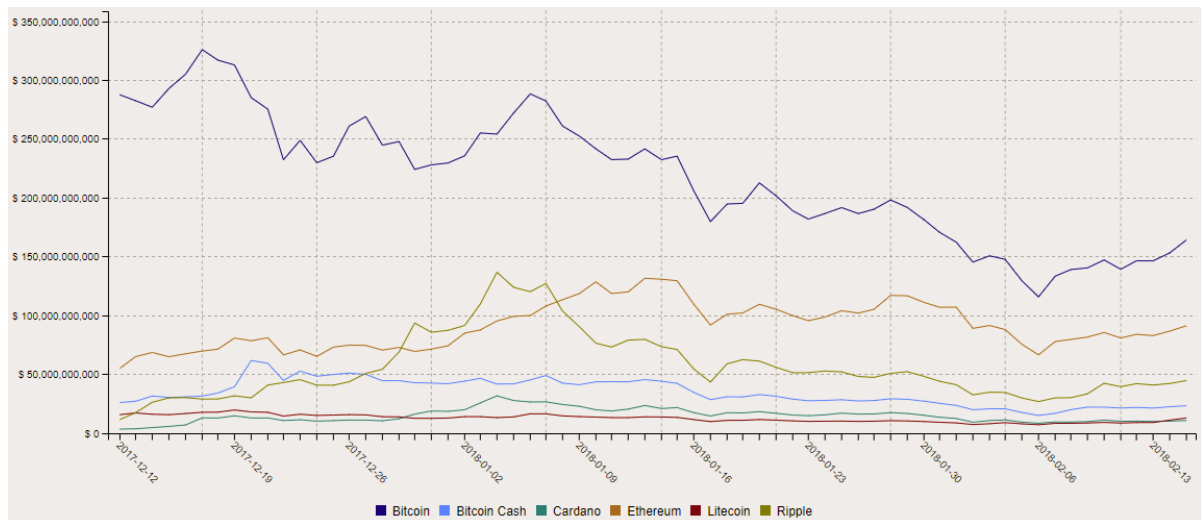


Figure 1: Top 6 Cryptocurrencies by Market Cap (USD) Period 12-12-17 / 2-15-18

Name	Pros	Cons
Bitcoin (BTC)	<ul style="list-style-type: none"> The first successful cryptocurrency, which owns around 46% of the current crypto market. The most accepted and easy to trade crypto in the current market, with sufficient resources online for everyone to learn more about. It has a large community and is unlikely to suddenly disappear or be labeled as spam, which has happened to other altcoins. 	<ul style="list-style-type: none"> Under development (none of their products are testable). They will not create a blockchain for their products.
Ethereum (ETH)	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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.
Bitcoin Cash (BCC)	<ul style="list-style-type: none"> It solves the Bitcoin scaling problem by increasing the block size from 1MB to 8MB, speeding up mining time and lowering the transaction fee. Miners can mine Bitcoin Cash just like they mine Bitcoin. 	<ul style="list-style-type: none"> An overly centralized system that benefits a small number of miners at the expense of others Not a very large team when compared to other leading coins
Ripple(XRP)	<ul style="list-style-type: none"> The bank market is huge, and Ripple really is strongly backed by financial institutions. Compared to traditional banking services, the Ripple network is secure and anonymous. 	<ul style="list-style-type: none"> 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. 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.
Litecoin(LTC)	<ul style="list-style-type: none"> Faster and almost zero transaction fees compared to Bitcoin. Mining is easier on 	<ul style="list-style-type: none"> Since Segwit has recently been included in Bitcoin, the advantages in Litecoin over Bitcoin are reduced.

	<p>Litecoin since it uses a new Proof of Work algorithm that improves upon Bitcoin's.</p>	<ul style="list-style-type: none"> • Litecoin is simply a modified version based on Bitcoin. It does not introduce new ideas like other altcoins.
Cardano	<ul style="list-style-type: none"> • Proof of Stake consensus mechanism. • Completely open source. 	<ul style="list-style-type: none"> • It doesn't exist yet and hasn't stood the test of time and usage. • 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. • There's still a tremendous amount of work to be done to get the technology to where they want it to be.

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.

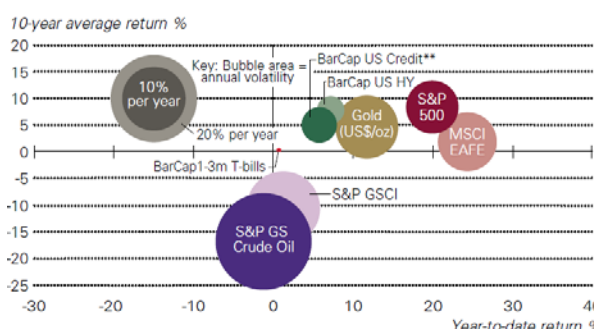
Solid income growth in the world's largest gold markets would undoubtedly be viewed as good news, but other countries are making progress too. Germany's economy is expected to maintain its momentum, and unemployment is expected to continue falling, which should bolster support for the world's third-largest 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

Performance metrics for major global financial assets in US\$*



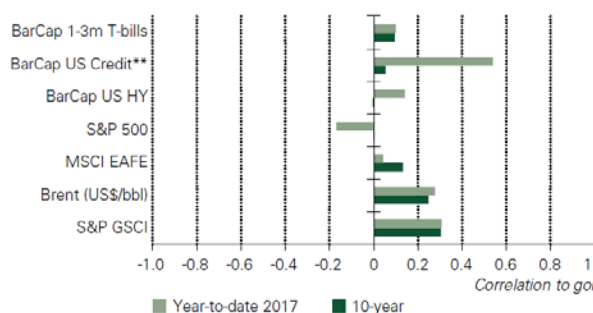
* 1-year and 10-year returns based on data ending 30 November 2017.

**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

Weekly return correlation on key assets and gold in US\$*



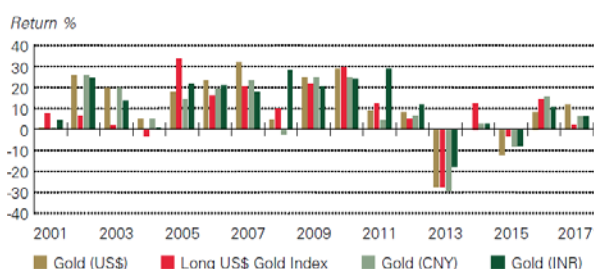
*Year-to-date (YTD) and 10-year correlations based on weekly returns ending 30 November 2017.

**BarCap US Credit includes both sovereign and corporate bonds.

Source: Bloomberg; World Gold Council

Gold performance should be measured in more than one currency

Annual gold returns in various currencies*



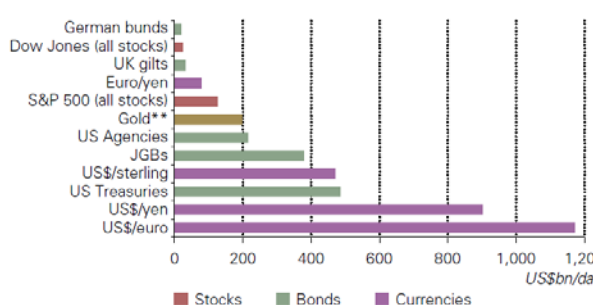
* Based on the LBMA Gold price PM except for the Long US\$ Gold Index that is based on the Solactive GLD® Long US\$ Gold Index. The Index combines a long position in physical gold with a long position in a basket of currencies that include EUR (57.6%), JPY (13.6%), GBP (11.9%), CAD (9.1%), SEK (4.2%) 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

Average daily trading volumes in US\$*



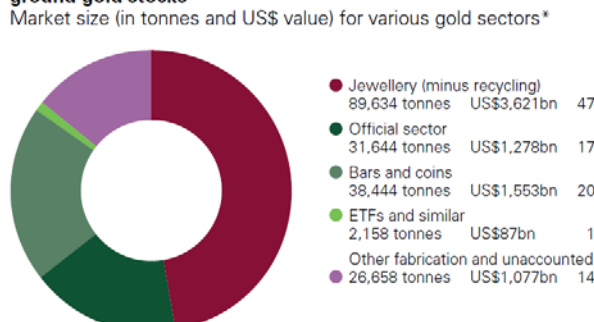
*Based on estimated 1-year average trading volumes as of 30 November 2017, except for currencies that correspond to 2016 volumes due to data availability.

**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

Market size (in tonnes and US\$ value) for various gold sectors*



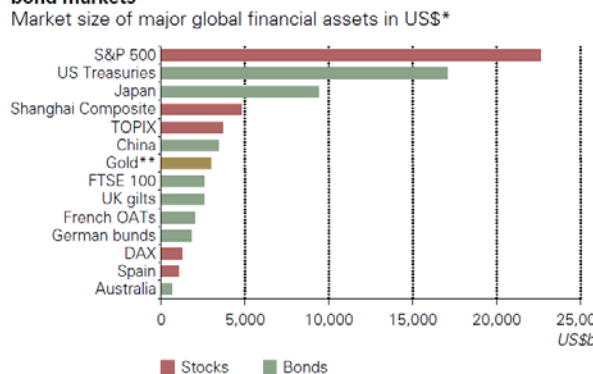
* Estimated tonnage as of 30 November 2017. US-dollar values calculated using YTD 2017 average LBMA Gold Price of US\$1,257/oz. Financial gold is defined as the sum of official sector holdings, bars and coins, and ETPs** (75,595 tonnes, US\$3bn, 38%).

