



# PHIGOLD

## White Paper

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THIS WHITE PAPER SUMMARISES AN OFFERING DOCUMENT IN RESPECT OF A LISTING OF 1,540,000 PHIGOLD COINS, WITH EACH COIN BASED ON 1/100TH OF AN OUNCE OF GOLD IN THE GROUND, REPRESENTING A TOTAL OF 15,400 OUNCES, LOCATED IN THE COMPANY'S GOLD MINE IN THE PHILIPPINES, TO RAISE A TOTAL OF UP TO APPROXIMATELY \$15,400,000 AND OFFERED ON THE DATE OF PURCHASE AT A 35% DISCOUNT TO THE LONDON BULLION MARKET ASSOCIATION (LBMA) DAILY GOLD PRICE PUBLISHED AT 10.30 AM LONDON TIME, AT \$10 PER COIN, OR AT ANY OTHER PRICE, AT THE DISCRETION OF THE DIRECTORS OF THE COMPANY.

**Note:** *This White Paper consists of Parts 2, 3 and 4 of the Offer Document ("OD") on the Phigold project. This White Paper is qualified by the full contents of the OD and specifically by the Risk Factors in Part 9 of the OD. The full OD can be requested from the Phigold web site at [www.phigold.com](http://www.phigold.com)*

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18 SEPTEMBER 2020



fundraising adviser

**CHARLES STREET SECURITIES EUROPE LLP**

AUTHORISED AND REGULATED BY THE FINANCIAL CONDUCT AUTHORITY

## BENEFITS OF THE PHIGOLD COIN (SYMBOL "PGX")

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- The Phigold Coin is a digital coin designed as a GOLD BASED COIN offered at a discount to the price of gold.
- The Coin is initially based on the Company's gold resource.
- 1,540,000 PhiGold Coins have been issued which represents approximately 5% of the Company's Total estimated gold resource in the Phigold Barobo concession and further defined in Part 6 of the OD. The Company will allocate 50% of net monthly cash flow from mining operations to the Cash Custodian Account. Over time the Coins will progress from being based on the gold resource to being based on gold bullion.
- The Coin Offering will enable Phigold to move from test mining to commercial mining, while giving potential price appreciation, a new payment tool and a store of value to the initial adopters of the Coins.
- The Phigold Coin is offered at a discount to the price of gold and is expected to have stability and potential price appreciation.
- Unlike the issuers of other gold linked coins currently on the market, Phigold has the benefit of directly OWNING ITS GOLD RESOURCE concession, the benefit of a COMPETENT PERSON REPORT on the resource and the benefit of PRIOR MINING and extraction and refining of gold.

## THE OFFER

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- The Phigold Coin is offered at a discount to the price of gold, with the intention that its value will progressively converge with the market price of gold, over time, as the resource support is replaced with bullion support.
- Each Coin is based on 1/100 of an ounce of Phigold's gold resource and is offered at \$10 per Coin. The Company has created 1,540,000 Phigold Coins, based on 15,400 ounces of the Phigold Barobo gold resource, issued on the Ethereum Platform using the ERC-20 standard.

### **Timetable and major milestones**

The Offer will open on 24 March 2020 and will remain open until closed by the Directors.

### **Anticipated timeline from the date of completion of the Offer**

- Ordering of capital equipment within 9 months
- Commercial Mining License 12 months
- Re opening of Barobo Mine 16 months
- Gold mining first output 18 months

## Use of Proceeds

- Company will allocate cash from the sale of Phigold Coins for payments for regulatory and compliance work, ordering and mobilisation of capital equipment, recruitment of additional mining operating professionals, working capital and repayment of pre-existing debt on a structured basis and meeting the expenses and fees of the Phigold Offer.

