

## **BLUGOLD Tokens (BLUG)**

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PRE-ICO (Initial Chip Offering) 15 DECEMBER 2019

[WWW.BLUGOLD.CO.ZA](http://WWW.BLUGOLD.CO.ZA)

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## **BLOCKCHAIN ENCRYPTED TOKENS BACKED BY GOLD PRODUCTS ADDED EACH MONTH**

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## **Executive Summary:**

BLUGOLD is a frictionless, fast and secure blockchain ledger-based System to pre-order, hold and exchange gold backed TOKENS, while 0.05g physical gold per month is added to back each encrypted token from a physical mine with a surveyed estimated 5,200,000 grams of allocated gold which can be produced at less than \$1100 per ounce. Only 2,000,000 tokens, 57,126 Chips will be made available and thus giving each digital chip value beyond spot price, while making it possible to buy gold products at spot price and earn extra exchangeable tokens.

BLUGOLD's eco system will provide availability and access to physical gold products, like poker and roulette chips, around the world while trading tokens, digital gold chips "BLUGOLD Chips" (BLUG) peer to peer. Merchants can trade online or in store encrypted tokens or fiat p2p. Trading fiat through global exchanges directly into your fiat account as a stable and growing gold exchange with fees as low as \$0,01 per transaction.

## **Introduction**

BLUGOLD MINING Pty Ltd, a company registered in the Republic of South Africa, has setup a blockchain ledger on a decentralized blockchain network to conduct fast and easy global transactions at a fraction of the cost, +-\$0.01 compared to other solutions where P2P will be possible for both public and merchants on a safe and reliable system.

South Africa is known for a robust financial sector and BLUGOLD will be led by professionals from the local as well as international technology sector who is looking to bring disruptive and competitive solutions to the global market.

Famously, Elon Musk and Mark Shuttleworth, born in South Africa pioneered some of the leading technology globally in the early tech years. The Rand Mint also established the famous Kruger Rand.

Buying Bullion Gold across continents is just one avenue we'll implement storage and access. The first gold mine to be explored is in South Africa where proactive mining solutions will be used to add new gold products to each ledger token (BLUG). Each token will have no limit to the number of grams backing it, in that you can earn more tokens by holding your current tokens and redeem double the amount with the same value for each token after 5 years.

Tokens will thus be able to multiply themselves as gold and value has grown every 5 years, while digital tokens (BLUG) can be exchanged for gold chips (35 Tokens for a 35g, 23ct gold chip), which means your 35 BLUGold Tokens will now be 70 encrypted tokens and worth 2 x Gold Chips. (Physical gold products usually carry a design, manufacturing and retail premium but not these). Other gold products will also be made available at later stages.

## **Vision**

BLUGOLD aims to have 16 gold suppliers to BLUGOLD Chips carriers in 5 continents with further 160 collection points and AMEX delivery to most countries.

BLUGOLD ICO will be available at discount for pre-ICO and 1:1 gold spot price thereafter. The market will drive the price as gold price change and as gold chips are added on a monthly basis with only a limited number of BLUGOLD Tokens: 2,000,000 at a ration of 35 Tokens per 23ct Gold Chip.

While gold can be produced for less than \$1,100 per ounce and added to the basket of gold backing the BLUG token brings good news for token holders.

With new mining operations BLUGOLD aim to add accessibility of 0.05 gram additional physical gold to each encrypted token each month, thus adding increased value to the ledger trading price. (BLUG)

BLUGOLD Chips are backed by an estimate of 2 600 000 tons of rich gold mining dumps to start with delivering an expected 4 grams of gold per ton. After mining dumps have been refined, open mine project will be launched on the same land. The mine dumps alone equites to roughly \$488,800,000 initial physical gold of which BLUGOLD MINING PTY LTD holds 51%.

The gold will also be sold, and funds will be used to buy 24Ct Gold in Billion Vaults across multiple countries, produce collectors gold products, poker and roulette chips, stored in small quantities in jeweler stores globally, adding liquidity and ensure fast and easy exchange in gold or fiat if and when needed while spreading the risk.

The mine also carries many other metals like chrome which will be sold to cover most operations, while future mines will be explored.