**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

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

Market size of major global financial assets in US\$*



* 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

SOURCE: [WORLD GOLD COUNCIL](https://www.worldgoldcouncil.org)

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 the increased investment in this area with the rapid growth in capitalization of the cryptocurrency.

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, founder and CEO of Kraken.

The current market cap of all cryptocurrencies stands at around \$417 billion, according to data from 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 been wearied of 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 is still being tested in several industries and Karatcoin seeks to offer the best solution in the gold financing sector as the first platform to offer a complete environment for gold products.

Legal Factors

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

Environmental Factors

Karat 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 high standards of anti-money laundering and anti-terrorist financing activities.

Competitor Analysis

A clear understanding of your competition is the key to success for any business. The Karatcoin Project was designed to give the market a product that associated fills a unique gap in the market, knowing that there are always other companies that are competing for the exact same market share.

We made a comprehensive analysis that will help us better understand the competitive landscape, especially by allowing us to clarify point of strengths of our platform, while highlighting challenges we need to overcome in order to beat our competition in the marketplace.

We'll highlight both direct and indirect competitors, as well as the criteria we use to evaluate how each compare to us. This, along with quantitative and qualitative market research, will give us the foundation to complete our SWOT analysis - analyzing strengths, weaknesses, opportunities, as well as threats in the marketplace.

Our competitive analysis sheds light on new market opportunities, it gives us an objective view of where we stand in the marketplace, as well as where we can truly excel with our customer acquisition activities.

Direct Competitors

Name	Pros	Cons
Digix	<ul style="list-style-type: none"> Experienced team Based on real asset Well-structured mint/recast processes for tokens 	<ul style="list-style-type: none"> Under development (none of their products are testable) They will not create a blockchain for their products
bitGold	<ul style="list-style-type: none"> No fees to send/receive gold Ability to withdraw your gold in physical form Free gold storage Fully insured Backed by some big names Experienced Management Team 	<ul style="list-style-type: none"> \$25 fee to redeem your gold
Goldmint	<ul style="list-style-type: none"> They will use BitShares Blockchain technology with PoS consensus Based on real asset 	<ul style="list-style-type: none"> They just started Most of the team is unverifiable Custodian bot is a utopian and probably useless project Except for some rumors, it is not clear where they will find the gold to meet the market's demand
Bullionvault	<ul style="list-style-type: none"> World's leading and biggest online precious metals market Trade in any size, as little as one gram Multi-ward winning company Deal 24/7 365 days a year Some of the lowest rates in the market Choice of storage options 	<ul style="list-style-type: none"> Do offer IRA for US clients, but not the best offering Only available in the centralized market
bullionbypost	<ul style="list-style-type: none"> Free insured Fully authorized distributor of Umicore and Royal Mint Accept debit and credit card payments Returns accepted Buying and selling is quick and easy 	<ul style="list-style-type: none"> Don't deliver overseas Buyers do not get to assess the quality of the purchase until delivery Only available in the centralized market

Indirect Competitors

Karat Bank	<ul style="list-style-type: none"> Already known in the centralized market, KaratBars (owner of Karat Bank) has more than 480,000 	<ul style="list-style-type: none"> Completely developed on Ethereum The founder Harald Seiz, has had several financial problems in the
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	customers that have already bought gold worth over \$120M	<p>past, leaving many in doubt on the realization of this project</p> <ul style="list-style-type: none"> • Karat Bank utilized pyramid recruitment in Canada, Karatbars International (owner of Karat Bank) was banned in 2016 • The Karat Bank Coin is a speculative coin, although the proceeds from the sale of the Karat Bank Coin will mainly be used for the purchase of CashGold, the Karat Bank Coin is not pegged to the purchased CashGold • The Karat Bank Foundation, which issues the Karat Bank Coin and is based in Belize, is unregulated
Aurus Gold	<ul style="list-style-type: none"> • Fully-allocated gold backed cryptocurrency • The asset tokenizing protocol allows for a safe and secure platform • A modern way of asset management, token represents ownership of fully audited and safely stored gold • Gold can be used as a basis of value 	<ul style="list-style-type: none"> • Developed on Ethereum • Team size is inadequate to the project • A project based on little substance, there is no initial asset • No experience on commodities
Goldiam	<ul style="list-style-type: none"> • Based on gold and diamond assets • Withdrawal accept multiple cryptocurrencies • Property blockchain • Powerful RESTful API for developers 	<ul style="list-style-type: none"> • Beyond the idea that it can be profitable, there are no technical details of how it can be achieved • They have a large development team, but they're of dubious quality and experience
WePower	<ul style="list-style-type: none"> • Potentially a good mix between blockchain and green energy technologies • Great idea for a good cause promoting green energy • Experienced team and strong partners • Project supported by the government 	<ul style="list-style-type: none"> • Might become "just another blockchain platform" without proper execution and the fast delivery that was promised.
Cedex	<ul style="list-style-type: none"> • The CEDEX team boasts a 17-strong squad with an extra 8 advisors to add on top of that, all with massive amount of experience across a number of industries and leadership roles • Interesting and unique idea of diamond trading through Blockchain 	<ul style="list-style-type: none"> • They do not have a property blockchain, it's developed on Ethereum • At the moment, it looks more like an attempt to use ICO hype for the purposes of dragging in more amateur traders into arguably the most overvalued asset of the modern times. It's a "double trouble" or/and a mother-load in terms of Risk/Reward Ratio • Too many diamond market problems and token economic difficulties are either not address or oversimplified in the White Paper (e.g. variety of standards and classifications, gemologists)

		trustworthiness, regional taxation, token classification and reporting etc.) <ul style="list-style-type: none"> • Almost impossible project to execute
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In conclusion

Our theoretical analysis took two groups of competitors into consideration, Direct competitors competing in the gold market against us, and indirect competitors that compete both in the blockchain as well as with raw materials that could take away market share from the gold industry.

We considered a sample of the top 5 in both groups, assessing their investment quality in terms of financial structuring, business model, and their historical background.

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 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.

STP Model

We will get help from a highly qualified external marketing agency with over 80 team members and a 90% ICO success rate. They can promote both our ICO and gold products much faster through their vast knowledge in crypto-currencies, as well as a comprehensive study of STP.

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 platform, with its blockchain based on DPoS consensus, is the perfect environment for traders who want to diversify their portfolio with a crypto-currency 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 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.

Gold demand (Tonnes)

	2010	2011	2012	2013	2014	2015	2016	2017	Y on Y % Change	
Jewellery	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
Technology	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
Investment	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
Central banks & others inst.	79.2	480.8	569.3	623.8	583.9	576.5	389.8	371.4	▼	-5
Gold demand	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
LBMA Gold Price, US\$/oz	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

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 have grown by 7 per cent, to nearly 1.3 billion.

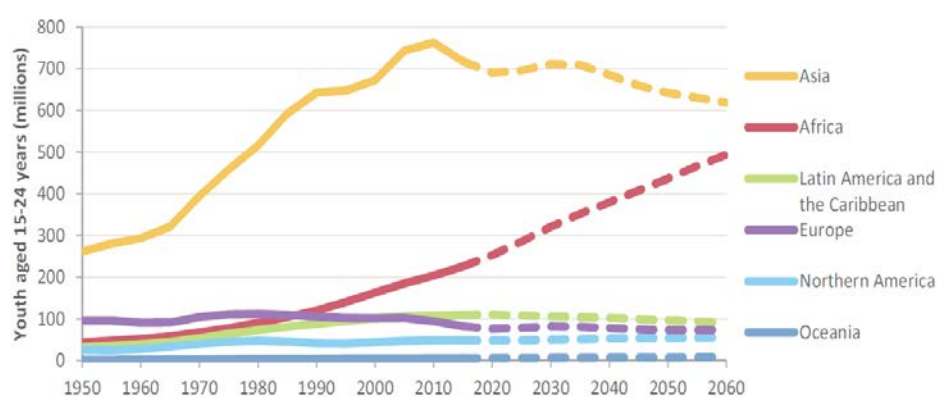


Figure 2: YOUTH AGED 15-24 YEARS, BY REGION, 1950-2060

DATA SOURCE: UNITED NATIONS (2013) WORLD POPULATION PROSPECTS: THE 2012 REVISION.

The size of the youth population has peaked in all regions but Africa.

In Latin America, the Caribbean, Europe, North America, and Oceania, youth populations will grow little over the coming decades (See Figure 1).

By contrast, Asia and Africa are in the midst of substantial changes in the size of their youth populations. After rapid and sustained growth through the latter half of the 20th century, the number of young people aged 15-24 in Asia is projected to decline from 718 million in 2015 to 711 million in 2030 and 619 million in 2060. Still, Asia will be home to more youth than any other region until around 2080, when it could be surpassed by Africa according to UN projections.

In Africa, the number is growing rapidly. In 2015, 226 million youth aged 15-24 lived in Africa, accounting for 19 per cent of the global youth population. By 2030, it is projected that the number of youth in Africa will have increased by 42 per cent. Africa's youth population is expected to continue to grow in the remainder of the 21st century, more than doubling from current levels by 2055.

Several countries with comparatively low youth unemployment rates are also projected to see declines in the number of youth in the coming 15 years. In Thailand, for example, youth unemployment is projected to be just 3 per cent in 2015, and the population aged 15-24 years is expected to shrink by 22 per cent by 2030. Cuba, Japan, and Vietnam are also projected to see declines in the number of youth and experience subsequent low youth unemployment. These economies must prepare for an ageing labor force in the coming decades.

