

EXAU Gold

A gold-backed token
issued for institutional and
professional investors.



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DISCLAIMER

IMPORTANT: YOU MUST READ THE FOLLOWING DISCLAIMER IN FULL BEFORE CONTINUING

The sale (Token Sale) by Ephelia Capital Sagl a Switzerland Company with registered office in Lugano CH-6900, Via Nassa 3A and Registration Number: CH-501.4.025.377-3 (Token Issuer) of the EXAU Gold Token, issued on the Ethereum blockchain network and Binance Smart Chain blockchain network as detailed in this whitepaper (Whitepaper) is only intended for, made to or directed at, only certain persons. Moreover, this Whitepaper is not a prospectus or offer document of any sort and is not intended to constitute an offer or securities of any form, units in a business trust, units in a collective investment scheme or any other form of investment, or a solicitation for any form of investment in any jurisdiction. No regulatory authority has examined or approved of any of the information set out in this Whitepaper. This Whitepaper has not been registered with any regulatory authority in any jurisdiction. References in this Whitepaper to "we" or "us" refers to the Coin Issuer and "our" shall be construed accordingly. "You" refers to any person accessing, perusing or reviewing this Whitepaper and "your" shall be construed accordingly. By accessing and/or accepting possession of any information in this Whitepaper or such part thereof (as the case may be), you represent and warrant to Coin Issuer that you are not located, you are not citizen (tax or otherwise) of, or domiciled in, any Country where buying digital assets such as stable coins, security tokens and utility tokens is prohibited, restricted or unauthorized in any form or manner whether in full or in part under its laws, regulatory requirements or rules.

You agree to be bound by the limitations and restrictions described herein; and you acknowledge that this Whitepaper has been prepared to assist you in considering whether or not to purchase the token set forth herein without any solicitation. You acknowledge that this Whitepaper may be updated as required and the updated version will supersede any prior versions. The latest whitepaper will always be available on the website <https://exaugold.io> The information set out in this Whitepaper is for information purposes only and does not constitute any form of financial or other advice and should not be relied on or treated as a substitute for specific advice relevant to particular circumstances and is not intended to be relied upon by you in making (or refraining from making) any specific decisions.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISOR(S).





EXAU

DIGITAL GOLD

GOLD

Gold production

The global mine production of gold steadily rose after the 2008 economic crisis. In 2008, gold mine production worldwide totalled 2,280 metric tons and increased to more than three thousand metric tons in each year since 2015.

Gold mining is a global business with operations on every continent, except Antarctica, and gold is extracted from mines of widely varying types and scale.

At a country level, China was the largest producer in the world in 2020 and accounted for around 11 per cent of total global production.

Gold production is expected to increase by 5.5% in 2021 to 113.9moz and grow to 124.1moz by 2024 – a 2.9% compound annual growth rate (CAGR). Canada, Indonesia, Peru, and the US will be the key contributors to this growth. Combined production in these countries is expected to recover from an estimated 20.1moz in 2021 to 25.3moz in 2024.

Gold is highly valued as a precious metal for use in coins, investments, and jewellery. In the third quarter of 2020, it was primarily used for investments and jewellery, which accounted for 494.6 metric tons and 333 metric tons of gold respectively.



Source: GlobalData, Mining Intelligence Center

Gold as investment

Gold is evaluated throughout the world for its always growing value and rich history, which has been interwoven into cultures for thousands of years.

Throughout the centuries, people have continued to hold gold for various reasons. Societies, and now economies, have placed value on gold, thus perpetuating its worth. It is the metal we fall back on when other forms of currency don't work, which means it always has some value as insurance against tough times. Below are seven practical reasons to think about owning some gold today.

Gold through the centuries

Unlike currencies or other assets, gold has maintained its value throughout the centuries. Investors see gold as a way to pass on and preserve their wealth from one generation to the next. Gold doesn't corrode and can be melted over a common flame, making it easy to work with and stamp as a coin.