## **Current Problem vs Solutions**

Gold had served as money for thousands of years until 1971 when the gold standard was abandoned for a fiat currency system. Since that time, gold has been used as an investment. Gold is often classified as a commodity; however, it behaves more like a currency. The yellow metal is very weakly correlated with other commodities and is less used in the industry. Unlike national currencies, the yellow metal is not tied to any particular country. Gold is a global monetary asset and its price reflects the global sentiment

With Fiat currencies under pressure due to debt and instability of many governments and with tight regulations in free and competitive trade, crypto exchanges have become alternative options, however most crypto trading has been highly speculative with some gaining and many closings.

Some stable coins also came to the horizon aiming to provide fiat or gold as a backing but lacks the excitement. Having a growing gold supply backing chips to park money during trading is one aim of the BLUG chips. The Kruger Rand originates from South African Gold and BLUG chips will follow that tradition.

Bullion Vaults are also at some risk to governments as they are able to confiscate the assets, and some may not be as open with their auditing. Although BLUGOLD will be using some of these services, it will be spread across continents and jurisdictions as well as making use of reputable jewelers to store small quantities and in effect spread and reduce the risk of asset preservation while providing accessible services.

Only a few crypto golds have the technology and eco system to provide a seamless trade in the current fiat systems while many fiat systems have high costs.

BLUGOLD will introduce a near zero transaction cost in its eco system and a low-cost conversion to fiat currencies if needed, resulting in billions of cost savings across the globe.

BLUGOLD aim to excite the crypto community and others with its income and growth, while enticing the gold buyers to participate in greater trade by increasing the pool of active gold buyers each year.

BLUGOLD Tokens will list on trusted worldwide blockchain exchanges, connect to everyday merchant portals while providing easy access to funds in most major currencies when needed at a fraction of the cost of doing business from mining operations to the consumer.

Current industry players like Paypal and Stripe and banking providers like Visa and Master Card carry high cost for their service to merchants, like jewelers.

Easy payment systems will be provided to merchants across the world by forming partnerships with leading providers.

Physical gold products in the form of Bars, Chips, etc will be available and exchangeable for the BLUG ledger tokens.

## **Mining Activities**

First Mine:

The Berlyn Mine in Graskop South Africa is one of the oldest mining areas, dating back to 1890 and were ceased on the same year the USA fiat system came into play in 1971. Much of the old mining dumps did not have the technology to extract all the gold and all mine dumps are currently being mined. The Berlyn Mine has further potential as an open mine as it has not been explored extensively in the early days.

South Africa has produced some of the largest quantities of gold in the world with the largest city, Johannesburg, founded due to the gold rush with the Rand as current currency. The famous Krugerrand Gold Coins has set the tone for gold collectors coins and ingeniously started a collector's currency by Rand Refinery in South Africa. Rand Refinery, one of the largest single site refineries, has produce some 40% of the global gold with London Bullion Market Association since 1921.

BLUGOLD has partnered with a team that has over 20 years of mining experience and ready to extract the gold at a discount to the spot price.

The mine is expected to produce in excess of 10,600,000 grams of gold over 8/9 years of which BLUGOLD has a 51% share in mining rights. Other shareholders are related to local tribal royal families, Chief Mogane in Burgers Fort.

### **See historical white paper and info on the Berlyn Mine**

While all the gold will be used for backing the tokens, a small percentage will be used to sustain the ECO system. As the gold will be recovered for less than the spot price, this will have no comparison to crypto's who buy at market price.

Physical gold can usually also not be bought at spot price by the general public and mostly come at a premium above spot price, while it is now possible to buy collectors items at spot price.

The question remains why sell gold at less than spot price if that is available. First it will enable the company to scale globally at a faster pace. Results will motivate further interest and our p2p market will be

enabled to produce ethically as we support both local communities, workers and consumers who will be able to exchange their tokens for gold or fiat.

## Market Review

“Similar to gold-ETFs, all of the gold-backed cryptocurrencies on the market are centralized. This means they have counterparty risk. Unlike storing your own physical gold, gold-backed cryptocurrencies require you to trust a company for storage.

