



**GOLD BACKED - INITIAL COIN**  
**WHITE PAPER**  
**OFFERING**

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## FORWARD LOOKING STATEMENTS

Forward Looking statements relate to expectations or forecasts of future events. Investors can easily identify these statements, as they do not relate strictly to historical or current facts.

Any or all forward-looking statements here, or in other publications, may turn out to be wrong. They can be affected by inaccurate assumptions or unknown risks. Many such factors will be important in determining our actual future results. Consequently, no forward-looking statement can be guaranteed. Results may be adversely affected by other factors including general market conditions, competitive product development, product availability, current and future branded and generic competition, federal and state regulations and legislation, service availability issues, timing of trades, patent positions, litigation or investigation. Our actual results may vary materially. We undertake no obligation to correct or update any forward-looking statements as a result of new information, future events or otherwise.

## COMPANY MISSION STATEMENT

### GOLD - COIN

MALECACOIN, (MALECACOIN Token System or the "Company") is a fintech corporation that is registered in Nicosia, Cyprus with registration #419325. MALECACOIN has developed and launched the MALECACOIN concept by combining physical gold (99.9% LBMA Bullion) and digital currency principles.

MALECACOIN will issue MALECACOIN Token backed by digital ownership title of physical gold (LBMA Certified) as the MALECACOIN Token System (MTS).

**MALECACOIN Token System (MTS)** is designed using the highest security standards and flexible architecture allowing clients to verify their accounts via computer, laptop, tablet or smartphone. Account values are updated as the value of each account changes according to the second London fix for the price of gold.

When a MALECACOIN Token is issued, a portion of existing Gold reserve is uniquely attached to it in 1/10<sup>th</sup> of a gram increments (99.9% LBMA Bullion)



**MALECACOIN** Token may be used as a form of payment, store of value or tradable asset.

**MALECACOIN** Token can either be stored in a "Wallet" that is connected to the internet, or stored in a "Cold Storage Wallet" that is disconnected from the internet.

**MALECACOIN** Tokens are backed by, and pegged to, physical gold (1/10<sup>th</sup> of a gram per token). MalecaCoin is a hedge against both fiat and other digital currency that depreciate with inflation, monetary manipulation, and regulation.

**MALECACOIN** Tokens are immune to potential economic and financial uncertainties and/or crises, backed by physical gold. Physical gold has proven to be the world's only stable bastion of value.



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## INTRODUCTION

### 1. MALECACOIN BACKGROUND

MALECACOIN (Registered Number 419325) the holding company is registered in Nicosia, Cyprus, and incorporated in 2020.

MALECACOIN is an opportunity to secure cash value (fiat currency) against a physical asset.

Awareness of the high volatility and the high-risk nature of investing in crypto currencies has driven investors to seek a store of value in the digital asset space.

MalecaCoin realized that a digital asset backed by gold bullion on a secure platform would allow individuals to have a secure, safe, and efficient store of value or hedge against the volatility of fiat, or other cryptocurrencies.

MalecaCoin presents the opportunity to return to the gold standard.

MalecaCoin will introduce peer-to-peer gold transactions, Retail Network Launching June 2023.

MalecaCoin also presents an opportunity for the value of the precious metals market to transition into the digital asset space. Although there are tokens that have presented the store of value component. Gold is still unable to be traded, stored or transacted peer-to-peer effectively. MalecaCoin seeks to correct these weaknesses in the digital asset and precious metals markets.

### 2. MALECACOIN ICO

MALECACOIN has received comprehensive legal advice and counsel and will follow the guidelines and recommendations set forth by the relevant Cyprus laws in order to ensure that its ICO does not inadvertently contravene any applicable rules and regulations.

MALECACOIN intends to launch its ICO towards accredited and professional subscribers/contributors and accepted crypto currency holders.

During the company's ICO subscribers will be able to purchase MALECACOIN using the accepted crypto currency. Accepted crypto currency is limited to; Bitcoin, Ethereum, Litecoin. Funds raised during the ICO will be used to cover ongoing operational costs including, but not limited to, all legal, marketing, communication, IT infrastructure, software, hardware and other Capex costs.

The amount of issuable MALECACOIN Tokens during the ICO rounds will be limited to a hard cap of 75,000,000 MalecaCoin. Every newly minted MalecaCoin token released will be issued backed by 1/10th of a gram of gold bullion. Currently, MalecaCoin has a proof of funds guarantee certifying the ownership and verified storage of \$210,000,000 in gold bullion.

A portion of any unsubscribed tokens, if applicable, in each round will be contributed to the treasury. These tokens will be distributed as a reward to stakers beginning in October of 2022. The rest will be burned and re-minted

and distributed as rewards in the staking process.

### **The ICO is as follows:**

\*All ICO Shares are Locked for 3 Months\*

\*All MalecaCoin Treasury rewards will be distributed through our staking platform beginning October 2022.\*

-Round 1: 25,000,000 @ \$1.00 Beginning Jan 1, 2022                      Unlocked April 2022

-Round 2: 25,000,000 @ \$2.50 TBD    Unlocked May 2022

-Round 3: 25,000,000 @ \$3.00 TBD    Unlocked Jun 2022

\*First round fully subscribed; 2 million MalecaCoin will be minted and placed in the treasury. These tokens will be distributed to the community beginning Q4 2022.

\*Second AND Third rounds fully subscribed; 2 million MalecaCoin will be placed in the treasury. Both rounds must be fully subscribed to engage MalecaCoin Treasuryreward. Distributed to the community beginning Q4 2022.

\*Round 1 participants will be eligible for first right of refusal, or 14 days, exclusive access to our staking platform launching in Q4 2022.

- ICO offer aimed at qualified strategic subscribers (provided all relevant KYC and AML procedures are completed), and
- Targets the international subscriber and crypto currency community.

MALECACOIN can issue MALECACOIN Tokens on a limited basis, providing there is an excess of purchased and stored gold within a certain time frame. MalecaCoin will support approved and accredited buyers. Payment options include Bitcoin, Ethereum, Litecoin, provided that all relevant KYC and AML procedures are completed.

