



OROCRYPT

Whitepaper

May 16 2017

Company Background

Orocrypt Inc. is a company incorporated in the Republic of Panama, under registration number 155646372. Orocrypt will comply with all Panamanian regulations concerning precious metals merchants, as established by the Sujetos Obligados No Financieros, of the Ministry of Economy and Finance.

An investment in the Company will give an opportunity to participate in the asset digitization market from its inception. The investment is risky. There is no assurance that digitized precious metals will appeal to investors, or that governments will not pass legislation that would make digitized assets illegal. On the other hand, there is the potential for very high profits if adverse risks do not materialize.

Concept

Currently, those who already have direct investments in bullion precious metals hold them as jewelry, in a vault in their name, in a vault receipt document, in a bank safety deposit box, or in their homes in safes, etc. Indirect precious metals investments can be held in gold, platinum, or silver ETF shares or in the futures market.

Orocrypt aims to provide an alternative to the above by offering a method of recording precious metals ownership that is simple, liquid, secure and transparent.

Orocrypt Inc. Token Shares

Orocrypt Inc is offering for sale 500,000 Class A tokenized shares representing 45% of the total company's equity. This gives you, the investor, ownership in Orocrypt with each token being sold at EUR 9 on a first come, first served basis.



Orocrypt Inc. First Product – Gold Tokens

After the sale of Orocrypt Inc. Share Tokens (OROC), the company will issue tokens representing the ownership of 30 grams of LBMA-quality gold in the final quarter of 2017. These tokens will provisionally be referred to as Orocrypt Gold Tokens (ORO.G). They will be registered on the Ethereum blockchain and owners will be able to store them in Ethereum wallets. Like any other ERC-20 token, they will be transferable and thus tradeable on open markets. Additionally, holders can convert them into physical gold through a very simple and transparent redemption procedure.

In the event of bankruptcy or closure of Orocrypt, holders of ORO.G may withdraw, sell or claim the underlying gold from Orocrypt or directly from custodial storage vaults. The specifics of these processes would be communicated to all token holders in a clear and concise manner. It is important to emphasize that because purchases of ORO.G does not grant ownership to the company under any circumstances, ORO.G holders are not exposed to Orocrypt's liabilities.



The Gold Market ¹

Gold has long been valued for its distinctive investment benefits. Although gold is no longer the basis of the international monetary system, its status as a bastion of stability has endured, a role which has become ever more important in today's uncertain environment. Over the years, gold's reputation for safety and stability has made it a mainstay for investors seeking to safeguard the long-term value of their capital, not least central banks around the world, which consider gold to be the ultimate wealth preservation tool. The reasons for this are clear. First, gold exhibits little or no correlation with most other asset classes, making it a powerful tool for investment diversification. Second, gold has no credit risk and derives its worth from intrinsic value, allowing it to be the ultimate safe haven asset during times of market stress.

The annual total supply of gold has averaged around 4,000 tons over the last 10 years. While many will be aware that gold is sourced from the earth through mining, this is not the only way in which gold is supplied to the market. Total mine supply – which is the sum of mine production and net producer hedging – accounts for two-thirds of total supply. Recycled gold accounts for the remaining third.

Because gold is virtually indestructible, nearly all the gold ever mined still exists. At the end of 2015, there were 186,700 tons of stocks in existence above ground. It is recoverable from most of its uses and capable of being melted down, re-refined and reused. Recycled gold, therefore, plays an important part in the dynamics of the gold market. While gold mine production is relatively inelastic, the gold recycling industry provides an easily traded supply of gold when it is needed, thereby helping to stabilize the gold price.

Gold Value

The Incas believed that gold was the sweat of the sun, that it attracted power and wealth and that those who owned gold would never be poor. Gold is a precious metal that has been used since antiquity to make coinage, jewelry, vessels and sculptures. It is beautiful, easily worked, and because it does not corrode, has endured as a symbol of immortality stability and power. The great civilizations of Sumer, Egypt, and Rome have all been and gone, as have the Spanish and British empires, but the allure of gold remains.