There are three main types of centralized, collateralized stablecoins: fiat, commodity, and crypto. Gold-backed cryptocurrencies are considered to be centralized and “off-chain-backed coins.” The most famous gold-backed cryptocurrency is the Digix Gold Token (DGX). DGX has a market capitalization of approximately USD 4mn and a daily trading volume of approximately USD 240,000 over the past year. Even though Digix is backed by gold, it often trades at a discount to gold, and Digix’s return is extremely volatile compared to gold’s return.

Current Gold-backed cryptocurrencies have higher costs and risks than ETFs and managed gold funds. Investors can suffer loss of value due to faulty private key storage, double-spends from weak blockchain security, regulatory uncertainty, lack of liquidity, and non-transparent accounting of gold vaults”-

Characteristic	Gold	Bitcoin
Low transaction costs <sup>96</sup>	×	✓
Fast transfers <sup>87</sup>	×	✓
Verifiability to prevent fraud	✓	✓
<u>Non-Confiscable</u>	×	✓
Divisible	✓	✓
Fungible	✓	✓
Microtransactions	×	×
Global Acceptance	✓	×
Institutional Acceptance	✓	×
Anonymity	✓	Sometimes <sup>88</sup>
Counterparty Risk <sup>89</sup>	×	✓
Excess Volatility	×	✓

## Reasons People Use Stablecoins

**1. Exchanges:** Cryptocurrency traders can reduce their exposure to Bitcoin by selling their Bitcoin for stablecoins. This allows traders to keep their wealth on an exchange without converting back into fiat. This is useful for two reasons. First, many exchanges take days to convert fiat into crypto, which means investors must wait to trade. Second, converting back into fiat means a tax bill is coming soon, since most exchange on- and off-ramps now require KYC-AML.

**2. Inflation hedge:** People in countries with high inflation and hyperinflation can hold on to stablecoins in order to preserve their savings. Bitcoin is too volatile for most people in Venezuela. Instead, they would prefer to hold onto cryptocurrencies backed by gold or Swiss francs.

**3. Interbank settlement:** Interbank settlement is a trillion-US dollar industry, as discussed in the chapter on Ripple in the June 2019 edition of the *Crypto Research Report* published by Incrementum. Instead of giving away billions in revenue to Ripple, companies such as J.P. Morgan are releasing their own centralized stablecoins backed by fiat in order to settle transactions globally on a permissioned blockchain instead of legacy banking software.

- [Cryptoresearch.report](https://cryptoresearch.report)

A gold-backed cryptocurrency promises to be digital gold: no weight and stable. However, no one has figured out yet how to make a decentralized gold-backed stablecoin. All gold-backed stablecoins are centralized in the sense that you have to trust someone to store the gold for you. Similar to an exchange-traded gold fund, gold-backed stablecoins have counterparty risk. In the cryptocurrency world they say, "Not

your keys, not your crypto.” Well, the parallel for gold would be something like, “Not your vault, not your gold.”

Backing a cryptocurrency in a way that an intermediary is required – a custodian or a bank for instance – actually conflicts with one of Bitcoin’s central tenets, namely, that users do not have to trust any intermediary. The security of Bitcoins and other cryptocurrencies is based on cryptographic technology. In contrast, the gold-token projects we have presented above are managed by real companies. They are responsible for the safekeeping of the gold. Therefore, the user has to trust that no state or private actor will be able to steal or confiscate the gold from the vaults.

Furthermore, the coins are often traded on a public blockchain structure such as Ethereum, which means the coins also suffer from all of Ethereum’s problems, such as scalability and security. Finally, there are over fifty gold-backed coins currently, and most likely, many of them will fail. It will take a few years for the market leaders to emerge, gain widespread exposure, and thus secure the standing of gold-backed tokens as a store of value. This year will be pivotal in identifying which projects are going to take the lead in this endeavor. - Cryptoresearch.report

### **Trusted Provider**

Firstly, it must be noted that your fiat currency, bank safety deposits, Bullion vaults may be not as safe as you think if the worst may happen. Countries go bust, wars take place and financial systems and large corporations like banks and insurances do fail even though most are glamour by their large buildings.

The BLUGOLD Token is decentralized and can be converted into physical gold or fiat on demand in several ways. First exchanges and global collection points.

The gold is stored in 4 ways. This is to be as decentralized with gold products as possible. With the aim of having *more than* 1 gram of gold per token, it is the best current solutions.

