

SMART GOLD

Blockchain asset backed by extraction
and production of real gold.

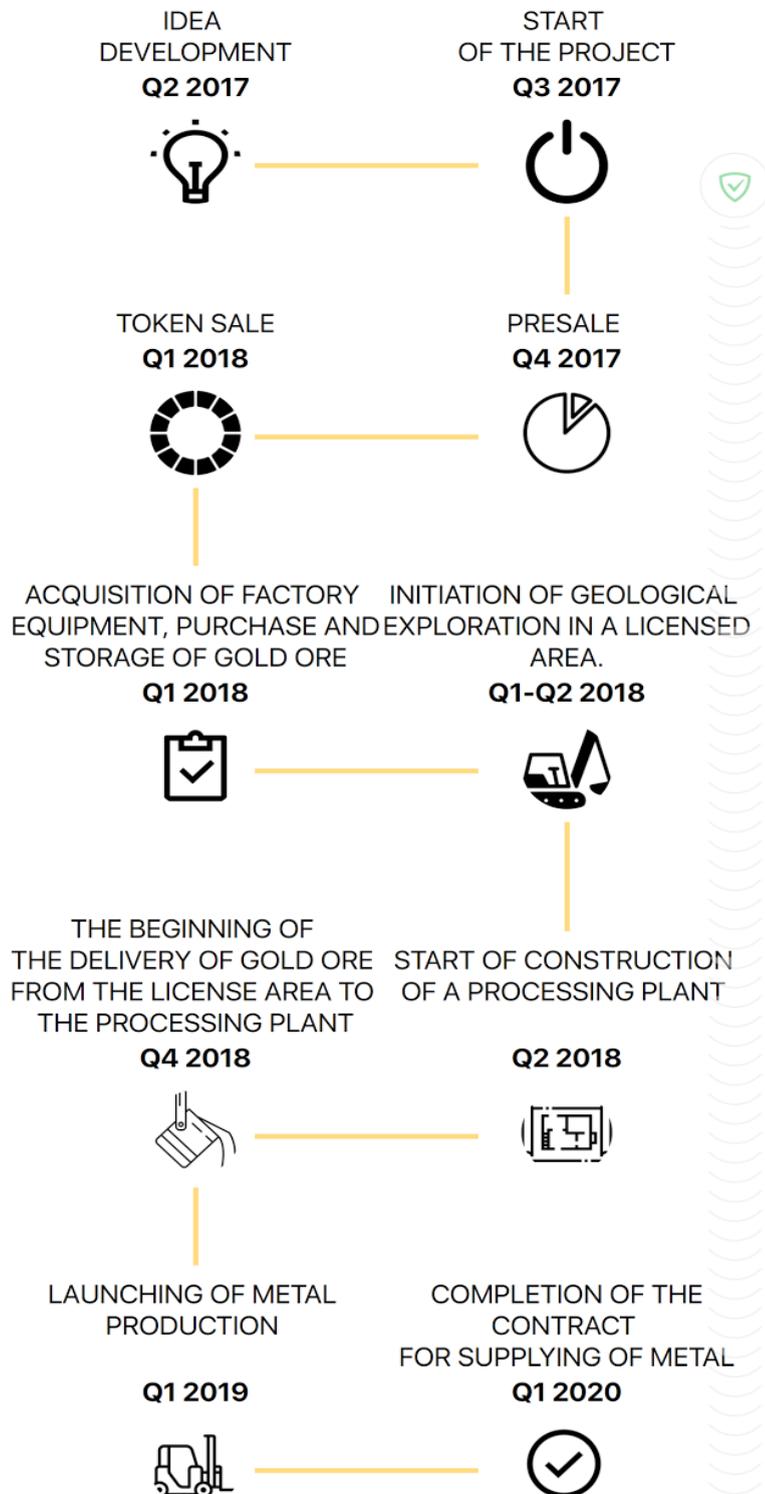


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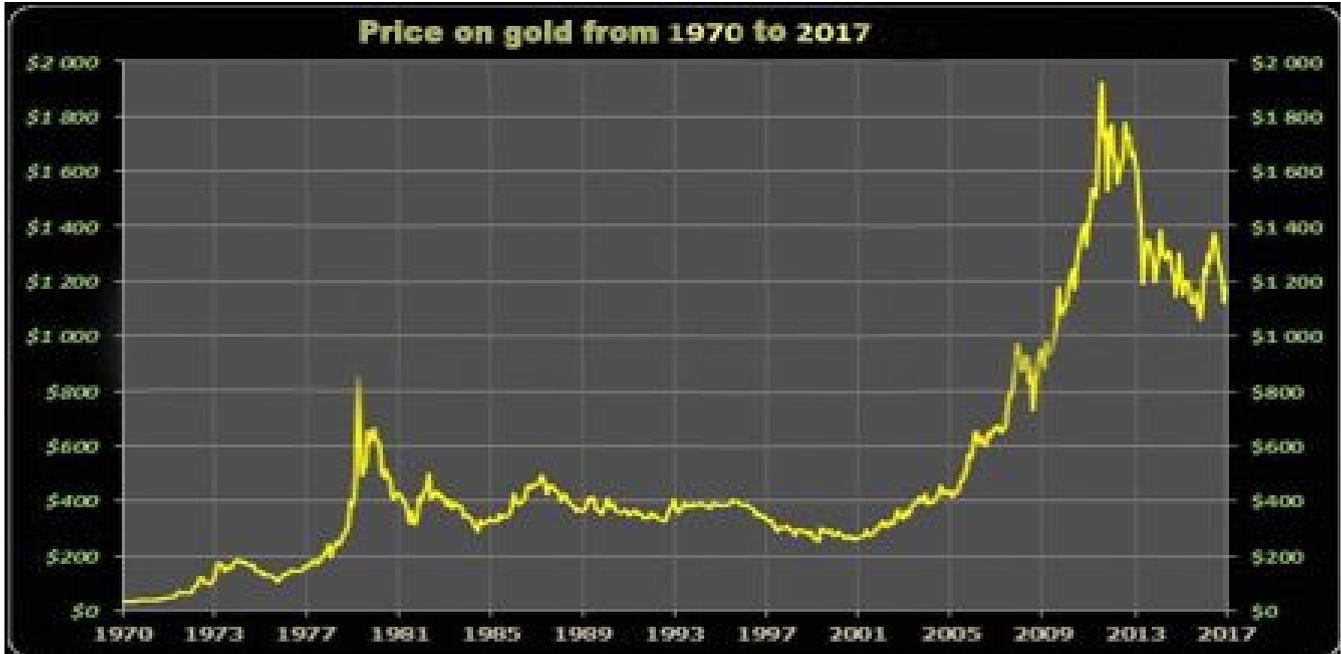
Introduction

The blockchain technology is coming into maturity. One of the evidences is the growing attention on the part of the state to regulating or at least establishing clear rules for the circulation of cryptocurrencies and tokens.

In many ways, the tasks that need to be addressed to all of the market participants are related to the definition of the blockchain as a real financial tool.

Our project offers a simple process of involving the blockchain in the real economy. The core economic idea: traditional risks of exploration and production of gold are exchanged for risks of volatility of cryptocurrencies and tokens (insecurity with valuable liquid assets and protection from inflation). The release of tokens is secured by a contract for the supply of goods. Fixing the risks ratio occurs in the price of the purchase of goods in the form of a discount from the market price and is fixed in a unit of physical mass. The commodity of the contract is gold, which is a universal measure of value.

These solutions create a simple secure investment tool for secondary circulation being an accurate measure of the value expressed in a unit weight and fulfilling the classical role of gold.



We have prepared a co-investment project for the simultaneous start of gold production and development of the gold deposit.