We have no projections on the future price of gold, nor we advise on the merits of investing in gold. What we do know is that gold is a precious metal that has been valuable for six thousand years. YOU decide whether gold is good for you.

¹ (based on information from the World Gold Council) www.gold.org



Shari'ah Compliance

The AAOIFI Shari'ah Standard on Gold can help to solve the growth constraints facing Islamic finance. Orocrypt will apply to be certified as compliant with Shari'ah finance requirements.

Gold has a deep and historical connection with Islamic civilizations. However, the complex treatment of gold in Islamic tradition has limited its development as an investment asset class. Gold is one of the six ribawi items alongside silver, wheat, dates, barley and salt. Ribawi items are defined as staple, everyday commodities so stringent transaction rules apply to prevent injustice or inequality between transacting parties. There is also a longstanding debate about whether gold is a currency or a commodity, making the design of consistent Shari'ah rules for modern gold products more difficult. The complexity of Islamic attitudes toward gold products has led to a scattered and fragmented set of rulings. This lack of uniformity is a major impediment to the development of gold financial products in Islamic finance. Creating harmonized and authoritative Shari'ah guidance for gold is imperative, therefore, if the asset class is to become more widely accepted by Islamic investors.



Part I

The Share Token Sale

Capital

The total authorized and issued capital is divided into 1,112,000 shares:

- **Class A - 845,118**

Each share of Class A common stock is entitled to one vote per share.

- **Class B - 266,882**

Each share of Class B common stock is entitled to ten votes per share and is convertible at any time into one share of Class A common stock. These shares were distributed to the company founders. No additional Class B shares will be created after initial issuance and they will convert to Class A shares upon sale to anyone outside the initial group of founders.

The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting and conversion. Both classes have identical economic benefits. In the event of the company's merger, sale or IPO, each Class B share will be automatically converted into one Class A share. Therefore the price per share received in these scenarios will be the same for both classes of shares. Likewise, in the event of a declaration of dividends, both classes of shares will be entitled to the same dividend per share.

Only tokens representing Class A shares will be available for purchase through the token sale.



The Offering

- Orocrypt is offering for sale 500,000 tokenized Class A shares at a price of nine euros each.
- These amount to 45% of the total company's equity.
- Each share will be tokenized into one Orocrypt Inc. Share Token (OROC).
- Orocrypt Inc. will apply for listing the share-tokens (OROC) in exchanges.
- The starting date of the share token sale is June 14, 2017, and it will last for one month or until all share-tokens are sold, whichever comes first.
- They will be sold on a first come, first served basis.

Participation in the purchase of Orocrypt Inc. Share Token(s) (OROC) equates ownership rights in proportion to the number of shares purchased.

Any further shares issued after the closing date of the share token sale will be for additional capital raises. Additional shares cannot be issued without further fundraising efforts for capital injection.

Share Token Sale Duration

The minimum number of share tokens to be sold in the share token sale is 133,500 and the maximum is 500,000. The share token sale will close at the earliest 31 calendar days from launching date or the sale of 500,000 share tokens.

In the event that less than 133,500 tokens are sold after 31 days, the sale will be terminated and funds will be returned to investors.

Registration

In order to buy share-tokens, each investor will need to register. We cannot allow participation of US persons. All eligible participants will be required to provide information in line with our anti-money-laundering and know-your-customer (AML/KYC) regulations. The collection of details will be conducted through web forms in the registration interface, with the amount of information required varying according to the size of investment:

- A. Investments of less than 5 thousand euros: Name, address, email, telephone. Prior to receiving the tokens, the clients must send proof of identification by uploading a scan or photograph. Acceptable documents are passport, national registration document or driving licence.