## VALUE DRIVERS

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- Creation of the PhiGold Coin based on the Company's owned gold resource.
  - The Barobo gold resource supports the Phigold Coin to be progressively replaced with gold bullion.
  - Gold bullion to be held within the Gold Trust.
- The PhiGold Coin sold at a discount price to the LBMA spot price of gold, offering a potential upside appreciation of approximately 70% to the current price of gold.
- Price of Phigold Coin expected to track the price of gold over time.
- Key points on gold resource;
  - Updated JORC compliant report documents approximately 272,000 ounces of gold resource.
  - Successful completion of test mining with extraction, refining and sale of gold.
  - Over \$1m of gold production sold to Central Bank of Philippines.
  - The Phigold Barobo mine ready to scale up mining operations.
- All gold mined will be sold to the Central Bank of the Philippines and Coinholder proceeds transferred to the Gold Trust.
- The transfer of gold into the Gold Trust account expected to cause the price of the Phigold Coin to progressively converge to the price of gold.
- In case of a Company default, the Gold Trust is held in the interest of Coinholders.
- Market demand and supply forces expected to create some volatility in the price of the Phigold Coin potentially leading to trading opportunities.
- Phigold Coin sponsored by Phigold UK Plc, a business with a 10-year history, a documented gold resource, an experienced executive and mining team and an active shareholder body.

## TERMS OF THE PHIGOLD COIN

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The Company has, by resolution of its board of Directors, created 1,540,000 Exchange Tokens (Payment Tokens) constituted in the manner and carrying the rights summarised below. Below is a summary of what the Company considers to be some of the key terms of the Phigold Coin. The full terms and conditions can be accessed at Part 10 of the Offer Document and at the Company's web site [www.phigold.com](http://www.phigold.com). You should ensure that you read and understand the full terms and condition of the Phigold before acquiring any Phigold Coin.

1. The Coins are known as the “Phigold Coin” and have the ticker “PGX”, or have such other name and/or ticker as the Company may determine from time to time.
2. The Coins have been established on the Ethereum ERC 20 platform.
3. The Coins rank pari passu equally and ratably without discrimination or preference amongst themselves.
4. Each Coin will be issued based on 1/100 of one ounce of gold, as follows:
  - a) initially by unmined gold at the Barobo Gold Project;
  - b) subject as provided below, following the mining of gold at the Barobo Gold Project, 50% of the monthly net cash from operations at the Barobo Gold Project (as determined by the Company acting reasonably) will be placed in a custodian account (the “Cash Custodian Account”) with a custodian selected by the Company from time to time;
  - c) the Company will within 28 days of a sum being deposited into the Cash Custodian Account, apply that sum to purchasing physical gold (the “Coinholder Gold”). The Company shall be under no obligation to contribute sums to the Cash Custodian Account or purchase Coinholder Gold at any time while sufficient Coinholder Gold has been purchased to ensure that the custodian holds 1/100 of one ounce of gold for each Coin in issue.
5. The Trustee will be appointed by the Company, on the terms of a trust settled by the Company. The terms of the relevant trust may be modified by the Company from time to time, provided that such modification is not made for the purposes of disadvantaging the holders of Coins in any material respect.
6. A quarterly auditor’s certificate will be uploaded to the Company’s website from time to time confirming the amount of gold bullion held by the trustee pursuant to the Gold Trust and the amount of fiat currency held in the Cash Trustee Account. The fees of the Trustee and the auditor will be paid by the Company.
7. The Coins will not be convertible into fiat currency or physical gold, and the Coins will not carry the right to receive any dividend or other distribution at any time or to receive any part of the gold bullion held on the Gold Trust.
8. The Company may issue Coins to such persons and on such terms as it sees fit, and may create additional coins ranking pari passu equally and ratably without discrimination or preference with the Coins. If the Company issues additional Coins it will post an announcement on its web site.
9. PGX Coins will not be directly redeemable into fiat currency or physical gold by the Company, and the Phigold Coins do not represent any claim against the Company. However, the Company and the Trustee, upon achieving a full gold bullion backing of the entire PGX issuance, may allow coinholders to purchase gold bullion out of the Gold Trust using PGX as consideration, at the coin’s market value at that time, regardless of the nominal amount of gold bullion that same amount of PGX is nominally backed by.