1. First there will be gold in the mines,
2. Secondly, Bullion Gold will be made available globally,
3. Thirdly, gold will be available in small quantities in the form of chips at reputable jewelry stores,
4. Gold will be exchanged and shipped to the token holder on request.

Trading of physical gold is not ideal and thus the use of a crypto token.

All bullion gold bought is insured by Lloyds of London or alternative reputable insurers.

International accredited auditors like Price Waterhouse Cooper, Deloitte and others are used on a rotational basis.

The company, BLUGOLD MINING pty ltd do not put its assets available for creditors and takes all steps to run an ethical business with the guidance of relative ethics associations.

The current crypto tokens are built on the Stellar blockchain (non-profit) which has been around since 2014 and backed by a dynamic team. This is why BLUGOLD can run its operations at a fraction of the cost of current systems.

Stellar handles any asset. Unlike many distributed systems, Stellar is currency agnostic. In fact, Stellar's most important feature is that tethering a token to a traditional asset like a dollar is easy. So Stellar can support all the currencies that the world cares about, not just crypto. This means funding your account to buy BLUG tokens and exchange for gold chips will be easy and cost effective.

Stellar is cheap. In fact, transactions are nearly free. Low fees mean more benefit for users. And low cost opens up use cases, like micropayments, that aren't feasible with other systems.

With BLUGOLD transaction services you are able to use the mobile wallet to easily transact with multiple currencies and crypto's with a 5 second transaction globally.

You can also store your encrypted tokens in cold wallets or warm wallets while also trading on exchanges.

Liquidity is one of our main priorities and every effort is made to provide liquidity on exchanges.

BLUGOLD also focus on gains in trading arbitrage and adding more physical gold to tokens in order to be sustainable and grow in value as a company. All team members are rewarded by adding value to the company and the encrypted tokens (BLUG).

## **BLUGOLD Chips (BLUG) Listing**

The Pre-ICO is currently open for (BLUG) packages at a discount from our website for a limited time.

The digital encrypted tokens from BLUGOLD MINING will be listed as (BLUG) on the Stellar DEX and will also be listed on other crypto exchanges later.

BLUGOLD ICO will be available at discount for pre-ICO and 1:1 gold spot price thereafter.

There will be a total of only 2,000,000 BLUG encrypted tokens. 120,000 will be available for Pre-ICO, 1,800,000 will be available for public ICO, 60,000 (3%) will be for marketing and 20,000 (1%) will be for the consulting, management and maintenance team.

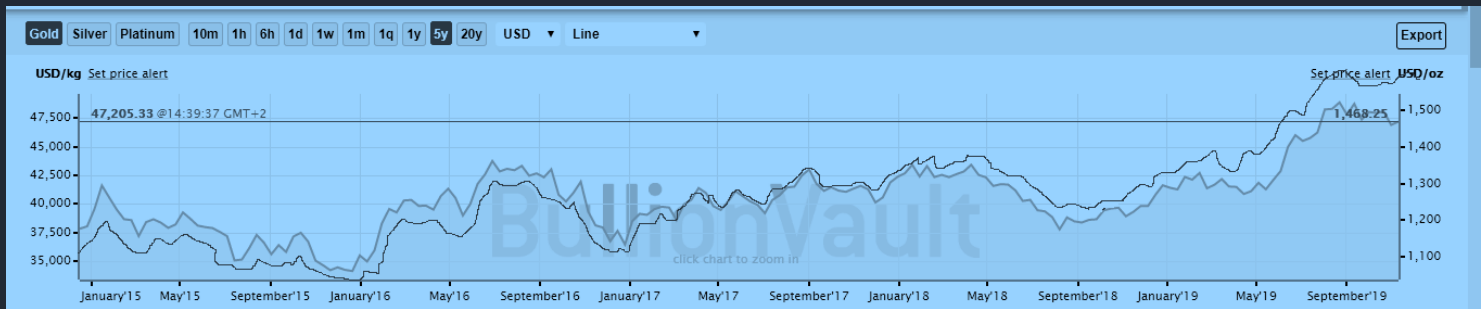
## **Go to market strategy**

BLUGOLD focus on 5 strategic option to go to market.

