



**THE SAFETY OF  
OWNING GOLD,  
THE EASE OF  
DIGITAL CURRENCY**

# **GOLD Token**

**WHITE PAPER**

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Author: XBULLION HOLDINGS

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# Introduction

## ABOUT GOLD

Precious metals market participants currently face a trade-off between security and liquidity. The first choice is to own physical gold or an allocated physical gold product which is cumbersome to store, trade, divide or leverage. The second is through unallocated portfolios, Exchange Traded Funds, futures or wholesale trading, which sacrifice direct ownership of the underlying physical gold.

Xbullion was built to solve this problem by amalgamating the security of owning precious metals with the ease of digital currency, providing **secure precious metals storage with liquidity** through the ownership of their stablecoins which are backed 1:1 by precious metals such as gold and silver.

The xbullion tokens are built to the Ethereum ERC-20 standard for ease of integration with existing industry platforms and applications, whilst harnessing the advantages of Blockchain such as **speed, accessibility, security of ownership and transparency**.

Ethereum is renowned for its **immutability**, meaning transactions are unable to be reversed or changed providing a tamper-proof ledger of ownership, transactions and balances.

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Unlike the traditional precious metals market, xbullion is able to provide partners and users 9999 gold bullion, secure storage without a management fee and the ability to transfer ownership 24/7/365 near instantly, through the application of blockchain and working with their world-renowned suppliers.

Each xbullion (GOLD) token represents 1 gram of 9999 investment gold silver bullion and is redeemable in 1000 token increments for the underlying 1kg physical bar.

GOLD token holders benefit from the appointment of best-in-class precious metals vaulting, insurance and a globally reputable auditor operating a structured process that ensures security at every level.

**\* subject to 1000 tokens (1kg silver bullion)**

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### ABOUT THE COMPANY

**XBULLION** is a Cayman island-based company falling under the umbrella of the Bullion Asset Management (BAM) Group of companies specializing in aggregating best-in-class suppliers, auditors, custodians, insurers and advisors to tokenize physical assets on the blockchain.

# A BRIEF HISTORY of gold

## Gold and the Monetary System

First becoming money in 550BCE Lydia under the era of King Croesus the Lydians invented the coinage of gold and silver coins.<sup>1</sup> Since this period, as man has debased countless currencies, the value of gold and silver has endured.

**When considering the periodic table there are only two** elements with the properties that are ideal to serve as money in the context of man's history. These are gold and silver. They are physically solid, safe to handle, have low melting points, are corrosion resistant and scarce. Allowing these elements to serve the functions of money; store of wealth, unit of account and medium of exchange.

1. Herodotus. (440 BCE). The Histories . Greece: Various.

2. Real Vision. (2018). Gold: The Story of Man's 6000 Year Obsession

3. Jones, G. (2005, August 22). Working Knowledge. Retrieved May 2020

4. Gaulle, C. D. (1965). La Crise du Dollar Fevrier 1965. Retrieved May 2020

# The end of the Gold Standard

The gold standard dominated the world from the 19th century to the early 20th century. Widely considered to be a stable and self correcting system, it encompassed one of the most prosperous times in human history.

**“We had no central bank from 1836 to 1913. That was one of the greatest periods of prosperity in world history...” - James Rickards<sup>2</sup>**

The first two World Wars resulted in changes to the monetary system, culminating in the Bretton Woods Agreement of 1944. Where the price of an ounce of gold was pegged to the US dollar at \$35, all other currencies were transitively gold backed through their exchange rate with the dollar. The result was the US dollar world reserve currency.<sup>3</sup> The last remaining ties to the gold standard were severed in what is now known as the Nixon Shock of 1971. A catalyst to this event was the French repatriation efforts of their gold holdings. In the now infamous speech of Charles De Gaulle, regarding national gold repatriation from the United States, it was stated...