The Main Idea

The goal of the project is to release 1,000,000 (one million) SGT tokens to raise funds for the construction of the gold plant and to start the extraction of gold concentrate in Tanzania. Owners of tokens become co-owners of the Main Contract for the supply of gold. One token is equal to 1 g of gold from the Main Contract for the supply of physical gold in the amount of 1 ton (one ton or one million grams). The contract is signed with the local partner company for gold mining for the supply of gold in the period starting since the launch of the gold-recovery plant (the gold plant). The delivery time of the metal under the contract is December 2018 to March 2020.

- The unit of mass of Precious metal is troy ounce which is 31.1034768 grams.
- The purity of gold corresponds to the international standard "London Good Delivery".
- The mass of pure gold in the gold ingot is from 350 to 450 troy ounces (10,886 g - 13,754 g).
- The weight of each ingot is expressed in troy ounces and is a multiple of 0.025 ounces.
- The purity of the metal is not less than 999 parts of chemically pure gold per 1,000 shares of the ligature mass.
- The ingot is marked as follows: serial number, fineness, brand of the manufacturer, year of manufacture.



Token-Sale is conducted on the Universa platform.

The goal is to collect the equivalent of 14.2 Million U.S. dollars for financing of the Main Contract for the supply of 1.0 ton (One Million grams) of gold.

The transfer of metal under the contract to the owners of the tokens can be carried out in a physical form according to a pre-submitted order. After receiving the metal the buyer transfers the metal for storage to an international bank. After receiving the metal under the contract in full the buyer will open a metal account within 45 days. The buyer will enter into a contract with the escrow agent, the same bank is possible, and with the register of token holders. Detailed instructions will be published completely after the completion of the Pre-Sale.

Project Description

Tanzania, a former British colony in the equatorial part of East Africa, gained independence in the 1960s. The population is 45 million people, the area is 945 thousand square kilometers. This is the third country in Africa in terms of gold reserves and production.

One of the most promising gold-bearing areas is the Chunya gold ore field.

The Chunya gold field is located on the southern flank of the Tanzanian craton and is confined to a horst, which is triangular in plan, bounded by North, Usangu and Rukwa faults.

The gneisses, schists of the crystalline Archaean-Early Proterozoic basement and rocks of the greenstone formation of the Middle Proterozoic were breached by intrusions of different ages of gabbro-diorite-granite series, including granites and granodiorites of the Chunya-Saza complex which are associated with gold mineralization.

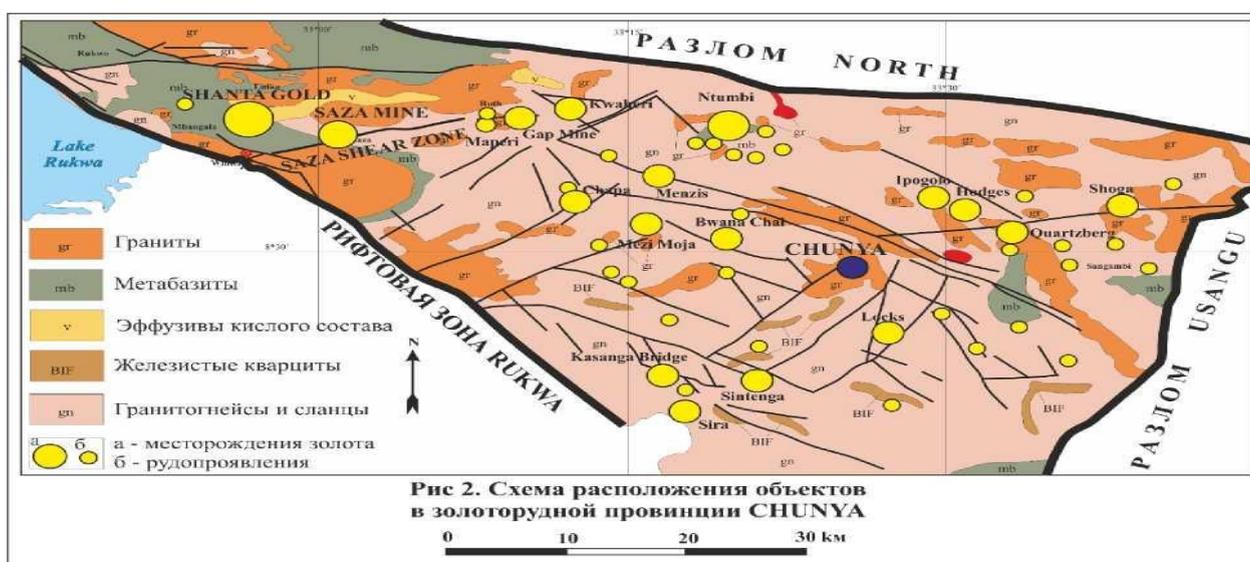
These areas are known for more than 60 large gold veins, some of which are of industrial interest, and many small ones. The length of the veins and zones varies from 20-50 m to 5 km with an average length of up to 300-500 m. The thickness of veins and mineralized zones varies from a few centimeters to 5 and more meters, with an average thickness of about 1 m. The veins usually have a subvertical dip, but some of them are inclined and have almost horizontal deposits. The gold content varies widely from a few grams per ton to kilograms per ton.