MALECACOIN will determine a fixed date for the ICO, and subsequently for the 2nd and 3rd rounds currently planned in the Q2 2022. After thorough vetting of all aspects of the company by our legal counsel and financial advisers, the ICO website will be deployed at ICO launch with links to the company's final White Paper, and General Terms and Conditions. The KYC and AML services will be provided by an external specialized service provider accredited by a Cyprus bank or international bank that is able to scrutinize all legal and financial matters such as: the origin of the fiat currencies and/or cryptocurrencies received in accordance with the requirements of the compliance department of the designated bank.

Subscription closing documents will be drafted and completed by MALECACOIN's law firm and made available to subscribers.

The MALECACOIN website will have precise ICO instructions available. The commencement dates for the ICO will be clearly outlined and defined along with the initial MALECACOIN Token price. Upon completion of the subscription documents, prospective buyers will be required to transfer the approved offering currency, Bitcoin, Ethereum, Litecoin, to the offering address provided on the MalecaCoin offering website.

With all necessary KYC and AML information received from the buyer. MalecaCoin will submit details to the external KYC and AML service provider, and subsequently be approved by the Company. Subscribers will then be registered into MALECACOIN Token database as a customer.

All customers will have to own an existing personal crypto wallet compatible with the OKExChain/Binance Smart Chain (BSC) KIP20 standard in order to receive, manage, execute and certify the MALECACOIN Token.

Each approved customer's client account will be activated when their deposit in the accepted crypto currency, Bitcoin, Ethereum, Litecoin, equals the amount of the order (as per the posted price of the MALECACOIN Token on the ICO web site) and has been cleared through our accredited financial service provider.

Given that the MALECACOIN Token is the digital ownership title for MALECACOIN customers.

i.e.: 1/10th of a gram of gold price will be based and dependent directly on the market setting of 1/10th of a gram of gold (the "Standard").

Considering the volatility of crypto currencies only the net value of the proceeds received after their conversion into fiat currencies will be considered, and subsequently the appropriate number of MALECACOIN Tokens will be issued. In the event of any discrepancies resulting in an unallocated balance a refund will be processed.

In the event of any discrepancies either the customer will have to make up the difference or the number of MALECACOIN Tokens will be reduced or burned.

### 3. MALECACOIN ICO - MALECACOIN TOKEN

The MALECACOIN Token is a **hard asset stablecoin**, and should not be confused with traditional crypto assets, which have no backing.

Stablecoins "raison d'être" are used as a hedge against volatility inherent in crypto currencies by pegging their value to a physical asset. The MALECACOIN Token structure is designed to be more secure than a traditional asset backed token. Where typically an SPV issues securities backed by a pool of unverifiable assets, MALECACOIN Token holders become the passive owner of pure physical gold. There are no investment vehicle products, investment funds, or any type of SPV (special purpose vehicle) or certificate (including structured products or derivative).

The value of MalecaCoin is pegged to the market value of the physical asset, gold. In the case of the MALECACOIN Token, its pricing will depend on the daily fixing of 1/10th of a gram of gold bullion, with an added premium, not to exceed 10% at any point in time.

The MALECACOIN Token serves as a transfer of value facilitating peer to peer transactions, and is tradable on secondary markets when it becomes listed on approved international crypto currency exchange platforms. Furthermore, since all token transactions will be registered on the OKExChain/BSC blockchains, authenticity of the ownership is verifiable. This will enable physical gold's mobility and liquidity as each MALECACOIN Token represents a MALECACOIN Gold Coin.

Bullion Bars will be held and stored on behalf of MALECACOIN Token holders in secure vaults located in LBMA refineries that are fully insured. MALECACOIN has secured such reserve to the value of **\$210M ingold.**

MALECACOIN Token holders will be able to redeem their tokens at certain points in time for the allocated MALECACOIN Gold Token value. This buyback process will only be available when the community passes a resolution (MIP). The price of a MalecaCoin token lot must fall below its issuing value. The buyback price will then be voted on by the community and will be fixed for the entirety of the buyback session. The value of each MalecaCoin lot will be published and publicly available on MalecaCoin.com for reference.

Any MALECACOIN Token that is redeemed is sent to a verifiable burn address on the OKExChain/BSC rendering it null and void. The redemption procedure will be explicitly described in MALECACOIN Tokengeneral terms and conditions.

#### **4. USE OF MALECACOIN TOKEN ICO PROCEEDS**

The ICO proceeds will be allocated as such: approximately 90% towards the gold pool to cover the issuance MALECACOIN Tokens. The remaining 10% (the Premium) balance will be used to finance MALECACOIN ICO launch and administration Capex (IT architecture), marketing and communication, legal, service provider advisory fees, team salaries, registration costs for the Patent and Utility Patent, and advisors for R&D development.

As previously stated the price of a MALECACOIN Token will be based on the market fixing of 1/10th of a gram of gold bullion plus a premium, not to exceed 10%. This premium will be used by MALECACOIN to cover secured vault storage, administration and management monitoring of the blockchains, and any other costs associated with the regulated financial service provider.