**“We deem it necessary that international trades be established, as has been the case, before the world's great tragedies, on an indisputable monetary base, said base not bearing the mark of any one country in particular. Which base? In truth, we do not see that there could be, in reality, any other standard criteria, than gold.”<sup>4</sup>**

Since the Nixon Shock the value of the U.S. Dollar has decreased by more than 97% as the price of gold has increased from the peg of \$35/oz to more than \$1700/oz. As the purchasing power of fiat currencies are continually eroded, gold remains a store of value and the cornerstone of diversified investment portfolios globally.

# Gold Market Problems

The current gold market is opaque and outdated. Forcing participants into a trade-off between owning the underlying asset and liquidity. This problem has been a major dent on the evolving gold industry. Therefore, there is a gap for innovation and modernization.

Xbullion fills this gap and solves this trade-off between the security of physical gold and the liquidity of paper markets. With Xbullion, participants no longer need to trade-off between underlying assets and liquidity. Indeed, the gold industry is now ripe for disruption.

## SUPPLY

The costs associated with supply chains—such as logistics and fabrications—play a large role in the pricing for the end consumers.

At the end of the day, this might become quite cumbersome for an average buyer or investor. That explains the reason some buyers or investors take two steps backward before eventually footing the cost of gold supply.

Therefore, only with the massive scale associated with over-the-counter (OTC) and paper markets can wholesale pricing be realised and with strict limitations on the delivery of the underlying gold, usually at prohibitive levels to non-institutional clients.

These limitations pose a huge problem to the gold industry. On this note, Xbullion has ameliorated this by leveraging the top-tier world-class refineries and miners.

## PAPER GOLD (ETFS)

A majority of the world's gold is traded through paper derivatives or exchange-traded funds, with limited backing of physical gold. "The latest disclosure from the CME is that the ratio of paper gold vs. the amount of deliverable ounces has spiked to over 200:1".<sup>1</sup>

Futures contracts are not immune from defaults as evidenced by the Maine futures potato contract which defaulted on the NYMEX in 1979. This disparity between physical gold and paper traded volumes has led to the following commentary, of Lynette Zang of ITM Trading, who states: **"You will see the physical gold & silver markets de-couple from the paper markets"**<sup>2</sup>

Along with James Rickards who suggests that when you need your gold, you may not be able to get it, stating; **"Someday, probably sooner than later, somebody is going to show up and say, 'I want my gold, please' and the custodian won't be able to give it to them."**<sup>3</sup>

# The Solution – xbullion

xbullion's unique approach brings to market dramatic increases in efficiencies in transparency, supply chain logistics and gold ownership. The xbullion product through its direct agreements with some of the world's most reputable precious metals refiners and wholesale providers, coupled with its innovative fee model enables its end users to access wholesale pricing without an ongoing management fee.

What makes xbullion truly special is that it offers this whilst maintaining a 100% physically backed gold product, employing best in class security, auditing and redemption solutions. These distinguishing operational qualities give Xbullion an edge over others.

1. Kranzler, D. (2015, September 9). Investment Research Dynamics. Retrieved June 2020

2. Zang, L. (2018, December 20). Gold, Silver & Finance News. Retrieved May 2020

3. Rickards, J. (2019, April 15). Money is Gold, and Nothing Else. Retrieved May 2020

# The Product

xbullion's has pooled years of experience working in the precious metals industry to achieve a best in class physical storage solution. It has then applied the benefits of blockchain asset management to achieve significant benefits to its token holders.

The xbullion token (GOLD) is a digital asset representing 1 gram of investment grade gold bullion. Backed by 1kg .9999 gold bars sourced from some of the world's most reputable suppliers. The tokens are built on the decentralised Ethereum network adhering the to ERC20 standard. Allowing for it to be traded 24/7/365, globally, without friction near instantaneously.

xbullion has developed a partnership with world renowned auditors BDO to conduct a comprehensive audit of the procedures, financials, and underlying assets. Specialists Zokyo have conducted an audit of the smart contract to provide additional peace of mind on xbullion's underlying technology. xbullion is orders of magnitude better than any gold product on offer in the traditional gold market.