10. The Company has arranged for an independent audit of the PGX Coin. The results of this audit have been posted on the Company's website.
11. The Company will:
  - a) use its reasonable endeavours to procure that PMOI is granted the licences required to permit gold mining to commence at the Barobo Gold Project as soon as reasonably practicable following the completion of the Offer.; and
  - b) post a quarterly report on its operations at the Barobo Gold Project to its website.
12. In addition to these terms, the Coins will be subject to the terms of the smart contract with which they are issued. The smart contract address is: 0xd26d54f1f36e98bb4a395f924f9b80196556d81b, or such other address as may from time to time be posted on the Company's website.
13. These terms are intended to benefit each holder of Coins from time to time, and may be enforced by any such holder of Coins. In acquiring any Coin each holder of Coins acknowledges and agrees that any purchase of Coins is subject to all information relating to the Company, its group or the Coins posted on the Company's website, from time to time, together with the terms of and risk factors set out in this Offer Document, relating to the initial offer of Coins (as amended, varied or replaced from time to time).
14. These terms may from time to time be modified by resolution of the board of Directors of the Company, provided that:
  - a) such modification is not made for the purposes of disadvantaging the holders of Coins in any material respect; and
  - b) the revised terms must be posted on the Company's website and will not take effect until so posted.
15. These terms and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with them or the Coins shall be governed by or construed in accordance with the law of England and Wales. The Courts of England and Wales will have exclusive jurisdiction to settle any dispute or claim (including noncontractual disputes or claims) arising out of or in connection with these terms or the Coins.

## REGULATORY REQUIREMENTS AND COMPLIANCE

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### Limitations on distribution of Phigold Coins

- The Phigold Coins are considered to be Exchange Tokens.
- In the UK the Phigold Coins will be offered to professional clients, eligible counterparties, sophisticated investors and high net worth investors only.
- In other territories, with the exception of the United States, the Coins are offered to all investors unless this is prohibited in the country of residence of the investor.
- In the US the Phigold Coin will be considered a security and will be offered to accredited investors only.

## THE STRUCTURE AND OPERATION OF THE PHIGOLD COIN

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### Objective of the Phigold Coin

- The Phigold Coin is based on Phigold's Barobo gold resource, with intended stability of value and potential capital appreciation to investors. Each Coin is based on 1/100th of an ounce of Phigold's gold resource. The intended issue of Phigold Coins is based on approximately 5% of the Company's gold resource at the Barobo mine.

### Structure of the Phigold Coin

- The Phigold Coin is sold at a discount to the price of gold, with the intention that its value will progressively converge with the market price of gold over time.
- Gold currently trades at approximately \$1,900 an ounce (September 2020) which is equivalent to \$19 for 1/100th of an ounce. Each Coin is issued based on 1/100 of an ounce of Phigold's gold resource and is offered at a 35% discount to the LBMA daily gold price or such other price as the directors of the company may determine from time to time. The Company has created 1,540,000 Phigold Coins on the Ethereum Platform, issued based on 15,400 ounces of its gold resource, using the ERC-20 standard.
- The initial target sales proceeds from the Listing is \$15,400,000.

### Phigold Coin based on gold resource and subsequently by gold bullion

- The Company will allocate 50% of net monthly cash flow from mining to back the Coins issued.
- The Cash Trustee Account will receive 50% of the monthly net cash from operations from the Barobo Gold Project to fund the purchase of gold bullion to be held on the Gold Trust. As this occurs the Phigold Coin will progress from being based on its gold resource to being based on gold bullion.
- The Phigold Coin is offered at a 35% discount to the daily LBMA price of gold bullion.

### The Company's gold resource

- The Company's resource base consists of a gold resource amounting to a total of approximately 272,000, represented by measured (76,065 oz), indicated (124,298 oz) and inferred (71,569 oz) gold as set out in the JORC compliant report updated in July 2019, extracts from which are shown in Part 6 of this Document.
- PhiGold and its affiliate PMOI has previously mined this resource on a test basis and 658 oz of gold were produced and sold, generating approximately \$1 million of revenues.

## MECHANICS OF CRYPTO INVESTING

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### **Listing of the Phigold Coin (“PGX”) on the AAX Exchange**

- The Phigold Coin may be purchased from the Company or its appointed agents. In certain territories the Offer may only be made by the Company. When the Coin is purchased, the purchaser will receive full ownership of the purchased Coins into the purchaser’s wallet.
- Phigold Coins purchased will be distributed to your designated crypto wallet.
- Investors can buy Phigold Coins using Bitcoin, Ether or USD Tether.
- The Company expects to convert crypto currencies promptly upon receipt.

### **What is a blockchain?**

- A blockchain is a technology which can underpin digital assets. It comprises a digital database containing information (such as records of financial transactions) that can be simultaneously used and shared within a large decentralized, publicly accessible network. Blockchains underpin digital currencies such as Bitcoin, Litecoin, Ethereum, and others. The ownership and transfer of cryptocurrency is recorded on these blockchains. Bitcoin was the first cryptocurrency, and the blockchain was originally referred to as the Bitcoin blockchain.