There are both individual quartz veins and veins that form close subparallel structures. Often these structures are accompanied by zones of silicification, quartz veinlets, mineralized zones in the host rocks forming stockworks.

Of the major gold producers in the region there is a company called Shanta Gold <http://www.shantagold.com/> and Chinese SunShine Mining <http://sunshinegroupltd.co.tz/groupcompanies/sunshine-mining-ltd.html>

Small gold mining is highly developed in the area. Mainly quartz veins are mined manually, less often compressors and excavators are used. The miners mill crude ore in small ball mills, the resulting ore sand is washed on the deck, and the concentrate remaining on the canvas is amalgamated. Small and bound gold does not stay on the deck and goes into tails. According to experimental and laboratory data, from 30 to 60% of gold remains in the tails. Tails are accumulated, and then either sold or processed by the method of tank leaching, which is very

common in the area. The tank leaching is also not the most perfect method, due to which 50 to 70% of gold is extracted from the tailings, however, in view of the low construction cost, it is quite popular there. Currently, there are about 100 of such plants in the region with a total capacity of 300 kg of gold per month. Tails with a content of 5 to 10 grams / tonne are considered as rich gold-bearing tails, whereas secondary tailings consist of 0.5 to 1.5 g/t of gold, which are simply stored. Some of these sites have accumulated more than 100 thousand tons of secondary tailings.



The project of creating gold recovery production is based on the rich resource potential of the Chunya gold ore region and the accumulated secondary gold-bearing raw materials. The contract for the supply of gold serves as a reliable method of placing investments for partners.

The attracted investments are directed towards:

1. The construction and launch of a gold-extracting plant for the processing of tailings and ore with a capacity of 80,000 tons per year. Such a plant is capable of extracting up to 95% gold.

The plant will be built at the selected site in the area of a large gold ore junction, with a large concentration of rich ore.

Fresh tails will be bought out in the district and brought for processing to the plant from the start of the project. By the beginning of the production a filled ore store will be formed.