- B. Investments between 5 to 50 thousand euros: Same as above plus a scanned high-resolution photograph of the investor holding his/her passport and a scanned copy of a utility invoice or bank statement showing the investor's address.
- C. Investments over 50 thousand euros: Same as b. above plus a statement regarding the source of funds, eg. from beneficial owner's accounts or from a third party, a sale of property/assets, investment loan, etc., and a bank letter of reference.

A shareholder registry will be kept by Orocrypt, as required by Panamanian law.

Payments

Investors will be able to pay in euros, bitcoin, or ether.

There are no fractional shares. Therefore any payments received that results in a fraction of 9, will be allocated tokens to the maximum calculated amount and the excess will be sent to the following charities:

Natural Resources Defense Council | nrdc.org
The National Anti-Vivisection Society | navs.org.uk
Opportunity International | opportunity.org

For example, an Investor sends 10 bitcoin and at the time of receipt, bitcoin is trading at 1,135.001 euros. The funds received in euros buys 1,261 shares. The investor will receive 1,261 share tokens and the remaining 1.01 euros equivalent to 0.1122 shares will be contributed to the charities.



Payments Process

A. Euros. These must be via bank wire transfer to our bank account. Upon receipt of the funds, a balance will appear on the investor page and the corresponding number of share tokens will be allocated to his/her wallet. These tokens will be transferable upon completion of the share token sale.

B. Ether or Bitcoins. The investor will be able to send ether or bitcoin to his/her Orocrypt wallet address. A corresponding amount of share tokens will be credited to the investor's wallet. Again, these tokens will be activated upon completion of the share token sale.

The investor will receive his/her allocated tokens **at the rate of exchange at the time when the funds are received.**

For instance, an investor sends 10 bitcoins. With an exchange rate of euro/bitcoin of 1,135.001, (10 bitcoin divided by €9) buys 1,261 share tokens. If at share token sale closing, bitcoin has declined to 1,000 euros, the investor still gets the same 1,261 share tokens, effectively buying each share token for 7.92 euros. Conversely, if bitcoin rises to 1,200 euros, then the investor will be paying 9.5 euros for each share token.

On 29th May 2017, for example, bitcoin was trading at €2,100. Anyone buying tokens on that day would have received 233 tokens per bitcoin, and 10 bitcoins would have amounted to 2,330 share tokens.

Security

The web platform will have bank strength security. All funds will be stored securely in cold storage and client's data will be encrypted. Only people with correct authorization will have access to the funds, which will require two out of four signatures. The authorized signatories will be the CEO Alejandra de Gaustad, the Treasurer Darlene Hart, the Secretary Jose de la Cerda and Board Member Margaret Bentham. All funds and data will be protected with military grade encryption.

All forms of communications and trading of the funds will be encrypted. A detailed tutorial and report will be made for users and employees to ensure full protection of all funds and minimize the possibility of any hacking attempts.

Anti-DDOS software will also be implemented on all servers to help prevent any connection issues and help ensure the that the website remains online at all times.

Users will be solely responsible for storage and protection of private keys to their wallets. Orocrypt does not control or store anyone's private keys. Private keys are NOT RECOVERABLE. If a client's private key is lost, Orocrypt will have no means to help recovering it.



Part II

The Precious Metals Tokens

These tokens will be issued when we start of our operations during the last quarter of 2017.

The company, through its web platform, will function as an exchange for issuing and trading gold tokens, as well as bitcoin, ether, and euros. It will serve as custodian for the bullion gold that represents and backs the issued gold tokens.

Orocrypt will initially offer one class of digitized precious metal token, although we have other new products in mind for future development. Each token will represent 30 grams of gold. The minimum buying unit will be 1/10 and the minimum initial purchase amount will be one token. The gold-tokens will represent ownership of the physical gold bullion. It will be stored unallocated in gold vaults located in several jurisdictions around the world, such as Switzerland, Liechtenstein, Cayman Islands and others which we are currently in process of evaluating.