## Accessible

As a ERC-20 token, xbullion GOLD can be traded or moved with ease around the world: to anyone, anywhere, and at anytime – at a fraction of the cost of a traditional transaction. With its ability to be fractionalised to 0.00000001 of a gram, the token allows for both hyper-specific trading and exceptionally low investment minimums.



## Economical

Physical gold is expensive to store and transport securely. Xbullion provides token holders with all the benefits associated with gold without the custody and security costs. There are no excess costs to the token holder for vaulting and insurance.



## Secure

Xbullion GOLD acts digitally as gold acts physically. In addition to xbullion's world-class storage, insurance, and auditing – it is unable to reverse or freeze on chain transactions and wallets. It is the only token which maintains the benefits of physical gold on the digital layer.



## Liquid

Tokens can be easily and rapidly redeemed for fiat currency or traded against other digital assets. Or, subject to a 1kg minimum, the token holder can physically redeem their owned silver facilitated by one of xbullion's insured, third party, specialist couriers (fees apply).



## Transparent

Xbullion GOLD is subject to regular comprehensive audits by BDO to confirm that the token maintain a 1:1 parity with 9999/LBMA physical gold. The Ethereum blockchain also provides a secure, immutable ledger of all transactions giving transparent insight into the token's issuance, management, and ownership.



## Rewarding

The future introduction of a linked debit card for the direct spend of GOLD represents liquid convenience and status. Additionally, for early-adopters of xbullion GOLD, planned invitations to waitlist for xbullion management tokens presents a low-barrier, high-return venture capital opportunity.

# Our Team



## DAVID LIGHTFOOT | CEO

David is blockchain expert co-founding two digital asset firms specialising in brokerage and custody. David has also spent years in the blockchain field working as a consultant, with many uHNW accounts and start-ups. David has worked with key individuals in blockchain development and was the first person to deliver lectures on digital assets at the University of Queensland and for Shanghai Jiao Tong University. David holds a Bachelor of Economics from the University of Queensland.



## CALVIN NG | DIRECTOR

Calvin is a Director and Co-founder of Aura Group, a group of global financial services businesses with offices in Sydney, Melbourne, Brisbane, Singapore and Bangkok. Prior to establishing Aura Group, Calvin was part of the direct investment team at Babcock & Brown focusing on high yield debt, listed equities and private equity investments. He holds a Bachelor of Commerce and Bachelor of Laws from the University of New South Wales. Calvin has also completed the Graduate Diploma of Legal Practice and has been admitted to practice as a Lawyer in the Supreme Court of New South Wales.

## ASHLEIGH ANDRUSKA | COO

Ashleigh is the Head of Operations for the xbullion group. Previously she was the Operations Manager at Decentralised Capital, a specialist blockchain firm focused on developing institutional grade digital assets and services. Ashleigh has over ten years experience in operations and commercial management. Prior to Decentralised Capital, Ashleigh worked for the Australian Federal Police. She has a Bachelor's Degree in International Relations and Public Relations.



## HERCULES TSOUTSAS | DIRECTOR

Hercules is the Managing Director of Jaggards, one of the oldest precious metals and rare coin merchants in Australia and a founding partner of the xbullion group. With over seven years of bullion industry experience, Hercules is a highly seasoned product management and marketing leader with experience designing strategy and overseeing growth opportunities. Commercially minded with relevant experience in consumer electronics and financial services, his focus is now on developing innovative products to transform and democratise bullion ownership.



## JONATHON CARLEY | CFO & DIRECTOR

Jonathon is a finance and governance professional with over 10 years combined experience across commercial, audit and business advisory roles with a focus on growing private groups and listed public companies. Prior to joining DigitalX, Jonathon worked with a large Australian ICT & Cloud Services provider and the 5th largest international accounting firm. At DigitalX, Jonathon is responsible for all financial matters. Jonathon is a member of the Chartered Accountants Australia and New Zealand (CAANZ) and a fellow of the Governance Institute of Australia.