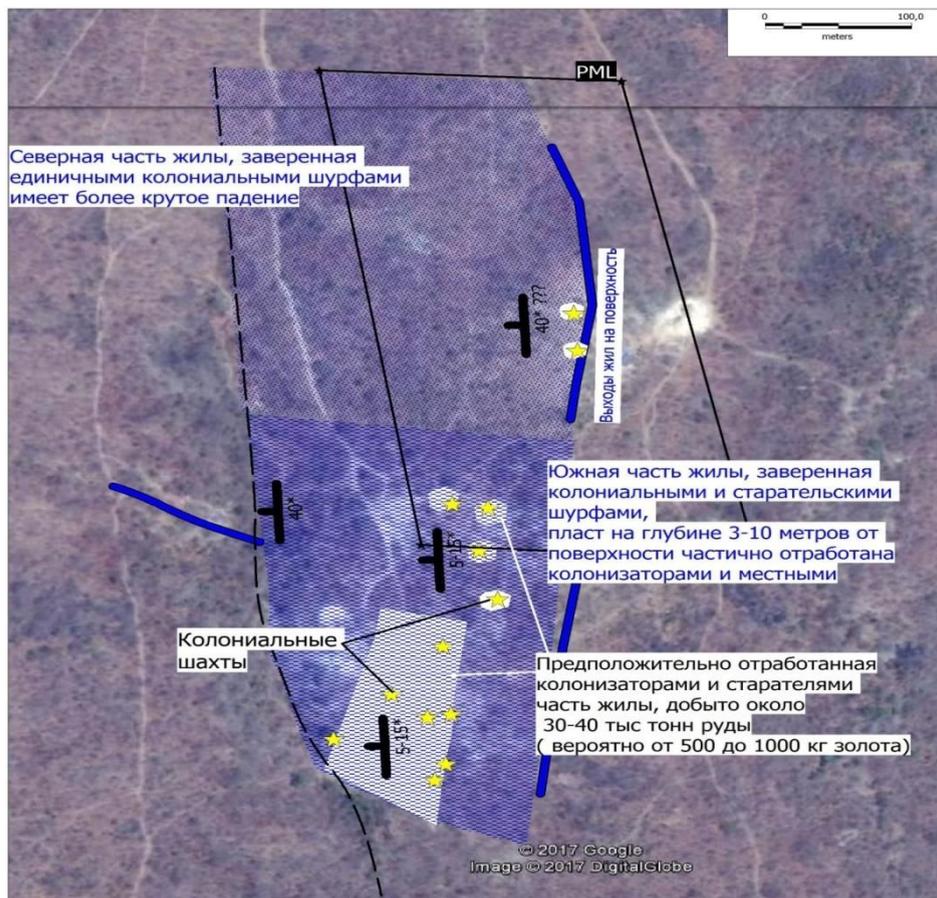
2. In parallel, exploration will start on the license area Mezimoja. This is a gold ore deposit with potential reserves of more than 200,000 tonnes of ore, with a content of 10 g/t and possible extraction of 2.0 and more tons of gold at a depth of up to 10 meters.

This object was worked out in colonial times, about 40-50 thousand tons of ore were mined and 500 kg to 1,000 kg of gold were extracted. At the site there are more than 10 old colonial pits partially

connected by drifts under the ground. All the colonial pits were filled up during the withdrawal of the colonialists. Now the prospecting work is underway.

The object is a sub-horizontal formation with a very gentle fall to the west, parallel to the slope of the mountain at a depth of 7-12 m. The thickness of the main vein varies from 0.5 to 1.5 meters, on average about 1 meter. In addition to the main vein, many differently oriented veins that are often very rich, are identified, which intersect with the main vein. The material of the vein is gray quartz with interlayers of white quartz, nests and vein lines of pyrite, chalcopyrite and galena. Analysis of the samples taken from the vein has shown 5, 17, 26, and 41 g/t, but after conducting follow-up exploration the contents will vary from a few to 100 grams per ton. Since it was a colonial mine, the gold content would be high. In passing, it is possible to extract quartz from diluvium, in which the metal content is about 5 g/t.

The output of the gold vein on the surface means that the metal can be easily, cheaply and quickly extracted by an excavator, bulldozer and a compressor with drilling and blasting operations.



Business Plan and Project Implementation.

STAGE 1. Collection of secondary ore. (tailings)

The raw materials will be bought out and brought to the factory on road from all over the area. At a capacity of 10 tons per hour, the plant is capable of processing 80,000 tons of ore per year, which is no more than 8% of the local secondary market.

The established price of tails varies from 50 to 100 thousand dollars per 1,000 tons, depending on the contents and availability. On average, this is equal to 15-20% of the value of gold in them.

The tails proposed in the project, on the average, contain 5-6 g/t, in the calculation of profitability the content is taken 5.5 g/t.