Gold vs USD

Although the US dollar is one of the most important reserve currencies in the global landscape, whenever the value of the dollar falls against other currencies (e.g. between 1998 and 2008) investors, both institutional and private, seek refuge in the safety of gold, effectively driving up its price. One must consider that the price of gold almost tripled between 1998 and 2008 and almost doubled between 2008 and 2012, crossing the \$2,000 mark. The correlation between the US dollar and gold can be described as cyclical, and it should therefore be considered as a hedge against the weakening of the US dollar.

Gold as inflation hedge

Gold has historically been an excellent hedge against inflation. The price naturally tends to rise when the cost of life increases. Over the past 50 years, investors have seen gold prices skyrocket when the stock market crashes during years of high inflation. This is because when traditional currencies lose their purchasing power due to inflation, gold is priced in the same currency units and therefore tends to rise along with everything else. In addition, gold is seen as an excellent store of value, so investors are encouraged to buy gold as a protection against their local currency.

Deflation protection

Deflation is defined as a period when prices fall, when business activity slows, and the economy is burdened by excessive debt. An event that was perfectly analysed globally in the Great Depression of the 1930s and marginally also in the 2008 financial crisis in some parts of the world. During the Depression, the relative purchasing power of gold rose while all other prices fell sharply. Investors naturally chose to accumulate value not in cash, so what safer place than gold.

Gold in times of geopolitical uncertainty

Gold retains its value not only in times of financial uncertainty, but in times of geopolitical uncertainty. Investors flee to its relative safety when global tensions rise; at such times, it often outperforms other investments. For example, gold prices have experienced some major price movements in response to the ongoing crisis in the European Union. Its price often rises more when confidence in governments is low.

Gold increasing demand

For many years, the increasing wealth of emerging market economies has increased the demand for gold. In many of these countries, gold is embedded in the culture. In China, gold bars are a traditional form of savings ensuring that demand is constant. India is the second largest gold consuming nation in the world, mainly in jewellery but also as investment bars.

The demand for gold continues to grow among investors. Many are now starting to see commodities, particularly gold, as an investment class into which funds should be allocated. It is worth noting that the SPDR Gold Trust, has become one of the largest ETFs in the US, as well as the largest holder of gold bullion in the world as of 2019.

Negative correlation – Portfolio diversification

The key to portfolio diversification is to find investments that are not closely correlated with each other; gold has historically had a negative correlation with both equities and other financial instruments. Recent history demonstrates this:

- The 1970s were great for gold, but terrible for equities.
- The 1980s and 1990s were wonderful for equities, but horrible for gold.
- 2008 saw equities fall substantially as consumers migrated to gold.

Properly diversified investors combine gold with stocks and bonds in a portfolio to reduce volatility and overall risk.

Conclusions



As we have seen, gold has been the ultimate haven asset for centuries. It is a necessary commodity to maintain a diversification in one's portfolio that can provide shelter from financial and geopolitical factors. Gold is undoubtedly a long-term investment with certainties of sustainability and with guarantees of appreciation when the markets are overheated.

Tokens and Blockchain

Evolution

The tokenization of assets is not the future - it is the present. It is deeply transformative and is offering exciting possibilities for financial markets. The tokenization of assets offers promising possibilities for capital raising. Novel fundraising and distribution platform vehicle provide a higher degree of regulation and transparency for investors. Further, STOs are an efficient method to raise capital from a broader investment pool than it has been possible with traditional fundraising methods. It is, however, still in infancy stage and market adoption will still need time. Despite an exponentially increasing interest in tokenized assets, "traditional" financial institutions and national authorities still approach asset tokenization with caution. However, countries like Switzerland, well-known for its innovation-friendly stance, are going to help to drive and foster the remarkable potential of tokenized assets. Although international frameworks could take a few more years to come to fruition, asset tokenization is likely to play a crucial role in the management and trade of illiquid assets in the long term. If well designed, Stable Coins and CBDCs could be an enabler for better cross border payments. An international cooperation is required for cross border transactions of tokenized assets to limit regulatory arbitrage. Central banks are likely to collaborate with each other to carry out proof-of-concept work and pilot projects on cross-border payment and securities settlement arrangements. Key to the future of tokenization will be creating interoperability with existing systems to enable a more widespread adoption. All participants in the value chain should get closer to each other and look for ways to bridge the traditional financial sector with new DLT-related businesses.