## 5. MALECACOIN TOKENS & CRYPTO CURRENCY MARKET

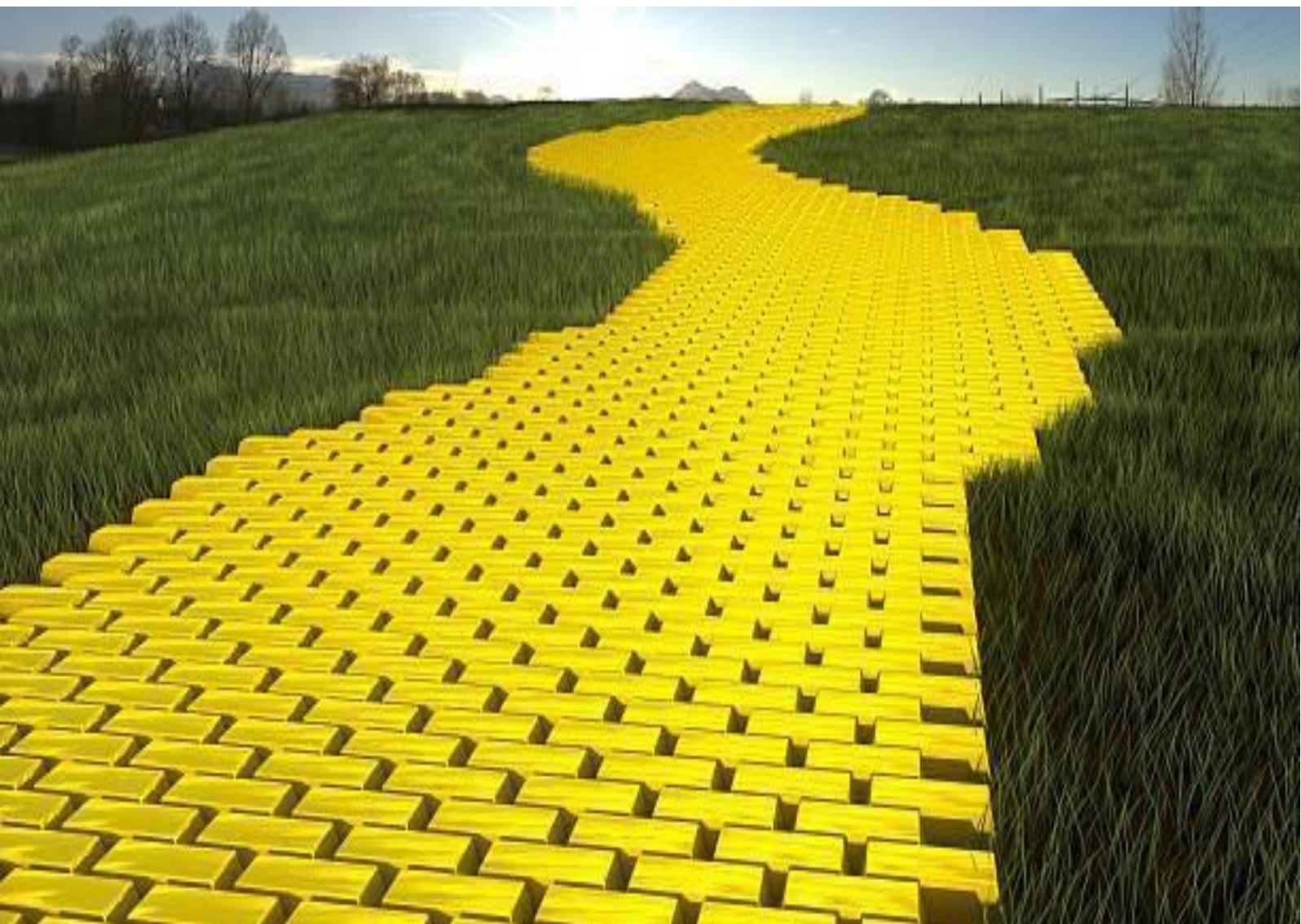
The world's two major crypto currencies Bitcoin and Ethereum ("BTC and ETH") have now reached a market capitalization over US\$1,162 Trillion, and are convertible into fiat currencies through a number of active crypto currency exchanges platforms around the world. Bitcoin in particular has become the mainstream crypto currency, and has been legalized in Japan.

The total capitalization of the top ten (10) crypto currencies at the moment has reached around US\$1.68T. However, their extreme volatility makes them a very speculative risk for subscribers. MALECACOIN has identified a growing demand for asset-backed stablecoins.

The MALECACOIN Token is the answer to this demand; giving subscribers the advantage of physical gold ownership without the burden and risk of personally holding, storing it, or the need to physically handle its transfer, to be sold, gifted or exchanged.

By leveraging Blockchain technology, MALECACOIN Token allows subscribers to securely and easily trade, store, or exchange physical gold around the world. By creating a verifiable connection between the digital and physical world on a peer-to-peer basis, whilst in full compliance with all KYC and AML standards.

MALECACOIN has performed extensive market research that suggests a significant number of BTC and ETH investors and/or holders would convert some of their crypto currencies into an asset-backed stablecoin.



**Market Cap Data as of March 9, 2021**

<b>Symbol</b>	<b>Last Price</b>	<b>Volume</b>	<b>Market Cap</b>
<b>BTC-USD</b>	<b>54814.668</b>	<b>51.28B</b>	<b>1,022.26B</b>
<b>ETH-USD</b>	<b>1848.1956</b>	<b>23.52B</b>	<b>212.51B</b>
<b>BNB-USD</b>	<b>290.65192</b>	<b>8.62B</b>	<b>44.92B</b>
<b>ADA-USD</b>	<b>1.191269</b>	<b>5.29B</b>	<b>38.06B</b>
<b>USDT-USD</b>	<b>1.0006852</b>	<b>95.80B</b>	<b>36.82B</b>
<b>DOT1-USD</b>	<b>38.268513</b>	<b>3.03B</b>	<b>35.15B</b>
<b>XRP-USD</b>	<b>0.48302138</b>	<b>3.03B</b>	<b>21.93B</b>
<b>LTC-USD</b>	<b>203.49292</b>	<b>5.41B</b>	<b>13.56B</b>
<b>LINK-USD</b>	<b>31.413708</b>	<b>1.62B</b>	<b>12.93B</b>
<b>BCH-USD</b>	<b>543.32666</b>	<b>2.78B</b>	<b>10.15B</b>