The process of buying and transporting begins with raw materials of high gold content, since the start of the construction of the plant. By the time of the launch, a reserve will be created for an uninterrupted operation during the first six months, before the commissioning of the Mezimoja field.

Business plan for the production of gold from secondary ore.

Tonnes per Hour	Tonnes per Six Months	Content, g/t	Gold, gr 95% yield	Revenue, USD	Price of tails + Transportation, USD	Processing \$20/t	Profit, USD
10	39,996	5.5	208,980	8,359,200	2,399,760	799,920	5,159,520

STAGE 2. Extraction of ore in the license area.

Currently, this type of activity is encouraged by the laws of Tanzania. The extraction will be organized after additional exploration of the licensed area of Mezimoja. From the beginning of production, the ore will be taken for processing to a CIP plant. The analysis of samples taken from veins showed a gold content of 5 to 67 g/t.

In the long term, in order to expand production, there are a lot of rich and powerful ore bodies in the region, which have been worked from the surface by miners to a depth of 20-30 meters. Deeper application of the artisanal mining methods becomes impossible.

Business plan of extraction of ore in the license area.

Tonnes Per Hour	Tonnes per annum	Content, g/t	Gold, g	Revenue, USD	The cost of mining and processing	PSA 20%	Profit, USD
10	80,000	10.5	798,000	31,920,000	2,800,000	6,384,000	22,736,000

Financing of the Project. The main costs are summarized in the table.

Cost item	Cost, USD
Stage 1 - Processing of secondary ore (Tailings)	7,080,000
Mill, capacity 80,000 tonnes per year, turnkey	4,000,000
Truck FAW 15 m3 - 4 pcs.	280,000
Car jeep - 2 pcs.	70,000
Loader - 2 pcs.	140,000
Field facilities construction	50,000
Legal expenses	140,000
Purchase of secondary ore (6 months supply)	2,400,000
Stage 2 - Preparation of facilities for production	2,280,000
Drilling rig	500,000
Excavator	200,000
Compressor - 2 pcs.	80,000
Exploration work (geological survey)	1,000,000
Registration of permits, arrangement and security	500,000
Stage 3 – Development of facilities	2,990,000
Expenses on extraction	2,000,000
Trucks - 4 pcs.	443,000
Caterpillar D9R	420,000
Yutong TL 210 H	127,000
Overhead expenses - 15%	1,852,500
SUM total:	14,202,500

The project will fully pay for itself in less than 2 years after launch. In the calculation of profitability, the average content in the tails is taken 5.5 g/t, and the average content in the ore is 10.5 g/t. In reality, the contents will be higher.

In the first year after the launch of the project, the main raw materials will be tails. In 11 months after the start of investment, ore extracted from the license area will start coming for recycling.

The estimated capacity of the plant is 80,000 tons per year.



Main conclusions:

- The proposed area has a large established resource potential (the gold-bearing horst is under-explored).
- Two large companies are working in the district. In addition to them, there are only two factories in the district, with a technology of inferior extraction.
- The market share that can be occupied by a plant of the proposed capacity is no more than 8%.
- There are two large ore sites in the region with a large concentration of rich ore. They are located 60 km apart. And they are a bit smaller. In the future, it is possible to build two such plants in different places, they will complement each other.
- As a business prospect and a reserve for the resource base, agreements have been reached with the owners of four gold ore facilities, with two of them in the process of concluding contracts, on the basis of a production sharing agreement in the ratio of 80% to 20%.
- The legislative base allows to conduct the proposed business without restrictions. Registration of all the permits, registration of companies and property is transparent and affordable - this is a standard procedure in a short time (1 month).
- The payback period of the project is less than 2 years.