## LEIGH TRAVERS | ADVISOR

Leigh is Managing Director of ASX-listed blockchain technology and asset management firm DigitalX Ltd and serves as Vice Chairman of Australia's Blockchain industry body. Leigh co-founded a blockchain media and education company and Blockchain Centre Perth, a coworking space that serves as a home for local tech and investment professionals. Leigh previously worked for seven years at an ASX-listed wealth management firm. Leigh holds a Bachelor of Commerce and Communications from the University of Western Australia and a Fintech Certification from MIT.

## KINSEY COTTON | DIRECTOR

Kinsey is a Director and Co-founder of Tibra Capital. Tibra employs over 100 staff across offices in Hong Kong, Dubai, London and Australia. The company trades a range of equity, fixed income, foreign exchange and derivative instruments across various global exchanges and made a record \$139m profit in 2018. Kinsey also holds directorship roles with NSW based firm Schofield King Lawyers and venture outfit YMF Investments where he is a founding partner. Kinsey is a graduate member of the Australian Institute of Company Directors.



## DAVID TICE | ADVISOR

David is a renowned market commentator, investor and advisor in the finance industry. He is well known for founding and managing the Prudent Bear Fund, which gave individual investors the chance to protect themselves against a declining stock market. David sold the fund to NYSE listed company Federated Investors after having attained AUM of US\$1.6bn. David is a Chartered Financial Analyst and holds a BBA in Accounting and an MBA in Finance from Texas Christian University. He often provides market commentary on CNBC and Bloomberg.





### **MARCUS LIM | ADVISOR**

Marcus is the Co-founder and CEO of Zipmex. He oversees the entire global expansion and development of the exchange ecosystem. He was previously the founder and CEO of Oneflare.com.au, Australia's fastest growing marketplace for local services, which was partially acquired by Fairfax Media to form part of its property arm, Domain Group. He was also the winner of the Anthill Entrepreneur Award and Deloitte APAC Fast 500.

### **PAUL THOMAS | ADVISOR**

Prior to establishing Vantage Point Asset Management, Paul was a Director for prime services distribution at multinational investment bank Barclays, responsible for senior relationship management across hedge fund and institutional clients in Asia. While at Merrill Lynch in Hong Kong and Sydney, Paul was a senior member of the prime services distribution team involved in cross asset product coverage. Paul has also had significant roles at UBS in Sydney, where he was responsible for platform development and account management, institutional operations and other prime services functions.



### **MANISH MALHOTRA | ADVISOR**

Earlier in his career Manish worked in the private wealth business with the Royal Bank of Scotland in India, Middle East and Singapore. Later moving to New York to work with the World Gold Council where he handled global relationships and promoting gold as an asset class. He led several gold initiatives including working with the Central bank of Turkey for the setup of an Istanbul Gold exchange under Bourse Istanbul. Manish is a qualified finance professional with almost two decades of experience across MNC banks/Asset Managers and Management Consulting firms. He specialises in product development, strategy, business development & management consulting in private wealth, investments, debt and equity fund raise and in the precious metals eco system.



### **MICHAEL BACINA | ADVISOR**

Michael advises companies with Digital Law: the intersection of cutting edge technology, automation and innovation. As a former developer in the blockchain space, Michael has a rare combination of technical, regulatory and legal skills. Piper Alderman was on the forefront, advising a significant number of the top ten ICO offerings. Michael has maintained an active involvement in software development. He is knowledgeable in the workings of and legal issues surrounding virtual currencies and cryptocurrencies, blockchain projects, smart contract deployments as well as Fintech projects. Michael regularly publishes on technology and Blockchain matters and is a sought after speak in relation to legal issues facing smart contracts and Blockchain adoption.