## 6. MALECACOIN GROUP TECHNOLOGY

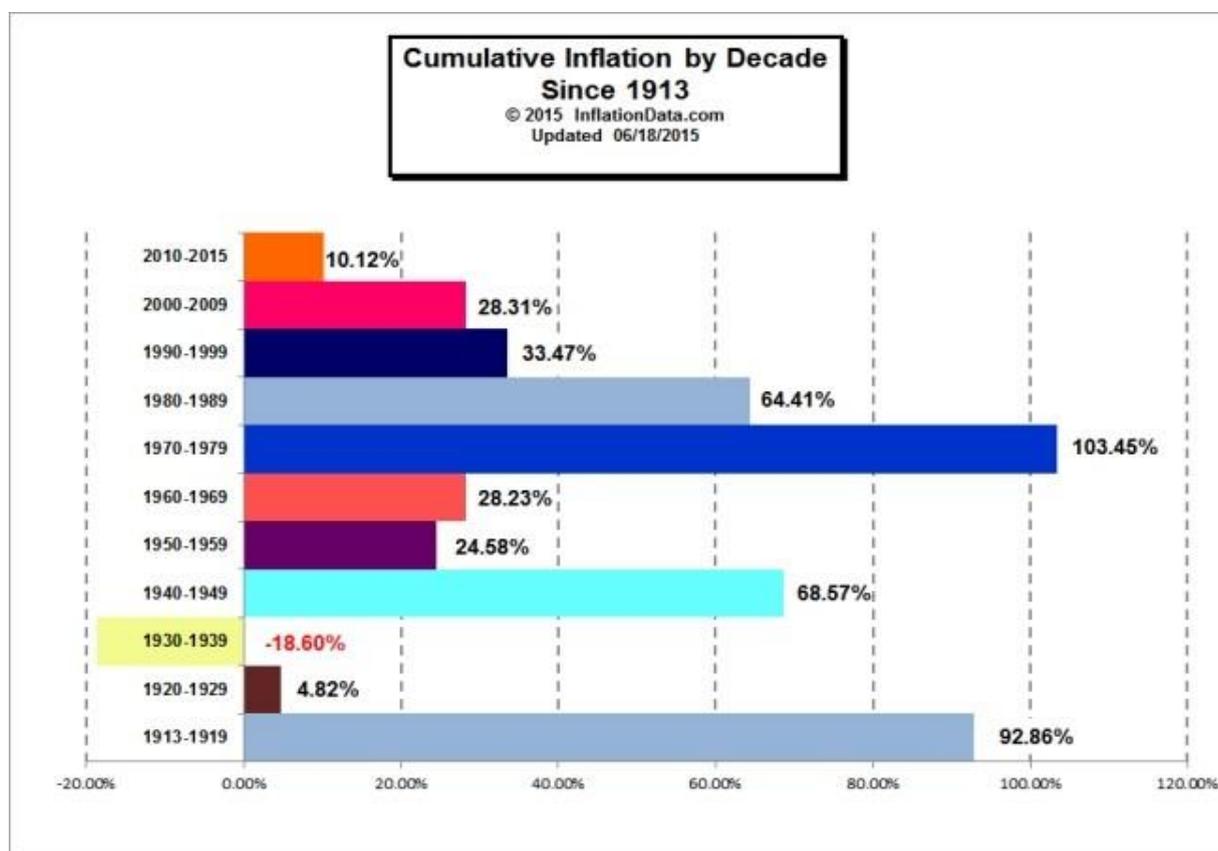
The OKExChain/BSC architectures are used within the exposed perspective to secure the physical asset. MALECACOIN IT infrastructure enables the digitalization of physical gold into a token, and a public smart contract on the decentralized OKExChain/BSC Blockchains. This is where the MALECACOIN OKExChain/BSC smart contract takes over.

The MALECACOIN Token, is a KIP20 compatible token easily integrated with exchangeplatforms and other contracts. Consequently, a MALECACOIN Token holder can easily transfer their tokens to an authorized OKExChain/BSC address by employing the transfer function of the contract and signing the transaction with the corresponding private key.

MALECACOIN as the digital central authority, is the initial contract creator and owner (the address which has signed the transaction deploying the smart contract on the OKExChain/BSC networks). The smart contract features modifiers whitelisting authorized addresses to perform certain functions.

## 7. MALECACOIN TOKEN ADVANTAGES

The attraction to physical gold no longer needs to be proven. Its stability over the long term is clearly demonstrated in the open market. The precious metal is a stable bastion of value able to retain its purchasing power against inflation, volatility and any other monetary crises, restrictions, political uncertainties and risks. Gold to this day is still regarded around the world as a financial safe haven.



The demand for gold remains strong with over US\$5.170 billion bought and sold in 2016, by individuals, investment professionals, and sovereign nations. Gold remains a unique asset class, which derives its fundamental worth from its intrinsic value, and as such should in principle never become worthless unlike many financial instruments.

Despite no longer being pegged to the price of gold, most central banks continue to retain substantial gold to back their domestic fiat currency, and as a hedge against potential political and economic uncertainty.

Note, that the Chinese and Russian central banks are acquiring large quantities of gold so that their respective currencies may become a stable alternative for international payments against the US dollar.

Owning and holding physical gold be it either in coin or bullion form is inconvenient, cumbersome, and potentially risky for a private investor, even when stored safely. Furthermore, in order to sell gold coins or bullion, a visit to a specialist buyer is required.

Settling a transaction, or paying with gold coins bars or ingots aside from being unusual, is not practical or reliable, and subject to counterfeiting and fraud. In recent times, gold owners have been subject to significant losses by unknowingly dealing with fraudulent dealers who utilized apparently perfect looking gold ingots, which were in fact made up of a tungsten core, which has a density similar to gold, covered with 15% gold.

By developing the MALECACOIN Token, and leveraging state of the art technologies, including the OKExChain/BSC blockchains, and Nano laser engraving, all concerns relating to security, authenticity, proof of existence, counterfeiting storage and exchange have been addressed and resolved..

Bill Gates "The future of currencies is crypto currency • (CNBC December 2015 interview).

Gates again "Bitcoin is better than currency in that you don't have to be physically in the same place, and of course for large transactions currency can get pretty inconvenient" [Bloomberg June 2014 interview).