Advantages of the Project

- Tanzania is one of the top three countries in terms of reserves and gold mining in Africa.
- The legislation provides no profit tax in the first 5 years.
- Providing tokens in the form of a contract for the supply of gold. The contract provides for:
 - terms of delivery of metal with transfer to the buyer in accordance with Incoterms 2010;
 - the metal will be deposited in an international bank with the opening of a metal account. With the opening of the metal account, a register is opened for the owners of the tokens.
- Transparent technology of the blockchain in the form of register of tokens.
- The discount principle applied is fixed in the price for the physical weight of the goods and is protected from inflation.
- Availability of government support in Tanzania for gold production projects.
- Cross-border circulation of goods (the possibility of using metal accounts).
- Installation of a Web-camera on the site, on-line translation of progress.
- Constant control over the course of development of investments is carried out by an independent international auditor.

The Plan of Attraction and Development of Investments

This project involves crowd-funding investments in blockchain asset SGT which is backed by gold in physical terms and will be placed on the Universa platform.

1 ton or 1,000,000 grams of gold is allocated for crowd-funding to ensure the emission of 1,000,000 SGT.

Of the total number of tokens in the course of Pre-Sale and Token-Sale, 85% SGT will be realized, 10% SGT team reserve, 3% SGT bounty campaign, 2% SGT advisors reserve.

Stage 1. Pre-Sale. December, 2017

Placing 5 % of the issue through closed subscription. The number of tokens implemented at this stage is limited, the price for one token is 15 USD + 20% bonus.

The planned soft cap amount of attracted investments at the stage of Pre-Sale is equal to 600,000 USD.

The collected investments will be used to implement the full Token-Sale, part of the amount will go to preparatory work, project promotion, legal support, expenses of outside organizations.

At this stage, the potential investor receives an increased yield of more than 200% in relation to the market price of gold today.

Stage 2. Conducting the Token-Sale. January, 2017

At the stage of conducting a full-scale Token-Sale, the main part, 80% SGT, will be realized, which will be 800,000 SGT, at a price for one token 16 to 20 USD. Tokens will be sold at a yield to the market price of gold from 50 to 150%.

The planned amount of attracted investment in the project at the end of the Token-Sale is 13,600,000 USD.

Stage 3. Ordering of turnkey plant equipment, purchase and storage of gold ore. February 2018

Stage 4. Beginning of geological exploration work in the license area. March 2018

Stage 5. The launch of metal production at the gold-extraction plant (mill). December 2018

Stage 6. The beginning of the delivery of gold ore from the license area to the plant. March 2019

Stage 7. Completion of the contract for the supply of metal. March 2020

Transfer of gold to an international bank. Opening a metal account with the transfer of the register of token holders for access to the escrow account agent. It is possible to receive physical metal according to a pre-order.

Summary

Following the latest trends in the development of the blockchain, the business world adopts bitcoin as an investment tool for projects that require quick decision making. The speed of investment and the lack of intermediaries gives the chance to implement the project before the competition and get the result directly to the Investor. One of the best investment options that solves many blockchain problems is the creation of security for a token in the form of a contract for the supply of real gold. The reliability of the gold standard and the optimality of circulation of the blockchain are complementary creating an ideal investment product, namely, a gold token.

The project that we offer to the investors community is simple and straightforward: Investments in gold production by advanced technology in a well-known mining area. Tanzania is the 3rd country in Africa in terms of reserves and production. Gold mining is at the start of growth. The removal of restrictions and the arrival of large companies in the country, can reasonably decide to create own

gold production. Presence of residual ore stock accumulated in the previous period, extraction with large losses during the process created a resource base for secondary gold recovery applying the proven technology without risks in the composition of raw materials. The decision to create the production has been prepared by our specialists located in the CHUNYA area since 2009. Strong relations with all participants of the local market, including state bodies, have been created. A logistics project has been developed that combines 3 sources of resources:

1. Tailings with high gold content, small in size, constantly replenished.
2. Large volume tailings with a smaller gold content.
3. License area for own production of ore mass.

Contracts of the supply option with owners of tailing dumps and licenses for the operating deposit have been concluded. Thus, the conditions for a 5-year production load are created, regardless of external influences.

The project pays off within 18 months, with the possibility of reinvesting the revenue received into new issues of tokens or into own projects.

**By investing in our token, you protect your present
and secure your future.**