Some countries anticipating rapid growth in numbers of youth are among those with very high youth unemployment rates.

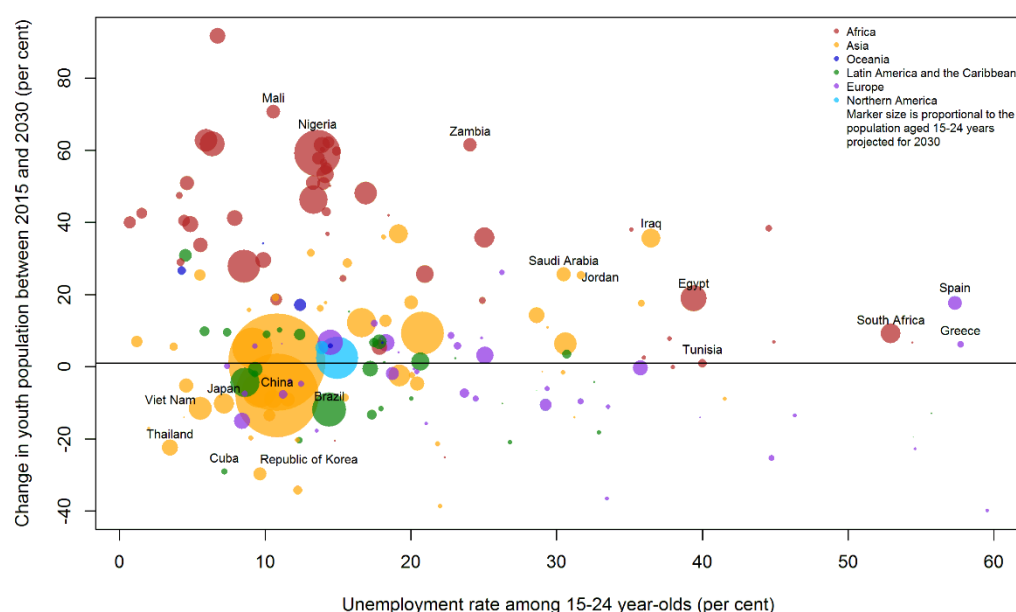


Figure 3: PROJECTED GROWTH OF THE YOUTH POPULATION BETWEEN 2015 AND 2030 VS. THE YOUTH UNEMPLOYMENT RATE IN 2015

DATA SOURCES: YOUTH POPULATION ESTIMATES AND PROJECTIONS ARE FROM UNITED NATIONS (2013) WORLD POPULATION PROSPECTS: THE 2012 REVISION. YOUTH UNEMPLOYMENT PROJECTIONS ARE FROM ILO (2015). WORLD EMPLOYMENT AND SOCIAL OUTLOOK: TRENDS 2015.

In Jordan, Iraq and Saudi Arabia, for example, youth unemployment rates are very high, above 30 per cent, and the youth populations are expected to grow by more than 20 per cent over the coming 15 years (see figure 3).

By contrast, a number of countries such as South Africa, Spain, and Greece face extremely high youth unemployment, with rates above 50 per cent, but are projected to see a slower growth of the youth population, with increases around 10 per cent or less between 2015 and 2030.

Even in countries where youth unemployment rates are comparatively low, rapid growth in the number of youth over the coming years could challenge sustainable development if labor markets are unable to absorb rapidly increasing numbers of young workers.

Current Situation

The global economic outlook for 2018 is positive, and growth is projected to accelerate modestly due to moderate pickups in investment and trade, mainly led by advanced economies. However, job growth does not always accompany economic recovery; a situation which especially affects young people who are entering the job market in record numbers.

The global youth unemployment rate for 2017 was reaching 13.1 percent, although the expected 70.9 million young unemployed is well below the crisis peak of 76.7 million in 2009. In Latin America and the Caribbean, the youth unemployment rate is expected to continue to increase, while European youth will see further improvement in unemployment (both trends being present since 2013). Youth unemployment rates are likely to remain stable in sub-Saharan Africa as well as Eastern and Southern Asia. They will increase slightly in other parts of Asia as well as the Pacific and North America, while falling slightly in North Africa and the Arab States. Despite this improvement, the Arab States (closely followed by North Africa) continue to be the region with the highest youth unemployment rate at 30.0 per cent in 2017.

Youth are three times as likely as adults to be unemployed. Globally, the ratio of youth-to-adult unemployment rates has changed very little in recent years, serving to illustrate the particularly disadvantaged situation of young people in the labor market.

When young women and men do find employment, quality remains a concern. In emerging and developing countries, 16.7 percent of young workers live on an income below the extreme poverty threshold of US\$1.90 a day, partly because they often start their working lives in the informal economy. Globally, three out of four employed young women and men are in informal employment, compared to three in five for adults. In developing countries, this ratio is as high as 19 out of 20 for young women and men.

Youth employment features prominently in the Sustainable Development Goals

The 2030 Agenda for Sustainable Development places full and productive employment and decent work for youth at the center of their new development vision. It emphasizes the transformative power of youth employment in poverty alleviation, economic growth, and peace and prosperity for all. Targets under Goal 8 in particular, as well as several other goals, recognize the centrality of youth employment challenges. They stress open pathways for consistent and focalized action on decent jobs for youth, and youth development overall.

Key youth-specific targets include:

- By 2030, increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment and entrepreneurship;
- By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy;
- By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value;
- By 2020, substantially reduce the proportion of youth not in employment, education, or training;
- By 2020, develop and operationalize a global strategy for youth employment and implement the Global Jobs Pact of the International Labour Organization;
- Promote mechanisms for raising capacity or effective climate change-related planning and management in the least developed countries and small island developing states, including focusing on women, youth, as well as local and marginalized communities.

The global population is ageing.

In 2015, youth aged 15-24 constituted 16.2 per cent of the total population, while adults aged 65 or older amounted to 8.3 per cent. By 2030, the share of youth will fall slightly, to 15.2 percent, while the share of people aged 65 or older will rise to almost 12 per cent. By 2050, the older population is projected to outnumber young people, and this implies that the active workforce must sustain the pension and health care for a growing number of retired workers. In developed countries, in particular, may be offset the effects of an aging population and shrinking labor force. Today, around 70 percent of migrant flows are people younger than 30.

Socio-economic factors

Transition outcomes also depend on a country's level of development. In low-income countries where stable wage employment is rare and own-account work rife, young persons are more likely to settle definitively in self-employment – with little prospect or desire to change their job (Burchell et al., 2015). Of young adults (25–29 years) who might be expected to have completed the transition to a stable job, only 11.2 per cent had done so in low-income countries, compared to 34.3 per cent in upper middle-income countries.

On the other hand, the picture for self-employment is different. The transition to satisfactory self-employment had been accomplished by 23.0 per cent of young adults in low-income countries, compared with only 6.8 per cent in upper middle-income countries (see figure 4).

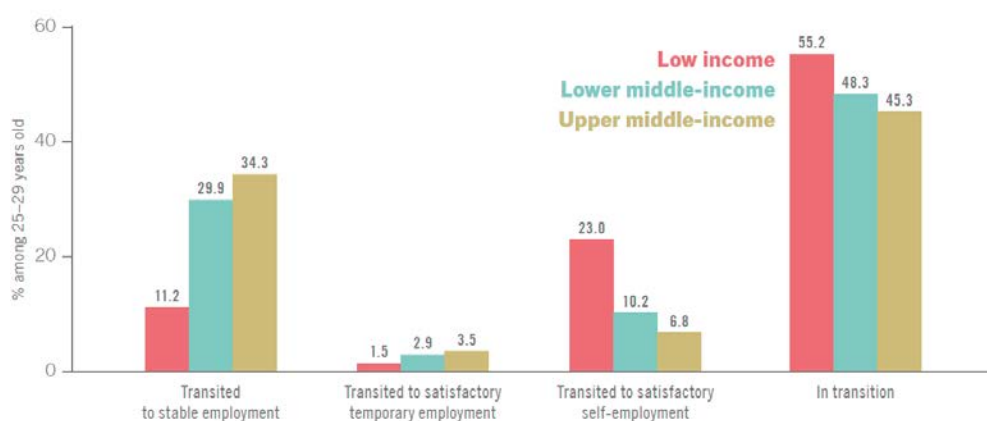


Figure 4: STAGES OF TRANSITION FOR YOUNG ADULTS (25–29) BY COUNTRY INCOME GROUP

Note: The Graph Includes Data From 33 Countries. The Residual Category – Transition Not Yet Started – Is Not Shown.

Source: Elder and Nilsson (Forthcoming); Calculations Based on ILO SWTS.

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

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.