**MalecaCoin is designed to convert gold in real-time to a new store of value, or investment. MalecaCoin makes gold universal in its acceptance and unlimited in its direct investment potential. The full potential of gold will be unlocked with the release of MalecaCoin's retail-based peer-to-peer payment network, expected in 2023.**

## 8. MALECACOIN GOLD INVENTORY

MALECACOIN responsible gold source will be provided by LBMA Refineries globally.

All gold secured on behalf of MALECACOIN will be done in compliance with the relevant governing laws of the LBMA and International Bank of Settlements which will be integrated into MALECACOIN management governance and structures

- Laws on control of precious metals LBMA IBS World Bank
- Laws on money laundering "LBA" from Cyprus
- LBMA Responsible Gold Guidance

- RJC Chain of Custody Standards
- Section 1502 of the US Dodd Frank act

MALECACOIN gold inventory will be inspected by an external auditor recognized by LBMA at refinery and storage facility.

MALECACOIN has also entered into preliminary discussions with certain gold mine operators to engage into partnership, for the sourcing of gold supplies for MALECACOIN in order to integrate a future vertical concentration model from gold mining to a gold backed crypto currency.

## 9. CRYPTO GOLD - MALECACOIN TOKEN

MALECACOIN Tokens are entries on a decentralized ledger (Blockchain). The birth of a MALECACOIN Token occurs when MALECACOIN generates a "Unique Random AlphaNumeric Code" that is inked on the Company's books.

Customers who have acquired MALECACOIN Tokens are solely responsible for maintaining the keys allowing them to create a new entry on the ledger thus enabling the transfer of ownership to a third party via a dedicated crypto exchange platform.

## 10. MALECACOIN TOKEN ICO OPPORTUNITY

In the first quarter of 2022, MALECACOIN will launch the MALECACOIN ICO online.

Approved KYC and AML qualified subscribers, will be registered and able to open a client account with MALECACOIN Tokens. Subscribers will need to already own a personal KIP compatible crypto wallet. Soon thereafter, the subscriber will be informed of the amount of their payment due in approved cryptocurrency. Approved currencies are limited to Bitcoin, Ethereum, Litecoin. Approved subscribers will then open their client account using the procedure below:

By depositing the full price of the MALECACOIN Tokens for which they are subscribing with approved crypto currencies into MALECACOIN financial service providers crypto wallet. The service provider will then perform the KYC and AML procedures, and if the subscriber is qualified, exchange the crypto into fiat currency. The proceeds will then be transferred into MALECACOIN bank account. When the financial service provider has completed this currency conversion, the appropriate number of MALECACOIN Tokens (calculated by dividing the amount of fiat currency by the price of a MALECACOIN Token) will be deposited into the subscriber's crypto currency wallet. If there is a surplus because of this calculation MALECACOIN will refund the customer.

## 11. MALECACOIN TOKEN IT ARCHITECTURE

Each MALECACOIN Token generates a Unique Random ID Number for each token. This unique ID number is used to guarantee the existence of the allocated physical gold bullion as well as its unique identifier and authenticity. No two tokens can have the same ID and the system prohibits two or more tokens from having the exact same Random ID Base Number.

Furthermore, when a MALECACOIN Token is allocated to a gold bullion bar both are irrevocably registered into the OKExChain/BSC blockchains, and the MALECACOIN Token is consequently transferred into the subscriber's personal wallet.

## 12. SECURE VAULT STORAGE OF GOLD BULLION

MALECACOIN is entering into a Service Agreement with an accredited LBMA Refinery which provides secure vault storage. The identified bullion will be stored on behalf of its respective owner.

In due course, MALECACOIN also plans to establish similar secure vault storage agreements with other LBMA Certified refineries, and vault operators in locations including but not limited to Dubai, Singapore, Hong Kong, Japan and Canada.

MALECACOIN will arrange a quarterly audit of its secure vault storage operations, including a full count of all MALECACOIN Tokens held by the Custodian and the Company's gold inventory.

## 13. MALECACOIN CUSTOMERS ACCESS TO THEIR WALLETS

MALECACOIN Tokens will employ a OKExChain/BSC Smart Contract once a customer has successfully completed the KYC and AML procedures, and the relevant funds have been credited to the Company's wallet once their MALECACOIN client account is opened. The MALECACOIN Tokens will then be electronically delivered through the OKExChain/BSC Blockchains into the customer's personal cryptocurrency wallet (customers will be required to provide MALECACOIN with their wallet address).

Customers can store their MALECACOIN Token(s) on a hot (connected to the internet), or cold (disconnected from the internet) storage wallet providing it is compatible with the KIP20 wallet standard.

Digital wallets can either refer to an electronic device called a cold storage wallet, or an account opened in an IT System that allows an individual, or corporate entity to make electronic transactions privately without limitations by computer tablet or smartphones.

By storing their MALECACOIN Tokens on a cold storage wallet, customers can protect themselves from potential cyber criminals seeking to steal their tokens. The ledger wallet can be thought of as a digital safe combining the security of cryptographic chips and Blockchain technology, enabling mobility, liquidity, and tradability of physical gold.

MALECACOIN intends to list its MALECACOIN Token on several major international cryptocurrency exchange platforms enabling trade in the secondary market.

## 14. KYC AND AML PROCESS & PROCEDURE

As a mandatory requirement of the subscription process, all potential MALECACOIN Token subscribers will be required to provide MALECACOIN with KYC information, and fully comply with anti money laundering declarations and/or

disclosures.

The final KYC and AML procedure will be conducted by an external qualified financial service provider approved by MALECACOIN bank(s). It should be noted that depending on the amount of MALECACOIN Tokens requested for purchase by the customer a more thorough KYC and AML audit may be required.

All information and documentation provided will be retained by MALECACOIN in accordance with its Privacy Policy described in this White Paper.