1. Partnerships: Our partnerships in each country will drive the sales in their local market.
2. Influencers: Strategic voices in the industry who get to know our business vision and ethics.
3. Quality product & service: Building trust through delivery
4. Community: Engaging with token holders to build the community, engaging and encouraging reviews.
5. Iconic: In time (BLUG) will be the gold mining tokens that delivers extra grams each year.



The Chart below is a visual back dated cast of how the tokens perceived value might be influenced as gold will be transferred from the mine to purity and accessibility and how the value of the tokens will outperform the current 1 gram pegged gold tokens over time.



## Product road map

The first stages are deciding on a platform, setting up website, preparation of the legal entity and bank accounts, finalizing contracts for mining operations. Preparing for Pre-launch with distribution partners and consulting team. Preparation of ICO with technical and PR team. Finalizing gold storage partners. Listing ICO on several exchanges. Setting up merchant software. Engaging with Merchants. Engaging with public and community.

The aim is to launch a private ICO in December 2019

Launching the public ICO early in 2020

Starting mining operations thereafter in mid, 2020

Starting merchant offerings in the 3<sup>rd</sup> sector of 2020

## Blockchain Benefits

A lot has been written on the benefits of using the blockchain ledger.

Low costs, global reach, and speed are all huge potential benefits. Moreover, gold backed stable token could allow seamless payments of blockchain-based assets and can be embedded into digital applications thanks to their open architecture, as opposed to the proprietary legacy systems of banks.

The ledger system can easily and be used to calculate and capture investments and gold transactions on a global scale. Using Stellar also comes with all the benefits their platform provides.

## Potential Market Size

Like other cryptocurrencies, stable coins have its foundation in blockchain, a distributed ledger technology that records transactions. Tether, which has dollar backing, is a popular token in this type at the moment. It

has a market cap of just over \$4 billion, according to CoinsMarketCap. However, this type of stable coins can be seen as just another fiat when it comes to economic turmoil.

The market cap of Onegram, a popular gold backed chips has been stated as roughly \$500,000,000.

As the technology further progress, even larger amounts for these coins will come to light as most stable coins are seen as commodity backed but when it unfolds in a combination of commodity and money market type of transaction, it will be a huge opportunity.

BLUGOLD will only be selling 2 million tokens with a gold backing of 5,3 million grams, fiat and crypto accessible and physical exchangeable each month thus giving it a launching market cap of \$94 million with scope to grow with each gram added and even more value as more mines are explored.

## Technical Aspects

DDoS attack prevention using Cloudflare and related technologies.

While most ICOs release their tokens on Ethereum, BluGold might differ. There are a few reasons for this: The ecosystem is pretty good, Ethereum is turing-complete, and of course everyone else is doing it.

But there are some real downsides too. Ethereum maxes out around 14 transactions a second. That's 14 for everyone — you, and the other 1000 ICOs get to split that. This is already becoming a real issue and is already causing some existing dApps to move off the Ethereum Platform.

BLUGOLD have thus chosen the Stellar network for several reasons.

ICO trading smart contracts on Stellar MainNet:

By using an account between the contributor and company which is partially controlled by both parties through Stellar multi-signature feature.

- IM: Intermediary Account
- CU: Contributing User
- CO: Company conducting the ICO
- SDEX: Stellar Distributed Exchange
- SSC: Stellar Smart Contract (or a fully formed unsubmitted transaction)
- GA: Genesis Account (token issuer)
- HA: ICO funds Holding Account
- TP: Trusted Party

Key process:

IM is the account where CU will transfer funds to

The control of the secret key for IM resides fully with the CU and responsibility of funding (and activating) this account on Stellar remains in the hands of the CO

CO is added as a signer on IM for partial control

IM participates on (creates offer on) SDEX to buy the tokens and hold it for the duration of ICO

On ICO success, CO no longer remains as a signer. This is handled via an SSC and full control of IM goes to CU

On ICO failure, CO is still removed as a signer, but the refund mechanism is handled by another SSC on HA

KYC/AML identity verification will be handled by: Tokens of Trust a reputable service to handle these tasks.