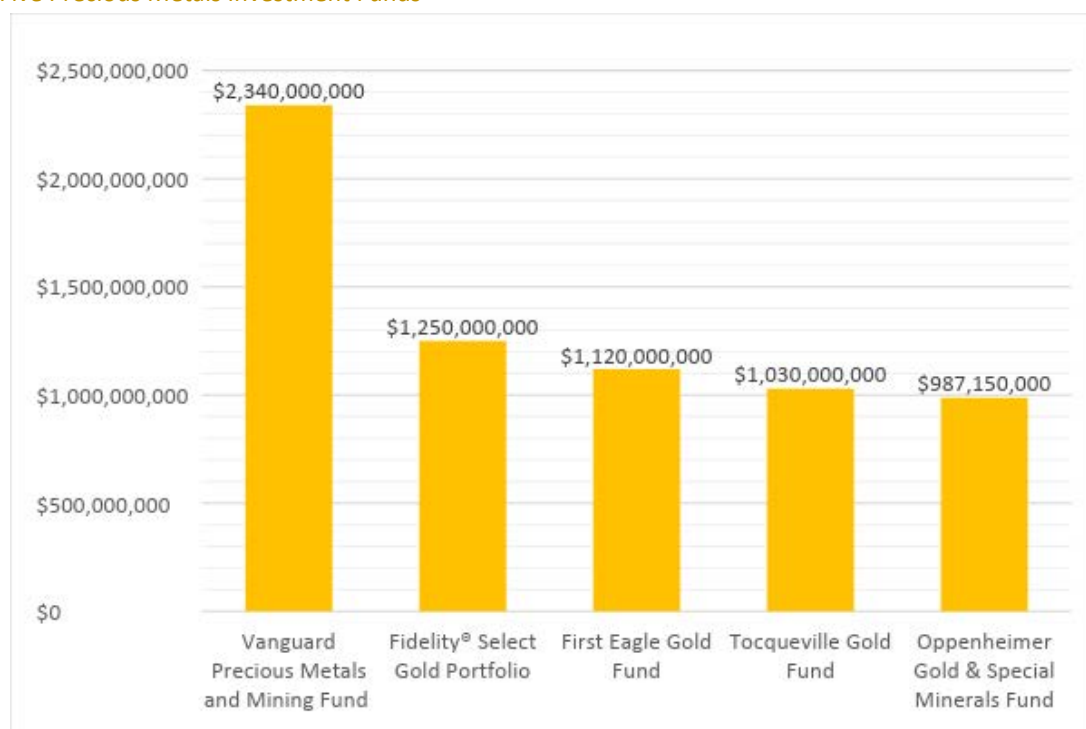
Today, gold certificates continue to be issued by several German and Swiss banks, as well as by gold pool programs in Australia and the US. These certificates represent ownership of a certain quantity of gold bullion or coins.

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



Vanguard Precious Metals and Mining Fund

Vanguard's Investment Fund seeks long-term capital appreciation. The Fund invests at least 80% of its assets in the stocks of foreign and U.S. companies principally engaged in the exploration, mining, development, fabrication, processing, marketing, or distribution of metals and minerals. The majority of these companies will be principally engaged in activities related to gold, silver, platinum, diamonds, or other precious and rare metals and minerals. Up to 100% of the Fund's assets may be invested in foreign securities. It may also invest up to 20% of its assets directly in gold, silver, or other precious metal bullion and coins. The fund is non-diversified.

Fidelity Select Gold Portfolio

"The Fidelity Select Gold Portfolio fund falls in Morningstar's equity precious metals category. Funds in this category typically invest in stocks related to gold and other precious metals, which might include companies that mine, explore for, market, or process these precious metals. Investors should not confuse funds in this category with the actual purchase of gold or other precious metals. That said, funds in this category will often track the prices of gold and related precious metals.

As of March 27, 2018, the fund has assets totaling almost \$1.25 billion, which are invested in 83 different holdings.

The Fund's top holdings include Randgold Resources Ltd., Barrick Gold Corp., Newmont Mining Corp., Agnico Eagle Mines Ltd. and Franco-Nevada Corp.

The fund places in the 89th percentile of its category for the past 12 months, the 33rd percentile for the past three years, the 65th percentile for the past five years and the 62nd percentile for the past 10 years as of late January 2017.

The fund normally charges a front-end sales fee of 5.75 percent, which means out of every \$10,000, \$9,425 is invested, with the remaining \$575 going toward sales commissions. This is on top of an expense ratio of 1.20 percent, which Morningstar classifies as low compared with other specialty funds with a front-end fee. There are other share classes of the Fund, some available at net asset value and with lower expense ratios. This and all of the Fund's share classes require an initial investment of \$2,500.

The Fund's risk compared with that of other funds in its peer group for the past three, five and 10 years is considered average by Morningstar. The Fund's relative return versus its peers' is also average for the corresponding periods.

The Fund has returned -10.77 percent over the past year, 1.52 percent over the past three years, -8.93 percent over the past five years and -7.08 percent over the past decade.

The Fund launched in December 2006, and its parent company Fidelity is one of the largest and oldest mutual fund providers. It offers a wide array of mutual funds and other investment products and financial services to individual and institutional investors.

First Eagle Gold Fund

First Eagle seeks to provide investors with the opportunity to invest into the gold sector as a part of their overall investment portfolio. To achieve this objective, the Fund invests at least 80% of its net assets (plus any borrowings for investment purposes) in gold and/or securities directly related to gold, as well as issuers principally engaged in the gold industry. This includes securities of gold mining finance companies, as well as operating companies with long, medium, and short-life mines. The fund is non-diversified.

Tocqueville Gold Fund

Tocqueville seeks long-term capital appreciation. The Fund's objective, under normal circumstances, is to invest at least 80% of its net assets along with loans for investment purposes, into corporate gold and securities throughout the world in both developed and emerging markets that are engaged in mining or processing gold ("Gold Related Securities"). It may also invest into other precious metals, however, no more than 20% of the fund's total assets may be invested directly into gold bullion and other precious metals. The fund is non-diversified.

Oppenheimer Gold & Special Minerals Fund

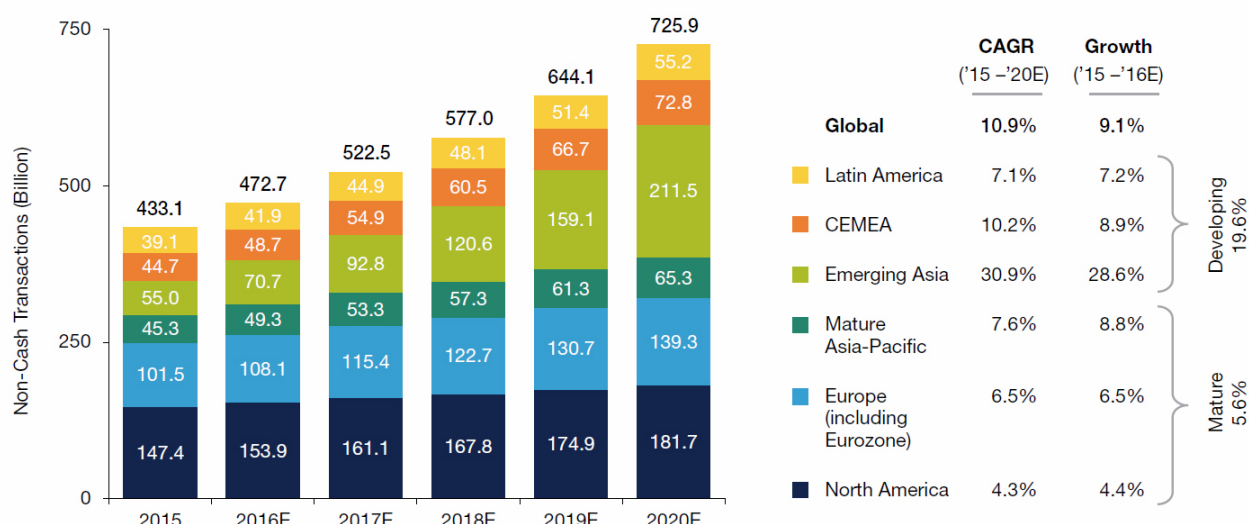
The Oppenheimer Fund seeks capital appreciation. The Fund invests mainly in common stocks of companies that are involved in mining, processing, gold or other metals or minerals, and precious metal-related ETFs. Under normal market conditions, at least 80% of the fund's net assets, plus any borrowing for investment purposes, will be invested in those securities. It can also invest up to 25% of its total assets in the Oppenheimer Gold &

Special Minerals Fund (Cayman) Ltd., which is a wholly-owned and controlled subsidiary of the Fund. The Fund is non-diversified.

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).



Note: CEMEA (Central Europe, Middle East, Africa) now includes Algeria, Bulgaria, Croatia, Kenya, Nigeria, Egypt, Israel, Morocco, and UAE in Other CE and MEA countries; Latin America now includes Argentina, Colombia, Venezuela, Chile, Peru, Uruguay, Costa Rica, Bolivia, and Paraguay in Other Latin American countries; Emerging Asia now includes Malaysia, Thailand, Indonesia, Philippines, Taiwan, Pakistan, Sri Lanka, and Bangladesh in Other Asian countries; Mature APAC (Asia-Pacific) includes Japan, Australia, South Korea and Singapore; NA (North America) includes the U.S. and Canada; Chart numbers and quoted percentages may not add up due to rounding

Source: Capgemini Financial Services Analysis, 2017; ECB Statistical Data Warehouse, 2015 figures released October 2016; Bank for International Settlements Red Book, 2015 figures released December 2016; Internal Estimates

Figure 5: 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 of which only from the banks was of \$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.

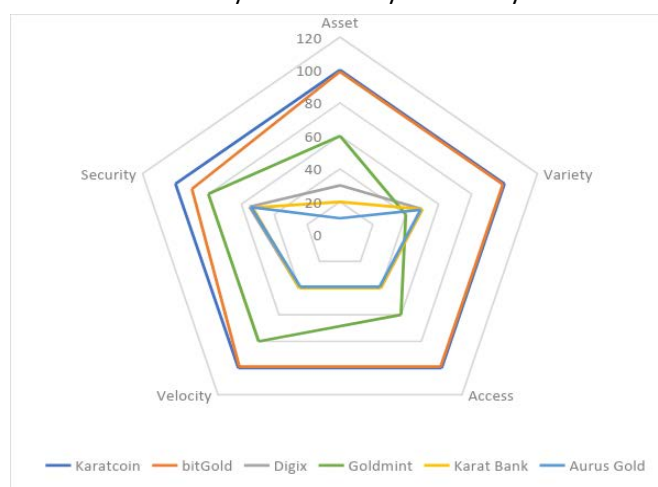


Figure 6: PERCEPTUAL MAP – UNDERLYING REAL ASSET VS. VARIETY OF PRODUCTS ON THE DECENTRALIZED MARKET

Karatcoin, as evidenced by the Perceptual Map above, is positioned in the upper right corner thanks to the wide range of products available in its marketplace and 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.