EXAU Gold

Financial Instrument or Stable Coin?

EXAU Gold is designed to provide its holder an alternative financial instrument that has a broad scope of use and can serve as a shelter, as collateral but also as a mean of payment. Due to its composition in gold and US dollars, EXAU Gold is an instrument that ensures considerable reliability both for holders and for financial institutions that may consider it as collateral.

Using EXAU as a mean of payment, its holder benefits of an e-cryptocurrency without taking the risk of extreme volatility often seen in classic cryptocurrencies.

Token

Features

EXAU Gold is issued using the ECR-20 protocol of the Ethereum blockchain to ensure maximum security and compatibility of centralised and decentralised exchanges.

Composition

EXAU Gold has a variable composition of investment gold and US dollars. The gold is 24k LBMA certified. The presence of US dollars is necessary to cover custody and audit costs necessary to ensure the security of the instrument. The choice of the US dollar is due to market stability and correlation.

Token holder right and protection

The EXAU Gold token must be considered a stable token, not an asset token. The EXAU Gold token therefore **does not entitle its holder to redeem gold equal to the value of the token** held.

The gold underlying the token is held in trust by a third-party company (all the documents are in the relevant section online on <https://exaugold.io> where the ultimate beneficiary is Ephelia Capital Sagl as issuer of the token. The trust is intended to be irrevocable and discretionary and is intended to protect the token holder in the unlikely event of a liquidation of Ephelia Capital Sagl. Should this event occur, then the beneficiary of the gold will be the new entity taking over the continuation of operations. In the unfortunate event that it is not possible to assign the role of issuer to a new party, then the gold beneficiaries will become the token holders on a pro-rata basis. You can find the deed of trust on <https://exaugold.io> in the relevant section.

Gold Supply

We use several refineries, mainly based in Europe, the USA and Switzerland. The refineries are regulated, LBMA recognised and have passed the strictest anti-money laundering checks in order to have a complete gold traceability. Particular attention is paid to ESG criteria with which each supplier must demonstrate its compliance. In the unlikely event that gold is temporarily not available on the market, the token will be asset backed by US dollars until gold is made available at the required quality.

Not a payment instrument

It is not intention of the issuer to use the EXAU Gold token as a payment instrument, but only as a store of value. The issuer will never support the use of the token as a financial payment and even decide to revoke the use of the token if this would be the case.



Gold Appraisal

Gold is valued using the LBMA daily index.

Pricing methodology

The pricing of EXAU Gold takes into account the composition of the portfolio that can vary time to time. The Golds prices provider is the LBMA index and it is issued every day. So, accordingly, every day the EXAU Gold price will be calculated taking into account two main factors:

- the change in price of the Golds composing the portfolio:
- the annual running cost to be deducted on a weekly basis.

Running costs, mainly represented by a cost of carry, are: platform cost, fund administration cost, insurance cost and custody cost.

So the price of EXAU Gold follows this formula:

EXAU Gold price is: $P_t = \sum_{i=1}^n W_i PD_i - C_t$

where PD_i is the price of the Gold i @ t and W_i are the units of the Gold i @ t . C_t represent the annual running costs divided by 52 (weeks).

Listing

EXAU Gold is potentially traded on all centralised exchanges that allow the listing of tokens issued in Ethereum and Binance Smart Chain. The updated list can be found at <https://www.exaugold.io>
Different considerations apply to the DE.FI. exchanges. At this [link](#) (as an example) the procedure to list the token on Uniswap.

How to buy it

EXAU Gold is available for purchase through this site on the [Elviria](#) platform. Only financial institutions and professional investors registered on the [Elviria](#) platform are allowed to buy directly.

Alternatively, the token can be purchased on recognised Exchanges or from participating Financial Institutions. Visit this link to find partners.

Usage

EXAU Gold consists of investment Gold of varying sizes at 24k LBMA certified along with a small percentage of cash (USD).