Vaults

Gold will be stored and insured at the following vaults:

- OZL AG, Liechtenstein
- Swiss Gold Safe AG, Zurich and Hong Kong
- Byzantium International Ltd. Cayman Islands

Rheingold-Edelmetall AG, Liechtenstein and Byzantium International Ltd., Cayman Islands will be the sellers of bullion to Orocrypt. Other bullion providers in Singapore and Australia are currently under negotiation.

Transparency

The bullion held at the Swiss and Liechtenstein vaults will be inspected monthly by Société Générale de Surveillance SA. The audit objectives are a full count of all gold bars on the inventory list, detailed inspection (assay, brand, serial number) of all bars and weighing of all of the registered bars. We are in the process of determining the auditors for the Cayman Islands and Hong Kong vaults. These will be published on our website as soon as the agreements are in place.



Smart Contract

Smart contracts will be published to the Ethereum blockchain by the company to issue, distribute and manage a quantity of tokens. The sale contract will monitor how many tokens have been purchased, as well as the addresses that own them. It also governs how tokens are transferred from one address to another. As security is the priority here, the contract will require multiple signatures to be published and activated on the Ethereum blockchain. This MultiSig setup will require two-out-of-four signatures, to which designated board members hold the keys.

Product

The first Smart Contract will represent the proof of ownership of 30 grams of fine gold. It will also have the capability to deduct the wallet to wallet transfer fees of 0.04% (four basis points) and the storage and insurance costs. These are 0.5% per year calculated daily.

The storage costs will not apply to the first ORO.G sales up to an aggregate amount of EUR 5 million. These will have storage fees deactivated for three years as a reward to initial clients of Orocrypt.



Process

1. Client requests to open an account. Panama regulations require that we follow AML/KYC procedures to accept clients. The requirements are the same as described above under share tokens registration.
2. Upon acceptance, the client sends funds to his/her account at Orocrypt. These could be bitcoin, ether, or bank wire transfer in euros.
3. When the funds arrive, the client can buy the desired number of ORO.G up to the balance in his/her account. The bid-offer price will be posted and the clients will be able to buy at the posted price. Simultaneously, Orocrypt will buy the equivalent amount of bullion gold, deposit the bullion at a vault and credit the ORO.G to the client's wallet.
4. For ORO.G sales, in the case of existing clients, the process is the reverse. The client sends ORO.G to Orocrypt's account. Then the client can sell at the posted bid price equal to the spot market price of gold. Sales do not have a fee or commission charged. The gold tokens are sold at the market gold spot price. Orocrypt only accepts buy or sell market orders. Limit, stop, and other order types are not accepted.
5. In the case of ORO.G that have been sold or transferred to holders that are not registered clients and who either wish to sell or redeem them into physical gold through our website, these will need to open an account under the same procedures and requirements described above.
6. Physical delivery. Clients who wish to redeem their tokens by taking physical delivery of their gold must make direct arrangements with Orocrypt. The company will arrange to deliver the bullion either to the client's registered address or to be collected directly by the client at their chosen vault. All physical delivery expenses will be paid by the client. Estimates of delivery costs can be requested to the company.

Trading

ORO.G will be compatible with any Ethereum wallet. As such, they can be easily transferable and traded. The company intends to apply for listing ORO.G on suitable exchanges.

Competitors

We are neither the first nor the only ones offering some form of digitized precious metals, although our gold tokens have properties that make them different than others available in the market. In our view, this is good for everyone. We welcome the existence of those competitors. Our chances of success would be less if we were the first or the only ones. The precious metals market is so big that there is ample space for many participants. All of us are contributing to making these products more known and accepted.



Team

Executives

Alejandra de Gaustad. CEO

Darlene Hart. Treasurer

Jose Antonio de la Cerda. Secretary

Margaret Bentham. Director

Board of Directors

Margaret Bentham

Jose Antonio de la Cerda. CEO Grupo Futuro S.A. Ecuador

Alejandra de Gaustad

Darlene Hart. CEO US Tax and Financial Services SARI, Switzerland

Jacques Hennessy

Bruce Winans. CEO Captrio LLC, Boston