From the same map you can see that there are two distinct groups - cryptocurrencies and crypto-assets. When it comes to the listed cryptocurrencies, Ethereum and Cardano truly stand out for their variety because their blockchains allow developers to utilize smart-contracts to create elaborate processes and decentralized applications.

In the crypto-assets, we find among the worst to be Aurus and Karat Bank, which in addition to having projects that are difficult to achieve given the lack of technical quality, both base their projects on fractions of real assets, or on assets that they do not have yet and they will have to collect from users from time to time.



Goldmint proposes a utopian project (see their Custody Bot), and Digix, despite the past and its market cap, is now an outdated project. It is completely based on Ethereum, and its transactions (which provide for confirmation of individual gold sellers from time to time) are very slow and expensive.





















BitGold is the true antagonist of Karatcoin. It has a long history, a wide range of products that are very competitive on the market, as well as a very well-rounded team.

Figure 7: RADIAL CHART – DIRECT COMPETITORS, KEY POINTS ANALYSIS

As can be seen from the Radar Chart (Figure7), 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 JS, as well as including a wide range of gold products from gold ingots to our accumulation plan.

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		PoW	✓	✓	✓	✓	X	X	✓
 bitGold		PoW	X	✓	X	✓	X	X	X
 Goldmint	 BitShares	PoS	✓	✓	✓	✓	X	X	✓
 Bitcoin		PoW	X	✓	X	X	X	X	✓
 Ethereum		PoW	✓	✓	X	X	X	X	✓
 Ripple		RPCA*	X	✓	X	X	X	X	✓
 Litecoin		PoW	X	✓	X	X	X	X	✓
 Bitcoin Cash		PoW	X	✓	X	X	X	X	X
 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 Private Placement 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.

The 4 P's of Marketing

Utilizing the proper marketing mix is a crucial tool to help successfully brand what the product or service can offer to the global marketplace. and we will accomplish this through the successful application of the 4 P's of marketing: Price, Product, Promotion, and Place.

In the future, after Karatcoin becomes an established reality, we'll promote our products in the marketplace, and I Karatcoin in general, with experts from our team, but for now, the 4 P's will constitute the backbone of our initial market launch.

Product

From our product portfolio customers can maintain a form of savings as well as an investment in cryptocurrencies. That investment is suited to their individual needs, from the most aggressive who want to trade our cryptocurrency, to the most conservative that wants to accumulate a safe-haven asset like gold. Additionally, in order to beat inflation, our customers will be protected by our Certificates that have both a fixed maturity and semi-annual coupons paid in KCG.

Our products will be available in a marketplace developed inside our blockchain, and it will also be the first to have a comprehensive product portfolio along a DPoS consensus that will allow a triple advantage in validation speed, safety, and rewards for cryptocurrency holders.

Price

During the Token Sale, customers will have discounts as a percentage of the Selling Price (DAO Tokens).

Unlike other decentralized competitors, our gold products will be more competitive thanks to the property blockchain that will reduce transaction costs below the market average. Thanks to our Trust, we will also benefit from the BBO price by comparing the best prices offered by our partner refineries.

Place

Customers can easily access our products through brokers, banks, or online from our website.

Additionally, these services will be available during the Token Sale (Presale, ICO, PPO/SAFT).

Promotion

During the initial phase of the Token Sale, a very aggressive marketing campaign will be adopted with articles on various blogs, newspapers, social campaigns, newsletters, and Google ads.

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 (Karat 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 contracts 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 1st 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.

Products 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 saw 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.

Company and Product Offering

Vision

Our vision is to create a people-powered, new economy that offers decentralized financial services that ensure both stable investments, as well as aggressive investments linked to market fluctuations and the desire for future growth and projects. 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 also has a consultancy system that focuses on the development and 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 money using gold cards. Our ambition is to create a platform where millions of investors go to find the best gold opportunities to trade without worrying about the traceability.

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 involved in the verification and selection process.

These mines will pay the interest due with physical gold extraction (doré gold bars, gold nuggets, gold dust, etc.) which will be conferred at the official refinery, then turned into gold ingots on our behalf. By utilizing this strategy, we will be able to minimize the costs related to transport and related taxes by leaving the raw material in its place of origin, protected in an authorized vault, which optimizes transactions on our blockchain by allowing a more advantageous price for gold.

Milestones

2017 4th Quarter

Concept Creation

The idea arose from the collaborative research conducted both in the commodities sector, which the founders specialized in, and the emerging market of cryptocurrencies.

Having seen the massive global demand and great potential for the emerging crypto market and having also analyzed sufficient market research to launch the business idea, the founders decided to create a platform to trade gold in the decentralized world.

Core Team Hired

The first freelancers who contributed to the creation of the site, as well as the first platform developments, were recruited and created.

Website Goes Live

Purchased domain and designed a highly interactive, state-of-the-art website.

Transposition of images for the website through the use of HTML, JavaScript, and CSS.

2018 1st Quarter

White Paper Created

The White Paper was created by comprehensively integrating our vision, our mission, our products, the procedures of the smart-contracts, broad market analysis, the goals, the roadmap, a summary analysis of the gold mines, as well as the Token Sale.

In-Depth Market Analysis | Audience Research | Competitor Analysis | Marketing Research

Detailed research on the cryptocurrency market and the gold trade is conducted through different financial frameworks (Business Model (Baden-Fuller & Haefliger, 2013), PESTLE, Porter's Five Forces), audience research, competitor analysis, as well as marketing research (through SWOT, Segmentation, Targeting and Positioning (STP)) is duly included in the Business Plan.

Creation of Proof of Asset

The technical team develops the necessary protocol validation for gold assets within the blockchain.

Business Plan Created

Create the Business Plan with collaborative research from both the Financial and Technical Sectors.

2018 2nd Quarter

Define Minimum Viable Ecosystem (MVE)

From our innovative research, a prototype of the Karatcoin project is started. The team begins to work on the business strategy for growth development. We will develop an MVE concept as an optimal ecosystem of stakeholders and value flows to ensure the right set of knowledge, skills, and capabilities. It will evolve through continuous learning acquired through stakeholder adoption and habit formation, with knowledge, skills, and capabilities being continuously edited over time.

Onboard Business Partners, Business Stakeholders

First beta clients are tested to evaluate the degree of enjoyment the platform creates. Initiate collaborations with new Business Partners and new Business Stakeholders.

Develop Functional and Technical Architecture

Development and definition of technical and functional architecture for the successful launch of the project under the guidance of the technical members of the team.

Technical White Paper Created

The Tech White Paper was created by comprehensively integrating all our processes, blockchain specs and codes we're working on.

Core Technology Work Group

Assigning roles of Core Technology Work Group that will be responsible for the successful completion of the product.

Presale

Presale programmed. The money collected during this step will be used mainly for the initial development of the platform, as well as the marketing necessary for the success of the Initial Coin Offering (ICO).

2018 3rd Quarter

ICO

Karatcoin will launch a public ICO to distribute KCD (Karatcoin DAO) with a bonus that starts at 16%.

Identify KC Foundation Board Members

In this step we identify the possible future Board Members of the Foundation.

Collection of Requests for Financing Mines

We will open a specific section on our website where gold mine owners can submit the necessary documents for an initial verification.

Announce Financial and Refinery Partners

The names of the refineries and financial partners with whom commercial and financial agreements have been made are announced. As the company grows and extends its operations over several continents, the names of the new commercial and financial partners will be published on the Karatcoin website.

Start Blockchain Development

C++ developing on top of EOS technology.

Load Testing on KC Blockchain

Start first operation tests of the blockchain transactions.

Beta version of our DApp

Beta working demo version of our decentralized application.

Onboard Beta Clients

First beta clients to test the degree of enjoyment of the platform. Start collaborations with new Business Partners and new Stakeholders.

Development of Proof of Asset (PoA) and Other Processes Inside the KC Blockchain

Start development of the processes necessary for the platform.

Test PoA and all processes (Registration, Audit, Mint, Redemption)

Testing all processes necessary to the operation of the platform and interactions with the blockchain wallets.

2018 4th Quarter

DAO Tokens Allocation

Distribution of DAO tokens generated during the ICO to all the owners into their wallets.

Whitelist and 1° Private Placement Reserved for Institutional Investors, International Funds, and Venture Capital

First Private Placement using a SAFT (Simple Agreement for Future Tokens) for selling our gold products for the Karat Blockchain.

Join Foundation

We will begin the necessary procedures for the opening of the Karat Foundation; a non-profit organization whose main purpose is the support and welfare of the workers in our gold mines.

Election of Karat Foundation Board Members

With this initial meeting between the founding members, the committee of the competent bodies will be determined (Board Members).

Preparation of Accompanying Documents for the Gold Certificates and the Gold Cards

Detailed description accompanying documents relating to investment instruments such as gold certificates and gold cards.

Start Selection of Requests for Financing Mines

Karat Foundation will conduct analyses, studies, as well as economic impact assessments which are grounded in the field of social economics (at both the national and international level) that aim at developing public planning that is socially effective and creates social and ethical value.