MALECACOIN reserves the right to request KYC and AML information concerning the background of any potential subscriber of MALECACOIN Tokens. As part of this KYC and AML procedure, MALECACOIN may carry out additional background checks and due diligence through specialist third parties such as "World Check".

For legal entities such as Companies, Associations, Trusts Foundations, and all other types of legal persons the same KYC/AML procedures will be applied to the officers, directors and beneficial owners of such entities

## 15. MALECACOIN DATA PROTECTION & PRIVACY POLICY

The Company takes Privacy and Data Protection very seriously, and has developed its own Privacy Policy which will be adapted to be in accordance with the new EU General Data Protection Regulation (GDPR) (EU) 2016/679 which came into force on the 25th of May 2018.

For further details go to the following link: <https://www.eug.dpr.org/>

## 16. ROAD MAP FOR THE MALECACOIN TOKEN ICO

<b>A.</b>	<b>MALECACOIN Pre-Launch Preparation</b>	<b>April 2021</b>
	<b>-Legal and Market Research</b>	
<b>B.</b>	<b>Launch of MALECACOIN Website</b>	<b>Mar 2021</b>
<b>C.</b>	<b>Day 1</b>	<b>Jan 2022</b>
<b>D.</b>	<b>1<sup>st</sup> Round ICO Shares Unlocked</b>	<b>Apr 2022</b>
<b>E.</b>	<b>2<sup>nd</sup> Round ICO Shares Unlocked</b>	<b>May 2022</b>
<b>F.</b>	<b>3<sup>rd</sup> Round ICO Shares Unlocked</b>	<b>Jun 2022</b>
<b>G.</b>	<b>Tier 1 Exchange Listing</b>	<b>Jun 2022</b>
<b>H.</b>	<b>Additional meeting with LBMA Refinery</b>	<b>Jul 2022</b>
<b>I.</b>	<b>Staking Platform Beta Launch</b>	<b>Sept 2022</b>
	<b>-14 Day Window Opens for Initial Investors</b>	
	<b>-1 Day Window for Technical Remediation</b>	
<b>J.</b>	<b>Staking Platform Launch</b>	<b>Oct 2022</b>
<b>K.</b>	<b>Launch Retail Network</b>	<b>Jun 2023</b>
<b>L.</b>	<b>Launch Silver Token</b>	<b>May 2023</b>
	<b>- Token Distributed Exclusively to MALECACOIN Token Holders</b>	
	<b>- Token pegged to the Price of 1 Ounce of Silver Bullion</b>	

## 17. MALECACOIN TOKEN ECONOMICS

### Expanding Supply:

- MalecaCoin intends to expand its initial supply from 75 million to 1 billion Tokens. Newly minted tokens will be distributed exclusively through our staking rewards platform beginning in Sept 2022. Until this time the supply will remain fixed in the open market, 75M.
- The community will determine the burn rate to prevent fluctuating inflation rates through our MIP (MalecaCoin Improvement Proposals) community votingsystem. We anticipate a burn rate between 0-2.5% on a weekly basis as a defensive measure.

### Staking Priority:

1. Tokens to be awarded to Stakers weekly on a pro rata basis when minting begins, Sept 2022.
2. The mechanisms above will ensure we don't fall below collateral needs. The optimum collateral percentage to be determined through our MIP community voting system (expectations will be for a minimum of 2:1 ratio) which in turn will allow us to absorb dramatic pricing fluctuations. Subject to adjustment through MIP.
3. Stakers have created debt by minting. If the peg drops, they can now profit by buying MalecaCoin back below par and burning it to reduce their debt.
4. MalecaCoin always values 1 MalecaCoin at 1/10<sup>th</sup> of a Gram of Gold.

### Process:

The MalecaCoin contract checks that the MalecaCoin Staker can mint MalecaCoin against their MalecaCoin, which requires their Collateralization Ratio, determined by MIP resolution prior to Sept 2022.

- A. Their debt is added to the Debt Register. The debt is equal to 20% of the new value minted, plus a premium not to exceed 10% of the overall value and is stored in MalecaCoin.
- B. With the debt assigned to the Staker, the MalecaCoin contract instructs MalecaCoin to issue the new amount. It adds it to its total supply and assigns the newly minted MalecaCoin to the user's wallet.
- C. If the price of MalecaCoin increases, an equivalent portion of a Staker's MalecaCoin is automatically unlocked as collateral.
- D. A percentage of the fees, 0.25%, per transaction, will be distributed to Stakers on a weekly basis.
- E. When claiming fees, a Staker also claims their MalecaCoin staking rewards which in turn reward them with newly minted MalecaCoin for staking the MalecaCoin they currently own.
- F. Stakers will forfeit 20% of their temporary reward, plus a premium not to exceed 10%, to unlock newly minted tokens. In addition, gas fees will be required to unlock rewards from the OKExChain/BSC Smart Contract.

- G. Temporary token rewards forfeited will either be burned, to reduce inflation, or put into the treasury for later distribution to the staking network.
- H. Finally, a transaction fee, 0.25%, will be introduced prior to the release of newly minted tokens. This fee is applied to the overall amount and not each token individually. These fees are then distributed to the staking network.

**The smart contracts' process once a Staker requests to claim their fees is as follows:**

1. The fee pool checks whether there are fees currently available and whether the Staker is eligible to receive fees.
2. The amount of fees sent to MalecaCoin go to Staker's wallet address and the balance of the fee pool is updated.
3. Additionally, a pro-rata amount of escrowed MalecaCoin is assigned to the wallet address from the MalecaCoin staking rewards contract.
4. Fees are allocated based on the proportion of debt each Staker has issued. The debt includes the cost of minting the MalecaCoin, or 20% of the temporary token rewards. In addition a premium is applied to each newly minted MalecaCoin, not to exceed 10%.

**Burning Debt:**

When a MalecaCoin Staker wants to exit the system or reduce their debt they must return 20% of their temporary rewards plus a premium to unlock staked MalecaCoin. Stakers are expected to pay back their debt first. Staker debt payments, 20% of temporary rewards plus a premium, will then be returned to the staking reward program for future distribution or destruction.