Cross-chain structured to ensure compatibility with major blockchains, EXAU Gold retains all the features which categorise it as both a financial instrument and expendable currency. A solution trustable for:



- Banks in case a collateral is needed for a bridge loan;
- Holders as an asset against the market volatility;
- Exchange platforms as a reliable stablecoin.

No Redemption

EXAU Gold's structure, portfolio composition and the algorithm that defines its market value make it a spendable and therefore a Stable Coin.

The token does not have any right of redemption of the token, which is designed only to function as a store of value. A redemption is possible only after a complete KYC is executed and only under following conditions:

- The issuer has been liquidated and no further company willing to run the token has been found;
- Any authority, included but not limited to financial supervision authorities, has request to terminate the managing of the token.

Fees

Issuance Fees

Issuance fees or subscription fees is 3.5% and has to be paid upfront and they don't affect the token valuation, so if a client would like to buy one EXAU, he will spend \$10,350 of which \$ 10,000 to get the token a \$350 to pay the issuance fees.

Running fees

Running fees account for 1.5% on annual basis and include fund administration, platform cost, custody cost, insurance and third-party auditors.

Legal and Security

Initial Audit

Each gold bullion is delivered sealed with LBMA certifications directly from the refinery to the vault and placed in the safety box.

Transportation

Gold's are transported through certified and insured companies that guarantee the highest security in terms of protection of the goods and compliance with the law. Brink's is currently used.

High-Security Custody

The Gold is kept in a high-security deposit based in a free zone in Switzerland.

Annual Audit

On an annual basis or whenever the safe deposit box needs to be opened, an audit of the Gold deposited takes place. The audit is carried out by recognised auditors only.

Blockchain

The token is issued in both Ethereum and Binance Smart Chains. However, tokens have the characteristic of being cross-chain and therefore usable on different blockchains.

Legal Structure

The company responsible for the purchase of the diamonds is: Ephelia Capital Sagl, an asset manager regulated and supervised by the Swiss authorities with offices in Lugano and Zurich.

The custody service is intended to be a dual signature service with the appointed trustee. Ephelia Capital has no power to withdraw or move diamonds on a single signature basis.

EXAU Gold is a token that represents gold held in custody by a trusted third party to secure the value of the token, does not give any financial right and therefore qualifies as a non-security asset token.

The sale of the EXAU Gold is final: the EXAU Gold is non-refundable and cannot be redeemed with the gold held in custody by the issuer for the account of the token holder, except as in the rare case indicated above.

Acquiring the EXAU Gold tokens and storing them involves various risks, in particular (but not limited to) the risk to lose the token. Any interested person who is not in the position to accept or to understand the risks associated with the custody of a token representing diamonds or any other risks as indicated in this whitepaper shall not acquire EXAU Gold. The Company assumes no liability or responsibility whatsoever for any loss of the EXAU Gold or situations making it impossible to access the EXAU Gold, which may result from any actions or omissions of the user, as well as in case of hacker attacks. As far as possible, the Company will apply a procedure similar to Art. 973h of the Swiss Code of Obligation in order to avoid any potential damage caused by the loss of the EXAU Gold token.

EXAU Gold do not confer any direct or indirect right to Company's capital or income and, in particular, do not grant any right to dividends or interests or to any other share or participation to the Company or Company's Group revenue or earnings. The EXAU Gold token is just a proof of ownership of the diamonds held by a trust in the name of the Company.



The offering of the EXAU Gold token on a platform is done to allow additional users to purchase diamonds on a digital way and not for speculative purposes.

Jurisdiction

Switzerland

Final Conclusions

EXAU Gold is unquestionably a financial instrument covering several needs.

The digital nature of the token allows it to be portable and tradable in any situation. Where the need is to have a financial instrument in which to invest, that guarantees an historical profitability and an haven asset, then EXAU Gold is the most appropriate solution.

For a secure, immediate, and non-currency related means of payment, EXAU Gold is second to none. When the need is for a collateral in order to provide a security for the financial institution to obtain credit, EXAU Gold is the solution.

Plus... it's cool!