Launch Own Blockchain

After the tests, the Karatcoin's Blockchain is launched.

Start Developing Blockchain Gateways

Start development of Gateways to facilitate the use of Karatcoin to third parties.

Start Development of Marketplace Platform

Start Development of Marketplace Platform where gold products will be sold directly to customers.

2019 1st Quarter

Issuance Of 1° Block of Gold Certificates

The first tranche of Gold Certificates is issued with interest at a fixed rate of 5% to 6% for the duration of 1 to 5 years with semi-annual coupons.

Issuance Of 1° Block of KCG (Karatcoin Gold Tokens) Allocated into Gold Cards Wallet

First KCG tokens with a face value of 1gr. of gold each are issued on Gold Cards and can be used both as an investment (for example, by joining pension accumulation plans), or as an exchange currency from one wallet to another.

Launch Alpha Version of DApp

First version of our decentralized application.

Test Blockchain Gateways

With the new aggregate technical group, we will test gateways that will facilitate communication with banks and other blockchains in order to have better exchange rates and faster execution times.

Announce Technology Partners

We will announce new technology partners that will bring further improvements to the platform, thus creating strategic linkages with financial institutions for creating the debit card.

Take Karatcoin into Full Production

A new section of the DApp is opened to integrate the gold mines that will be financed. This section will be useful to all KCX owners in order to view the details on the progress of the work, funding that has been given, as well as the interest accumulated.

Start Migration Process DAO Tokens

The KCD kept in Ethereum wallets will migrate into our blockchain in a 1:1 ratio becoming KCX; tokens that will give the right to validate the transactions in the Karat Blockchain.

2019 2nd Quarter

Public Voting for Financing Gold Mines

Public votes among Karatcoin stakeholders to choose the gold mines to be financed.

Charity Fundraising

We will start the charity fundraising campaigns for small gold mining companies, as well as for individual miners, in order to improve their quality of life.

Whitelist and 2° Private Placement for Institutional Investors, International Funds, and Venture Capital

Second Private Placement for selling our gold products for the Karat Blockchain.

Start Financing Selected Gold Mines (5 Tranches Of 20% Work Progress Report)

Complete the Due Diligence on the requests received and define what gold mines are suitable for funding. We move on to the deliberation phase and start the procedures for launching the financing plan.

Launch Blockchain Gateways

The tested gateways are now open to the public for their use in the Karat Blockchain.

Issuance Of 2° Block of Gold Certificates

The second tranche of Gold Certificates is issued with interest at a fixed rate of 5% to 6% for the duration of 1 to 5 years with semi-annual coupons.

Issuance Of 2° Block of KCG (Karatcoin Gold Tokens) Allocated into Gold Card Wallets

Second issuance of KCG tokens with a face value of 1gr. of gold each are allocated on Gold Cards. They can be used both as an investment (for example, by joining pension accumulation plans), or as an exchange currency from one wallet to another.

Forecast

Launch Debit Card

The Debit Card with KCG tokens as currency is launched. It will be used by any company that accepts debit cards or credit cards from the network partner.

Enter into the US/Canada Stock Market

Karatcoin has established itself in the decentralized market, while the organization has also evolved internationally by creating all of the needed connections to consolidate its market position on a global level. With this accomplished, it then enters the US / Canada Stock Market for its listing.

The Crypto Asset

Assumption

- Cost and buyback are 100% based on LBMA price of gold.
- 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.

Gold Price

The price for any purchase or redemption of gold is based on the Best Bid or Offer in each of our respective vault locations.

This ensures the most accurate price available for the front-end user.

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 monthly checked by an external authorized auditor.

All KCG transactions 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).

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.

Fees and Rewards

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.

The Blockchain

Our custom blockchain ([Blockchain Comparison Overview](#)) 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 ([Consensus Comparison Overview](#)). 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.

Advantages of EOS technology

Design Philosophy

- Provide all of the cryptography and app/blockchain communication functions to allow developers to focus on their business-specific logic functions
- Generalized role-based permissions
- Web toolkit for interface development
- Self-describing interfaces
- Self-describing database schemes
- Declarative permission scheme

Consensus Mechanism & Governance

- Delegated Proof of Stake
- Mechanism to freeze and fix broken or frozen applications
- A legally binding constitution establishes a common jurisdiction for disputes
- EOS will also include self-funded community benefit apps selected by vote
- No risk of fork spawning multiple chains

Scalability

- Single-threaded performance of 10,000-100,000 transactions per second
- Parallelization will scale the network to millions of transactions per second
- Supports thousands of commercial scale decentralized applications
- Asynchronous communications
- Separates authentication from execution
- Does not require counting operations

Denial-of-Service Attacks

- The ownership of EOS tokens gives users a proportional stake in the network bandwidth, storage, and computing power
- Spammers can only consume the proportion of the network that their EOS tokens entitle them to
- Denial-of-service attacks on a given app cannot disrupt the entire network

- Startups with a very small stake in the network will have guaranteed, reliable bandwidth and computational power

Economics of the Network

- Ownership model
- Owning EOS tokens gives a proportional share in network bandwidth, storage, and processing power
- Reliable, predictable network bandwidth and computing power for small businesses
- Relatively small investment for minimum bandwidth and computing power
- Zero transaction fees, no cost for developers except the initial EOS tokens

Delegated proof of stake (DPoS)

A variation of proof of stake in which the responsibility for creating blocks is delegated to third party nodes, known as "witnesses."

Delegated Proof of Stake (DPOS) is the fastest, most efficient, most decentralized, and most flexible consensus model available.

- DPOS leverages the power of stakeholder approval voting to resolve consensus issues in a fair and democratic way.
- All network parameters, from fee schedules to block intervals and transaction sizes, can be tuned via elected delegates.
- Deterministic selection of block producers allows transactions to be confirmed in an average of just 1 second.
- The protocol is designed to protect all participants against unwanted regulatory interference.
- DPoS also allows for reliably confirmed transactions every 10 seconds. With Bitcoin, this takes six confirmations at average time of 10 minutes each.
- It works by using reputation systems and frictionless, real-time voting to create a panel of limited trusted parties. These parties then have the right to create blocks to add to the Blockchain and prohibit un-trusted parties from participating.
- The panel of trusted parties take turns creating blocks in a randomly assigned order that changes with each iteration.

The Bancor Integration

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.

- Bancor Protocol is standard for the creation of Smart Tokens, cryptocurrencies with built-in convertibility linked directly to their smart contracts.
- Bancor utilizes an innovative token "connector" method to enable formulaic price calculation and continuous liquidity for all compliant tokens, without needing to match two parties in an exchange.
- Smart Tokens interconnect to form token liquidity networks, allowing user-generated cryptocurrencies to thrive.

What Does it Means for Karatcoin?

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).

The Foundation

The Karat Foundation ([Full Document Overview](#)) will be governed by a board of directors composed of no less than 5 and no more than 10 individuals who are either investors, founders, partners, advisors, or team members of Karatcoin.

Introduction

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

All members and staff of the Foundation are 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 have an obvious impact at the global level.

Vision

Our vision predicts that an increase in the mining gross domestic product will result in significant social and economic change.

The Karat Foundation seeks to support community and civil society organizational initiatives that aim to ensure benefits are enjoyed by all miners, while also ensuring that any negative impacts are avoided or minimized. It is for this reason that we decided that a specific foundation will be created whose purpose will be to support community initiatives.

We would like to listen and understand people's experiences and views regarding the different problems of gold mines, and as we have stressed, we want to help communities and civil society organizations work towards minimizing negative impacts while ensuring benefits are enjoyed by all.

DAO

Decentralized Autonomous Organization.

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

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

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

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.

The 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 ReactJS 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.

Adoption, Integration & Collaboration

Adoption

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

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.

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 among the most popular ones to facilitate exchanges.
- Adding the exchange of financial instruments such as Gold Certificates within the marketplace.

Business Model

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

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

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 reward, as well as receiving interest on loans given to gold mines.

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.

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.

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 get rewards, and the rewards vary depending on the number of transactions for each block.

Operations

The DAO Token

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 KC Blockchain in a 1:1 ratio once the Blockchain is ready.

The Crypto-Currency

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 active income that will be perceived from funding the selected mines.

It will also be used as a stake to validate blocks on the blockchain.

The Crypto-Asset

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 Gold Certificates

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.

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

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.

The 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.

Management Summary

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.