At its simplest: a Staker mints 10 MalecaCoin by locking MalecaCoin as collateral, and must burn 2 MalecaCoin, plus a premium, to unlock it. But if the debt pool fluctuates (and therefore their individual debt fluctuates) while they are staked, they may need to burn more or less debt than they minted.

**THE PROCESS FOR REDUCING DEBT TO ZERO IS AS FOLLOWS:**

- The MalecaCoin contract determines their debt balance and removes them from the Debt Register.
- The required amount of MalecaCoin is burnt, and the total supply of MalecaCoin is updated along with the MalecaCoin balance in the user's wallet.
- The MalecaCoin balance then becomes transferrable.

**The Debt Pool:**

The system tracks the debt pool (as well as each individual Staker's debt) each time a MalecaCoin holder mints or burns MalecaCoin. It does this by updating the Cumulative Debt Delta Ratio. This measures the MalecaCoin Staker's proportion of the debt pool at the time they last minted or burned, as well as the debt change caused by other Stakers entering or leaving the system. It is important to remember that all stakers are responsible for 20% of their temporary rewards being returned to the network, plus a premium not to exceed 10%.

The system uses this information to determine the individual debt of each Staker

at any time in the future, without having to actually record the changing debt of each individual Staker.

Updating the Cumulative Debt Delta Ratio on the Debt Register allows the system to track every user's percentage of the debt. It calculates the percentage change the new debt introduces against the debt pool using the formula below and appends it to the Debt Register:

**New Debt Minted (Total Existing Debt + New Debt)**

- The Staker's last mint/burn action is then recorded in the Debt Register within their issuance data and the relative index number at which this action happened.

The detail recorded is the percentage of the debt pool they represent, which is calculated by this formula:

$$\text{User debt percentage} = \frac{\text{New Debt} + \text{Existing Debt}}{\text{Previous Debt Pool} + \text{New Debt}}$$

The Debt Register holds the Cumulative Debt Delta Ratio, which is the product of the calculation above, and the relative time (index) the debt was added, so that it can be used to calculate any user's percentage of the debt pool at any index in the future based on the percentage shift in the debt pool their last mint/burn caused.

- We recalculate the debt pool by summing the number of tokens in each MalecaCoin and multiplied by the current exchange rates, each time new debt is issued/burned:

**Total Debt Issued = Total Issued MalecaCoin**

- This enables the calculation of the current debt pool and is included in the updated Cumulative Debt Delta Ratio so that we know at each Debt Register entry the size of the debt (in MalecaCoin).

When a Staker pays back their debt, 20% of temporary rewards plus premium, (i.e. by burning the MalecaCoin they minted) to unlock their MalecaCoin collateral, the system updates the Cumulative Debt Delta based on the percentage shift in the amount of debt to be burned against the total value of the system's debt after their reduction in debt.

- This is the inverse calculation from when a user mints new debt:

$$\text{User's new debt \%} = \frac{\text{Existing Debt} - \text{Debt to be Burned}}{\text{Debt Pool} - \text{Debt to be Burned}}$$

- This is the formula for calculating the updated Cumulative Debt Delta:

$$\text{Delta} = \frac{\text{Debt to be Burned}}{\text{Debt Pool} - \text{Debt to be Burned}}$$

If a Staker burns all their debt, their issuance data in the Debt Register will be set to 0 and they will no longer be part of the debt pool.

**Current risks:**

There are several risks in the current architecture, as MalecaCoin is still an experimental system, and complex systems require both empirical observations and theoretical analysis.

Empirical observation and theoretical analysis ensure the mechanism design aligns incentives for all players.

One risk involves the debt MalecaCoin holders issue when they stake their MalecaCoin and mint MalecaCoin.

As previously explained, this debt can fluctuate due to exchange rate shifts within the system. This means that to exit the system and unlock their staked MalecaCoin, they may need to burn more MalecaCoin than they originally minted.

Most people in the cryptocurrency space are aware of this risk, but the prices of most crypto assets are highly correlated to Bitcoin and/or Ethereum. This means it's possible for major price fluctuations in the MalecaCoin token to occur for reasons that have little to do with MalecaCoin or the MalecaCoin system.

Finally, there are a number of aspects of the system that are currently centralized. This decision has been made to ensure efficient implementation of the project.

One example of centralization is the use of proxy contracts across much of the architecture. This is to ensure the system can be upgraded easily but confers a level of control to the engineering team which requires trust from users.

While these aspects will be phased out over time, it is important to understand the risks inherent in the current system architecture.

The MalecaCoin team is committed to decentralization and censorship resistance —this will be a gradual process as the system matures. This includes crucial areas such as our price feeds.

Another important area is governance. We have recently initiated regular community governance calls to ensure the project's goals are aligned with the community.

Another aspect of this process is a move to a formal change management process, we have introduced MIP (MalecaCoin Improvement Proposals) to allow the community to introduce change requests, and to ensure that any changes to the system are well understood and considered by all stakeholders.

## 18. MALECACOIN TOKEN RISK FACTORS

This White Paper is for discussion and informational purposes only, and is subject to change without notice.

This White Paper is not a contract. Therefore no part of this White Paper is legally binding or enforceable nor is it meant to be.

Please do not copy or disseminate any part of this White Paper without including this disclaimer. The final version of this White Paper will be published as soon as adopted by the Company.

The customer acknowledges and agrees that there will be risks associated with purchasing, holding and trading the Company's "MALECACOIN Token" on a certain platform(s) developed for or listed in at a certain time.

The issuance and the sale of such "MALECACOIN Token" and all the rights attached are explained in this White Paper, and will be confirmed within the "Company General Terms and Conditions" to be released with the final White Paper version included in the ICO.