## Team

*(While discussions are taking place, these are the list of approached members)*

(Founder/MD) - Wick van Schalkwyk

Wick has been involved in multiple businesses like most entrepreneurs. Over the past 20 years he has been involved in industries such as Financial Services, Business and Investment Advisory, Property developments, Digital marketing and web development, Paramedical retail and the Food and Beverage industries. He has host business seminars and have a passion to inspire and create new products. Wick enjoys reading and researching almost any topic in order to have a greater understanding and inner working of people, industries and technology. Wick currently lives in Cape Town and enjoy activities in nature.

(Chief Technical Officer) – ?

(Marketing Director) - TBA

(Operational Director) - TBA

(Financial Director) – Frits Beyer – Chartered Accountant

(Marketing advisor/ASIA Relations) Krystelle Galano?

(Technical Advisor) – Zandi Lekota - Bsc Mining Engineering

(Environmental Advisor) – Johan Bothma/Ozonix

(Mining Project Manager) - Dumisani Mthombeni

(Legal Advisors) – IBC Group?

(Blockchain Advisors) IBC Group/Mario Nawfal?

(Mining Technical Advisor) - Vuyani Ncoko – Consulting Geoscientist

(Mining Technical Advisor) - Corné Fourie - Resource Geologist

(Fundraising Advisor) – Charles RIL / IBC Group?

Pre-ICO - \*Private Investor Approach List

Garima Singh, Noah Pickholtz, Jajob Alladin, Christopher Obereder, Tony Manavalan, Konnor Kirsten, Andrew Johnston, Laert Karaashev, Ren Carlton, Chris Bruchhausen, Mario Nawfal.

## **Conclusion**

A Fast, cost effective encrypted technological advanced commodity token, trading and merchandising solution which will result in greater quantities gold being purchased by the public and increase the value and price of the commodity and the crypto token while resulting in employment in the mining industry.

Parking crypto coins cost effectively during high volatility in crypto tokens instead of fiat as an option that will add greater gold value every year.

Providing additional gold at a discount available across the globe will increase the value of BLUGOLD with a two-leg total investment, namely gold price and token value.

BluGold will provide a worldwide footprint with voting rights where global citizens can engage and trade directly with stability, growth, ease, security and privacy while exploring new mines to extract gold under market prices.

***This Disclaimer is especially but not exclusive for parties who have not invested in crypto tokens:***

## **ICO Disclaimer**

Please read the following disclaimer carefully before taking part in BLUGOLD (“BLUG”) token sale via an Initial Chips Offering (“ICO”), or before obtaining BLUGOLD BLUG (“BLUG”) tokens. This disclaimer applies to all persons who read this document. Please note this notification may change at the sole discretion of BLUGOLD Limited (“BGL”).

The sale of BLUG will be carried out by BLUGOLD LTD., a company incorporated and existing under the laws of South Africa (the “Seller”). We also draw your attention, that the BLUGOLD Chips

Whitepaper (the “WP”) does not constitute any privity of contract or other relationship between you (the “Buyer” or “You”) and the Seller. Purchasing of BLUG is available only after accepting the Terms and Conditions of the Token Purchase Agreement (the “TPA”).

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You must not purchase BLUG for the purposes of investment with or without our recommendation.

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The Seller is not responsible for any secondary market trading of BLUG, nor is Seller obliged to tame any price volatility of BLUG. Careful due diligence should be undertaken by You before purchasing

**BLUG. YOU SHOULD FULLY UNDERSTAND THAT THE BLUG OR ANY OTHER TOKENS YOU PURCHASE**

**OR OTHERWISE ACQUIRE FROM BGL, MAY BE WORTHLESS, RESULTING IN A TOTAL LOSS, THROUGH NO FAULT OF THE SELLER, ITS AFFILIATES, RESPECTIVE OFFICERS, EMPLOYEES OR AGENTS. The Seller does not make any explicit or implicit representation**

or warranty as to the tokens, including but not limited to, their usability and value. You understand and accept that there is no warranty, representation, or any other form of assurance that You will receive any benefits through any BLUG that You hold.

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Citizens and residents of the following countries and territories are not allowed to purchase BLUGOLD Chips i) The United States of America; ii) the Republic of Korea; iii) the People's Republic of China; and iv) any other jurisdictions or territories that ban, outlaw, or otherwise restrict the sale or transfer of any crypto assets or tokens (collectively the "Restricted Territories").