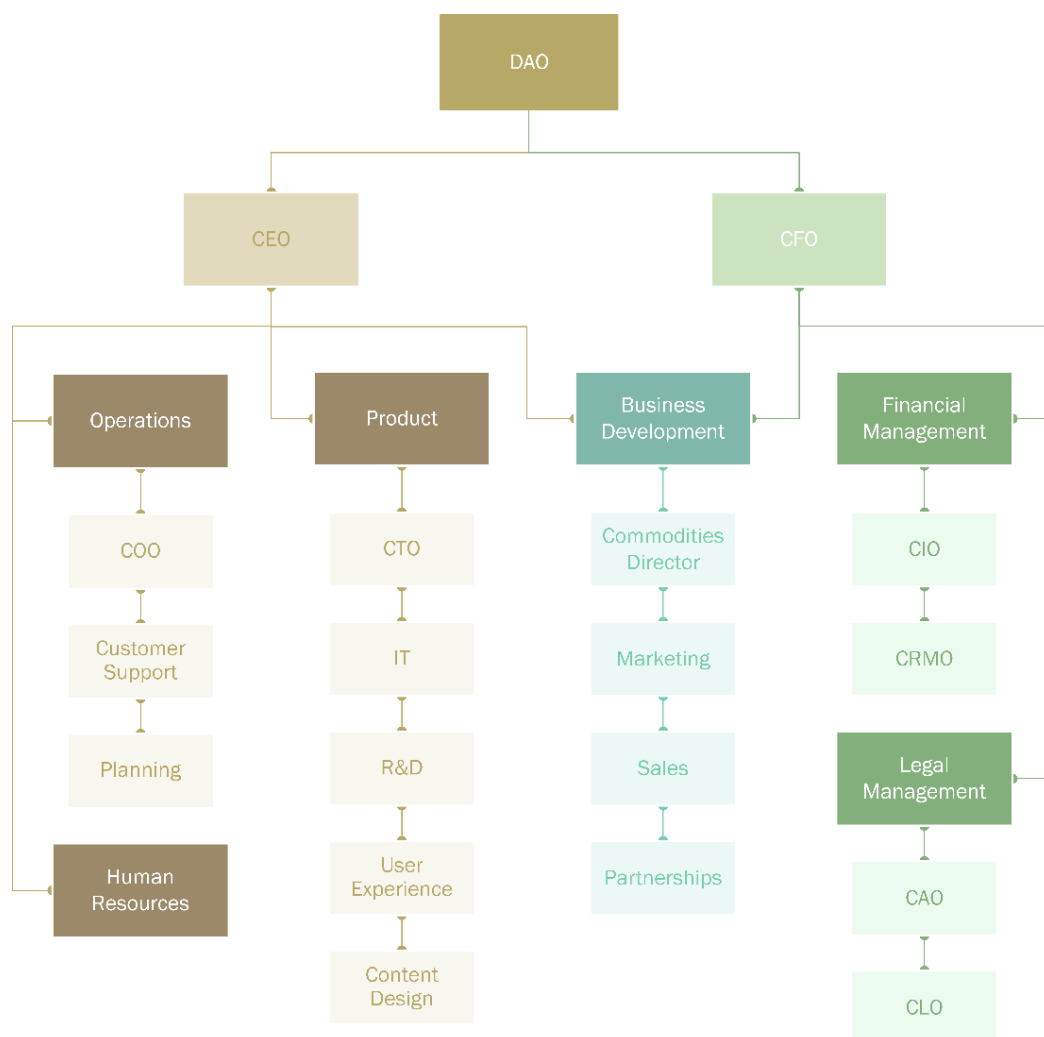


Figure 8: DAO organizational chart

The organizational chart 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. manage team of financial controllers, financial advisors and financial analysts.

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.

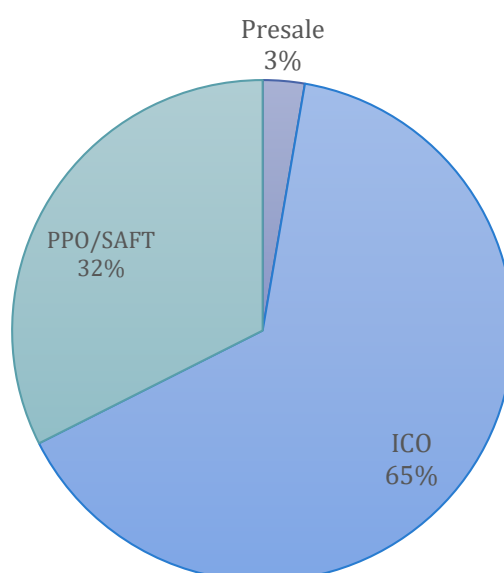
Financial Plan (light version)

Key Financial Information

Tokens Allocated	\$ Tokens	Products Value	Gold Price	Certificate Value	DAO token value
1,000,000,000	\$100,000,000	\$100,000,000	\$43.14	\$1,000	\$0.10

	% Share	% Bonus	Tokens Allocated	\$ Tokens	Bonus Tokens	Bonus value
Presale	1.00%	30.00%	10,000,000	\$1,000,000.00		\$300,000.00
ICO	24.00%	10.58%	240,000,000	\$24,000,000.00		\$2,539,200.00
PPO/SAFT	12.00%	75.00%	120,000,000	\$12,000,000.00	90,000,000	\$9,000,000.00

Token Sale

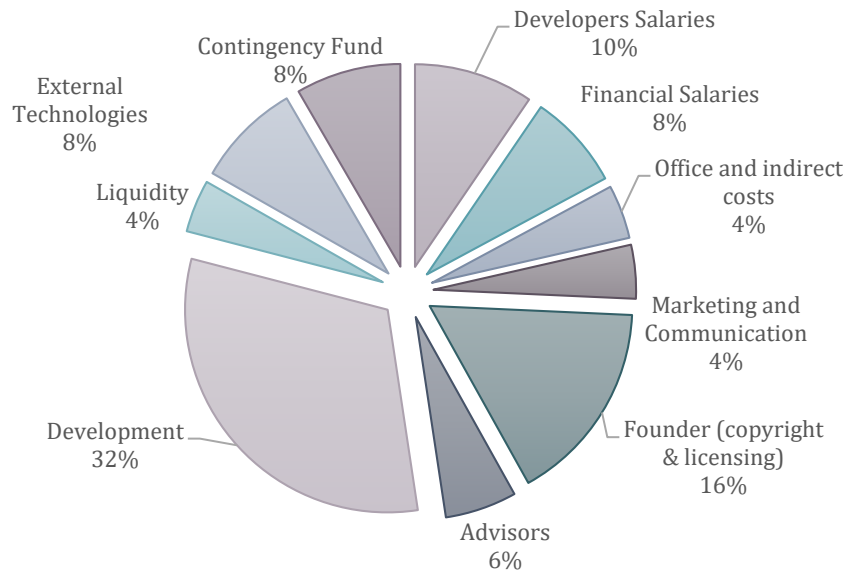


The Token Sale sold to the public and private investors is divided into 3 phases. The first phase includes a Presale with a fixed bonus that will cover the first costs relating to the development and marketing.

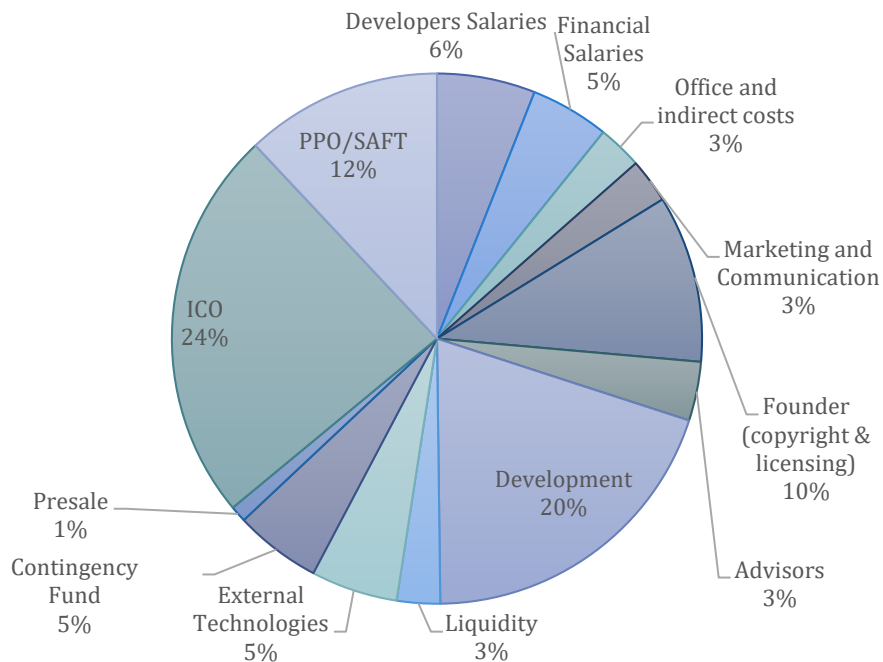
The second phase includes an ICO with a scale bonus which will allow the establishment of the DAO.

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.