Nothing in this White Paper shall be deemed to constitute a prospectus of any sort or a solicitation for investment nor does it in any way pertain to an offering or a solicitation of an offer to buy any securities in any jurisdiction. This document is not composed in accordance with and is not subject to laws or regulations of any jurisdiction which are designed to protect investors.

Nothing in this White Paper shall be deemed to constitute a prospectus of any sort. This White Paper does not constitute or form an offer part of and should not be construed as an offer for a sale or subscription or an invitation to buy

or subscribe to any securities or rights belonging to the Company (including corporate direct or indirect rights such as equities or participation rights or any right to receive the income or part of the income of the Company) or any holding related or associated company in any jurisdiction.

None of the information or analysis in this White Paper is intended to provide a basis for an investment decision and no specific investment recommendation is made. Accordingly this White Paper does not constitute investment advice or an invitation to invest in any security or financial instrument of any nature whatsoever.

**The Company expressly disclaims any liability for any direct or indirect loss or damage of any kind arising directly or indirectly from:**

- A. Any reliance on the information contained in this White Paper
- B. Any error omission or inaccuracy in said information or
- C. Any resulting action that may be brought

This White Paper has been constructed in accordance with the applicable Cyprus regulations.

From a Cyprus regulatory and legal perspective, a MALECACOIN Token does not represent and shall not be considered as a share (equity), bond (or note), structured product (including a certificate), investment fund, collective investment scheme or mutual fund. Moreover, a MALECACOIN Token does not represent and shall not be considered as a derivative under art 2 let c FMIA. However, in the Company's analysis the MALECACOIN Token meets the definition of mean of payment under Cyprus laws.

From a Cyprus regulatory and legal perspective a MALECACOIN Token does not represent and shall not be considered as an investment in a security or a financial instrument within the meaning of EU Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 relating to markets in financial instruments. A MALECACOIN Token does not confer direct or indirect right to the Company's capital or income.

MALECACOIN Token is a cryptographic token representing the ownership of uniquely identified and allocated pure 99.9% pure gold bullion. Therefore, an unregulated hard asset digital crypto issued by its developers, and to be used and accepted by the members of the crypto currency community and MALECACOIN Token subscribers.

**If you have any questions regarding these risks please contact us at:**

**Website:** <https://MalecaCoin.com/>

**Email:** [InvestorRelations@MalecaCoin.com](mailto:InvestorRelations@MalecaCoin.com)

**BY PURCHASING MALECACOIN TOKENS YOU WILL EXPRESSLY ACKNOWLEDGE AND ASSUME THESE RISKS.**

**Only people who are fully aware of these risks should participate in the revolving ICO.**

**Selling restrictions**

Potential subscribers to the MALECACOIN Token should note: that participation in the MALECACOIN Token and related ICO is subject to limitations imposed by applicable securities laws in various jurisdictions. Moreover, potential subscribers should be aware that some jurisdictions may introduce new regulation or adapt their current regulation and/or definitions of categories of tokens (including Cyprus and GCC countries).

As an example: the ICO excludes certain groups of people such as “US Person” (within the meaning of Regulations of the Securities Act 1933 under US law).

Other examples of selling restrictions and limitations may be outlined in the upcoming ICO (General Terms and Conditions and/or the Company’s website and/or any other documentation).

**20. LEGAL DISCLAIMER**

The issuance of MALECACOIN Token includes a public sale in Cyprus as previously mentioned. The MALECACOIN Token is not intended to be made available sold or distributed in any jurisdictions where such MALECACOIN Token is unlawful.

Documents linked to the MALECACOIN Token including this White Paper may not be transmitted in any other jurisdictions where the communication of such documents are not authorized for sale and/or unlawful.

Any intentional buyer of the Company’s “MALECACOIN Token” and services related expressly acknowledges market or legal uncertainties, which are inherent in any crypto currency business development project as presented in this White Paper (see below for risk factors), and that this project may therefore never come to fruition or may have to be abandoned. In such a case the subscriber expressly acknowledges and accepts that it will not be entitled to sue or bring any direct or indirect legal action before the courts the arbitration bodies or any alternative dispute settlement body in Cyprus or any other jurisdiction against the Company, its directors, shareholders, investors, employees, or subcontractors in the event of the non performance, or non deployment, or non implementation of the " MALECACOIN Token project, even in cases where the MALECACOIN Tokens have lost any value other than the identified and allocated underlying gold bullion.”

### In addition the Company may not be held liable for any of the following:

- I. Use of services that are not compliant with the applicable terms
- II. Non performance failure malfunction or unavailability of the services due to a third party the buyer a third party product or the buyers breach of its obligations
- III. Indirect damages such as business loss or disturbance loss of orders operating loss infringement of the trade mark loss of profits or clients (e. g. improper disclosure of confidential information concerning said clients due to failure or piracy of the Platform third party proceedings against the client, etc. )
- IV. Loss disclosure or unlawful or fraudulent use of user sign on by the buyers or third parties
- V. Suspension of access or temporary or permanent suspension of services (in particular arising from a request issued by an appropriate administrative or judicial authority or notification received from a third party)
- VI. Loss alteration or destruction of all or part of the content (information data applications files or other items) hosted on the infrastructure so far as the Company is not responsible for managing the continuity of buyers activities and data backups in particular
- VII. Mismatch between the services and the buyers needs (in particular with regard to the sensitivity of the relevant data)
- VIII. Security incidents relating to use of the Internet concerning in particular the loss alteration destruction disclosure or unauthorized access to the buyers data or details on or via the Internet and,
- IX. Damages to systems applications and other items installed by the buyer on the Company's infrastructure

BUDGET FORECAST US\$						
	Accumulated		Accumulated		Accumulated	
	Round	Market CAP	Round	Market CAP	Round	Market CAP
	1		2		3	
INITIAL ICO	25,000,000	\$25,000,000	25,000,000	\$87,500,000	25,000,000	\$162,500,000

3 YEARS ANNUAL WALLETS PROJECTIONS			
	YEAR		
	1	2	3
	NEW WALLETS	5,000	20,000