### **How do cryptocurrencies work?**

- A cryptocurrency is an encrypted, decentralized digital currency transferred between people and confirmed in a blockchain ledger. Cryptocurrencies such as Bitcoin and Ethereum are digital assets that are secured by the usage of cryptography to validate transactions.
- Cryptocurrencies are held digitally. Unlike a physical or fiat currency, they are stored in networks that take account of all transactions made from person to person. Transactions are made from users’ accounts which are known as wallets. The wallet is a user’s digital address, to which the network adds or removes coins as appropriate.

### **Generation of Coins**

- There are two primary ways of creating a new cryptocurrency; this can be done by building a new blockchain or by using an already existing blockchain platform to create a decentralized application which will have a unique new coin. Phigold will use the Ethereum platform to create its Coin.
- Phigold Board has created 1,540,000 Coins for this offering. These Coins are available for purchase.

### **Off-Exchange funds transmission**

- Direct subscribers to this Offer are able to make payments with cryptocurrencies. The subscriber will send cryptocurrencies from their personal wallet into the sales and transmission agent, DRFQ. Phigold will accept the major cryptocurrencies for this Offer, namely Bitcoin, Ethereum, Tether. In addition debit and credit card payments and bank transfers may be used.

### **Sale of coin – receipt of funds**

- Phigold Coins are based on the Ethereum ERC20 protocol and, upon purchase, will be distributed into your designated wallet.

### **Banking Arrangements – conversion of cryptocurrency to fiat**

- The Company will convert subscriptions received in cryptocurrencies into fiat currency promptly upon receipt, to minimise potential losses arising from unanticipated volatility.

### **Expected costs to convert crypto subscriptions to fiat funds**

- The cost of converting crypto to fiat currency varies by exchange platform. The cost is expected to be approximately 0.5-1%.

### **Holding of excess cash reserves**

- Cash holdings in excess of immediate operating needs will be retained in fiat or in Gold or gold equivalent holdings pending disbursement for operating needs.

### **Redemption**

- The Coins will not be redeemed but may be traded when listed on an exchange. At its sole discretion, the Trustee may, when the Trust Account is fully funded with bullion, exchange Coins for gold bullion or the equivalent in fiat currency, less transaction costs.

### **Anti-Money Laundering compliance checks**

- The Company will conduct, through its appointed agent, DRFQ, Anti Money Laundering, KYC compliance checks and suitability and accredited investor certification where required, before the Company may accept a subscription.

### **Exchange facilities for secondary trading in the Phigold Coins**

- The Company will use its reasonable endeavours to list the Phigold Coin on additional exchanges within 1 year.



## **Prior Loans**

- The Company has raised financing in the past and has granted pledges over its gold resource. These total approximately \$4 million. The Company will apply 10% of funds raised from this Offer to repaying part of this prior debt. 90% of funds raised will be applied in accordance with the Use of Proceeds. The Company undertakes not to create new pledges over its gold resource until the Phigold Coins are fully based on gold bullion.

## **Audit and Control**

- The Phigold Coin is structured as a Payment/Exchange Token offer.
- The Terms of the Phigold Coin are set out in the terms and conditions of the issue and subscription to Phigold Coins.

## **Audit of Coins, mine reserves and bullion reserves**

- The Phigold Coin has been audited by a third party Callisto Network, for internal integrity and quality control and to ensure that security standards are maintained.
- The Company's gold resource has been reviewed by the Company's consulting geologist and a Competent Person's Report has been prepared which shows approximately 272,000 oz of gold, represented by measured (76,065 oz), indicated (124,298 oz) and inferred (71,569 oz) A field inspection was conducted and the report was updated in May 2019.
- The Company intends to post a quarterly report on operations from management on the Company's web site.
- The Custodian will report on the level of cash and gold held by the Company in the Cash Custodian Account and the Coinholder Gold account, once a quarter.

## THE MANAGEMENT TEAM & THE ADVISORY TEAM

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### The Board



**Ilan Diamond**  
*Chief Executive*



**David Thompson**  
*Director*



**Gerard Mizrahi**  
*Director*



**Ray Apostol**  
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**IMPORTANT NOTE**

This White Paper provides a summary of the Phigold Exchange Token offer. It may be used as a summary document, but is qualified by the full contents of OD and specifically by the Risk Factors in Part 9 of the OD. The OD may be requested from the Company's web site at [www.phigold.com](http://www.phigold.com)