DAO Development Costs



Detailed Token Distribution



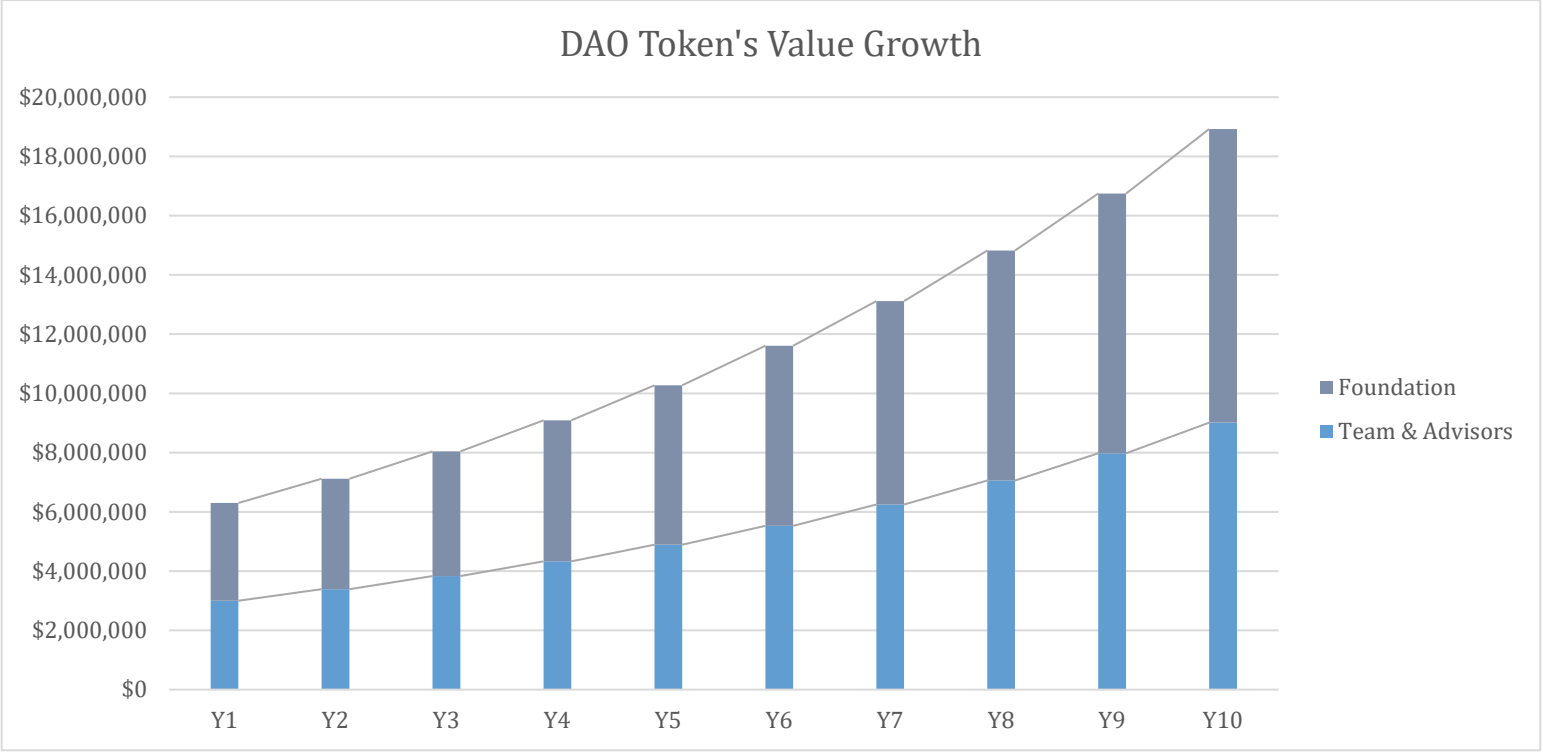
To protect and preserve the growth of the project from possible inflation and external attacks, we have planned a 10-year maturity period for the DAO Tokens. The graph shows a distribution of tokens year on year with the same starting quote value of \$ 0.10.

It will have to be hold into consideration, as a result of company growth, with an increase in gold reserves and with an increase in allocation of gold products it's obvious that also the value of the DAO token will have its growth.

% DAO TOKEN DISTRIBUTION											
	%	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Foundation	33%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%
Token sale	25%	25.0%									
Team	26%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%
Advisors	4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%
PPO Fund	12%	3.6%	8.4%								
Total	100%	34.9%	14.7%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%	6.3%
NR. DAO TOKEN DISTRIBUTION											
	%	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Foundation	33%	33,000,000	33,000,000	33,000,000	33,000,000	33,000,000	33,000,000	33,000,000	33,000,000	33,000,000	33,000,000
Token sale	25%	250,000,000									
Team	26%	26,000,000	26,000,000	26,000,000	26,000,000	26,000,000	26,000,000	26,000,000	26,000,000	26,000,000	26,000,000
Advisors	4%	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
PPO Fund	12%	36,000,000	84,000,000								
Total	100%	349,000,000	147,000,000	63,000,000	63,000,000	63,000,000	63,000,000	63,000,000	63,000,000	63,000,000	63,000,000
\$ DAO TOKEN DISTRIBUTION											
	%	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Foundation	33%	\$3,300,000	\$3,300,000	\$3,300,000	\$3,300,000	\$3,300,000	\$3,300,000	\$3,300,000	\$3,300,000	\$3,300,000	\$3,300,000
Token sale	25%	\$22,460,800									
Team	26%	\$2,600,000	\$2,600,000	\$2,600,000	\$2,600,000	\$2,600,000	\$2,600,000	\$2,600,000	\$2,600,000	\$2,600,000	\$2,600,000
Advisors	4%	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
PPO Fund	12%	\$900,000	\$2,100,000								
Total	100%	\$29,660,800	\$8,400,000	\$6,300,000	\$6,300,000	\$6,300,000	\$6,300,000	\$6,300,000	\$6,300,000	\$6,300,000	\$6,300,000
Cash Flow		\$100,000,000	\$70,339,200	\$61,939,200	\$55,639,200	\$49,339,200	\$43,039,200	\$36,739,200	\$30,439,200	\$24,139,200	\$17,839,200

10yr. Token's Value Growth

% Y Increment	13.00%																			
	Y1		Y2		Y3		Y4		Y5		Y6		Y7		Y8		Y9		Y10	
Project	Tokens	Value	Tokens	Value	Tokens	Value	Tokens	Value	Tokens	Value	Tokens	Value	Tokens	Value	Tokens	Value	Tokens	Value	Tokens	Value
Team & Advisors	30,000,000	\$3,000,000	30,000,000	\$3,390,000	30,000,000	\$3,830,700	30,000,000	\$4,328,691	30,000,000	\$4,891,421	30,000,000	\$5,527,306	30,000,000	\$6,245,855	30,000,000	\$7,057,816	30,000,000	\$7,975,333	30,000,000	\$9,012,126
Developers Salaries	6,000,000	\$600,000	6,000,000	\$678,000	6,000,000	\$766,140	6,000,000	\$865,738	6,000,000	\$978,284	6,000,000	\$1,105,461	6,000,000	\$1,249,171	6,000,000	\$1,411,563	6,000,000	\$1,595,067	6,000,000	\$1,802,425
Financial Salaries	4,800,000	\$480,000	4,800,000	\$542,400	4,800,000	\$612,912	4,800,000	\$692,591	4,800,000	\$782,627	4,800,000	\$884,369	4,800,000	\$999,337	4,800,000	\$1,129,251	4,800,000	\$1,276,053	4,800,000	\$1,441,940
Office and indirect costs	2,700,000	\$270,000	2,700,000	\$305,100	2,700,000	\$344,763	2,700,000	\$389,582	2,700,000	\$440,228	2,700,000	\$497,457	2,700,000	\$562,127	2,700,000	\$635,203	2,700,000	\$717,780	2,700,000	\$811,091
Marketing and Communication	2,700,000	\$270,000	2,700,000	\$305,100	2,700,000	\$344,763	2,700,000	\$389,582	2,700,000	\$440,228	2,700,000	\$497,457	2,700,000	\$562,127	2,700,000	\$635,203	2,700,000	\$717,780	2,700,000	\$811,091
Founder (copyright & licensing)	10,200,000	\$1,020,000	10,200,000	\$1,152,600	10,200,000	\$1,302,438	10,200,000	\$1,471,755	10,200,000	\$1,663,083	10,200,000	\$1,879,284	10,200,000	\$2,123,591	10,200,000	\$2,399,658	10,200,000	\$2,711,613	10,200,000	\$3,064,123
Advisors	3,600,000	\$360,000	3,600,000	\$406,800	3,600,000	\$459,684	3,600,000	\$519,443	3,600,000	\$586,970	3,600,000	\$663,277	3,600,000	\$749,503	3,600,000	\$846,938	3,600,000	\$957,040	3,600,000	\$1,081,455
Foundation	33,000,000	\$3,300,000	33,000,000	\$3,729,000	33,000,000	\$4,213,770	33,000,000	\$4,761,560	33,000,000	\$5,380,563	33,000,000	\$6,080,036	33,000,000	\$6,870,441	33,000,000	\$7,763,598	33,000,000	\$8,772,866	33,000,000	\$9,913,338
Development	19,800,000	\$1,980,000	19,800,000	\$2,237,400	19,800,000	\$2,528,262	19,800,000	\$2,856,936	19,800,000	\$3,228,338	19,800,000	\$3,648,022	19,800,000	\$4,122,264	19,800,000	\$4,658,159	19,800,000	\$5,263,720	19,800,000	\$5,948,003
Liquidity	2,640,000	\$264,000	2,640,000	\$298,320	2,640,000	\$337,102	2,640,000	\$380,925	2,640,000	\$430,445	2,640,000	\$486,403	2,640,000	\$549,635	2,640,000	\$621,088	2,640,000	\$701,829	2,640,000	\$793,067
External Technologies	5,280,000	\$528,000	5,280,000	\$596,640	5,280,000	\$674,203	5,280,000	\$761,850	5,280,000	\$860,890	5,280,000	\$972,806	5,280,000	\$1,099,271	5,280,000	\$1,242,176	5,280,000	\$1,403,659	5,280,000	\$1,586,134
Contingency Fund	5,280,000	\$528,000	5,280,000	\$596,640	5,280,000	\$674,203	5,280,000	\$761,850	5,280,000	\$860,890	5,280,000	\$972,806	5,280,000	\$1,099,271	5,280,000	\$1,242,176	5,280,000	\$1,403,659	5,280,000	\$1,586,134
Tot. Budget Costs	63,000,000	\$6,300,000	63,000,000	\$7,119,000	63,000,000	\$8,044,470	63,000,000	\$9,090,251	63,000,000	\$10,271,984	63,000,000	\$11,607,342	63,000,000	\$13,116,296	63,000,000	\$14,821,415	63,000,000	\$16,748,198	63,000,000	\$18,925,464





KARATCOIN
Straight to Gold Mines