# BENEFITS OF BLOCKCHAIN

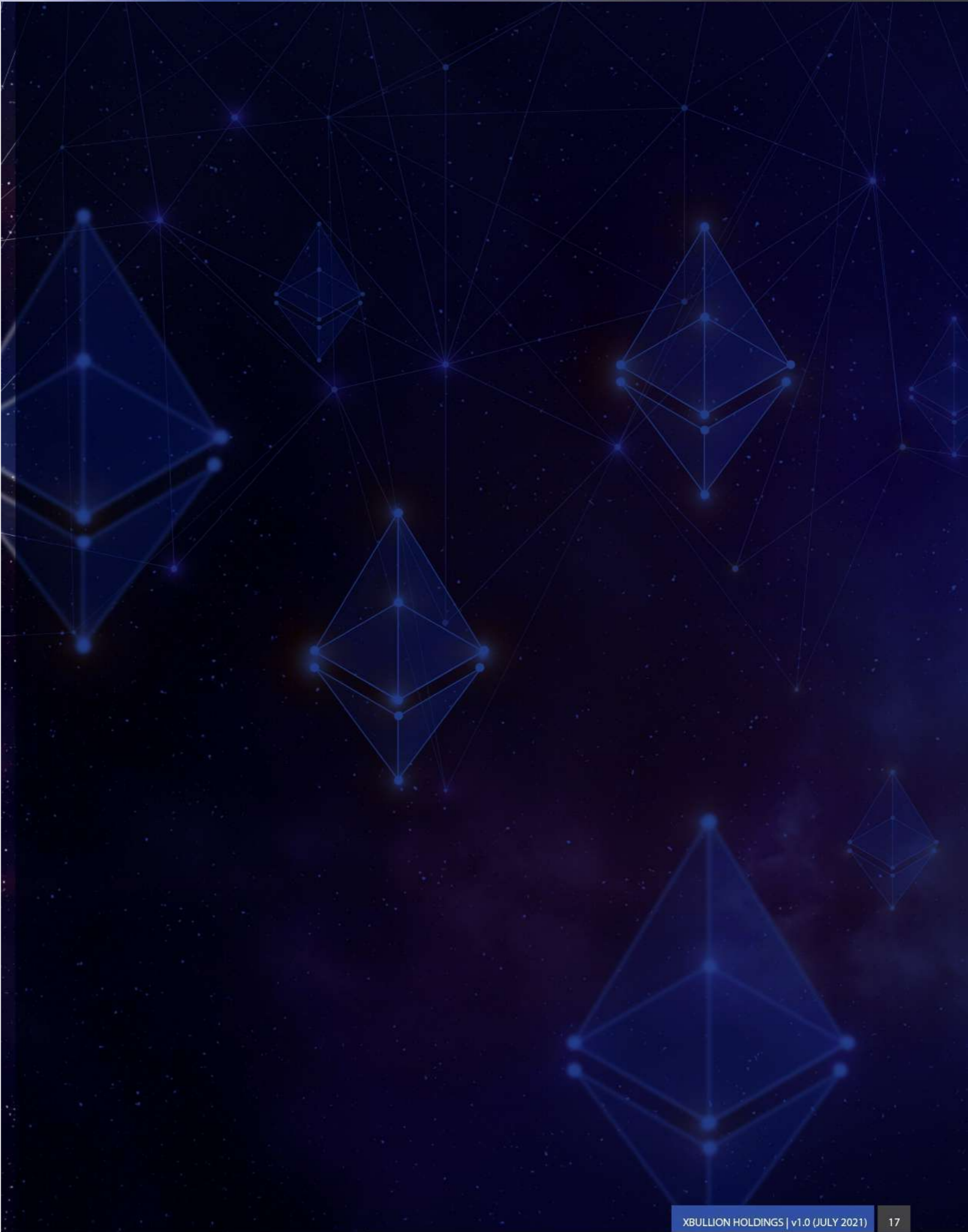
The benefits of asset management through blockchain opens up a new world of possibility to the legacy gold industry.

Blockchain provides for a **decentralized ledger of immutable ownership**. Similar to the internet, the widespread adoption of cryptographic assets and blockchain has revolutionized the payment system.

Like the internet has done with information sharing; blockchain is now allowing people to exchange value, cross invisible boundaries to transact **near instantly, globally, securely and at low cost**.

The following table show the key benefits of managing xbullion's GOLD on the Ethereum blockchain.

Key Features	XBULLION Token	ETFS	Physical Storage
Globally Accessible	Yes	No	No
Instant Transfers	Yes	No	No
Peer to Peer	Yes	No	No
Decentralised	Yes	No	No
Programable	Yes	No	No
Fractional	Yes	Yes	No
Management, Transfer or Storage Fees	No	Yes	Yes



# Fees

**xbullion's** innovative fee model enables the end users to experience a secure pool allocated gold solution, with access to wholesale pricing and no ongoing management fees. A key point of differentiation when compared to other gold backed tokens and a key competitive advantage in the traditional gold market.

This approach makes integration into existing exchanges a relatively simple exercise due to xbullion's conformity with typical ERC-20 standards. Something that alternative products with management fees have struggled with in the past.

As such, xbullion is simply a better gold product for the traditional gold industry. With the added feature of being able to send gold, instantly, around the globe, 24/7; all at a cost orders of magnitudes cheaper than a Visa or Mastercard transaction. A feature that is simply not available (n/a) for ETFs or futures contracts.

Fee Type	XBULLION Token	DIGIX	ISHARES	GLD	CME
Transfer Fees	0.19%	0.13%	n/a	n/a	n/a
Management Fee	0.00%	0.60%	0.25%	0.40%	0.12%

**xbullion's** gold supply agreements, with some of the world's most reputable refiners and wholesalers, coupled with its innovative fee structure allows it to pass on wholesale pricing to its end users, without charging an ongoing management fee.

The analysis on page 19 compares the cost of buying and selling 1kg of gold bullion over a one and three year period. xbullion is the most competitive way to buy and own gold bullion.

Supplier	XBULLION GOLD Token	GLD	Physical Gold	Digix Token
Price of purchase (per ounce)	\$51,349.21	\$53,654.90	\$51,638.86	\$53,949.21
Management Fee (annual)	0	0.40%	\$378	0
Transfer Fee	0.19%	n/a	n/a	0.13%
Issuance Fee	0	n/a	0.10%	0
Buy back price	\$51,303.71	\$53,654.90	\$50,698.59	\$53,299.21
Total Cost 1 Year	\$245.77	\$214.62	\$1237.61	\$720.14
Total Cost 3 Year	\$245.77	\$643.86	\$1832.29	\$720.14
Time to Settle	nstant	n/a	T to T + 5 days	nstant
Redeemable for Physical	Yes	No	Yes, can be cumbersome	Yes
Redemption Fee	0	n/a	0	1%
Minimum Purchase	Nil	1 Share	Variable	0.11g

\*Source: [blockchain.com](#) (2020, April 29).

Going for Gold? Retrieved June 2020.

Data from March 2020

# xbullion Specifications

## xbullion Technology Stack

The xbullion platform incorporates a number of innovative technologies to achieve the unique benefits the token offers. The xbullion token is issued, managed, and secured using blockchain technology, specifically the Ethereum blockchain. The supporting technical elements required for the xbullion platform to function as intended are described below.

## The xbullion token

1 xbullion GOLD token = 1g of investment grade gold bullion

TICKET SYMBOL	GOLD
DISTRIBUTION	Available to retail and professional clients subject to jurisdiction. To trade on digital asset exchanges and OTC in Singapore, Australia, Thailand and Indonesia.
INCEPTION DATE	Sept 2020
MINIMUM PURCHASE	Nil – fractionalised to 8 decimal places.
MINIMUM PURCHASE REDEMPTION	1000 xbullion tokens

MANAGEMENT	Xbullion Holding
COLLATERAL TYPE	Commodity Backed
BASE CURRENCY	Gold
BLOCKCHAIN	Ethereum ERC – 20 Token
AUDIT FREQUENCY	Quarterly
CUSTODIANS	Malca – Amit (Singapore), & Co. (London), Jaggards (Sydney)



**The safety of  
owning gold,  
the ease of  
digital currency.**

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