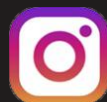





GOLD BITS COIN



www.goldbitscoin.com | contact@goldbitscoin.com



Executive Summary:	2
What is Gold Bits Coin?	2
Token Information	3
What are the Benefits?	3
User 1. Shares his GBC referral	11
Vesting:	11
Decision:	12
Utility (Discounts to retailers):	12
Utility (Others);	13

**Gold Bits Coin:
Empowering and stabilizing the future economy.**

Executive Summary

What is Gold Bits Coin?

Gold Bits Coin (GBC) is a partially (15%) gold backed peer-to-peer currency that is used for settlement of value and allows assets to move digitally without the need for a financial institution. By creating a token that has real gold backing we have created a currency that has the best of both worlds - gold's old-fashioned stability, and blockchain's technological capabilities.

The world today feels like it's becoming more disjointed and uncertain than ever. Financial shocks and geopolitical crises become ever more frequent, while simultaneously new technology such as the blockchain allows us to peer into a more prosperous and transparent future. With all these changes at play we feel that people, organizations and governments deserve a currency that hedges against this uncertainty. A currency that will have a reliable value in times of crisis and instability.

This is our vision behind creating Gold Bits Coin. It is one that is shared by an increasing number of economists and financial experts who see the global benefits of a major currency partially based in the security of gold.¹

Gold Bits Coin also has several other utility functions built into the token. For example, there will be a list of projects inside the GBC platform that token holders can vote to allocate GBC funds towards. These projects will be high quality investment opportunities that have been verified by the management team. Once a project receives a certain percentage of votes from the community the project receives investment from GBC. More on this can be found in the voting section of this Whitepaper. To help manage these investments the Gold Bits Coin team has strong experience in fund management and financial planning. They have worked at companies such as Macquarie, AMP, ANZ and Westpac.

One of the most exciting aspects of Gold Bits Coin is its potential usability as legal tender. We believe that cryptocurrencies and governments can not only co-exist together but can serve to empower and make the other better and more efficient. The implications of this are profound: the implementation of GBC as a recognised national currency would provide governments with increased international capital inflows and help eliminate the losses incurred by counterfeit currency.²

1. See Saidi & Scacciavillani (https://www.difc.ae/files/9414/5500/9470/DIFC_Economic_Note13.pdf).

2. See Kenneth Rogoff (<http://www.nber.org/chapters/c13431.pdf>)

What are the Benefits?

1. The Advantage of Gold

In addition to its historic role as medium of exchange, gold performs well in periods of crisis and uncertainty. Let's examine eight stock market crashes over the last fifty years:

Dates of S&P 500's Biggest Declines	S&P 500	Gold	Silver
Sep 21, 1976 - Mar 6, 1978	-19.4%	53.8%	15.2%
Nov 28, 1980 - Aug 12, 1982	-27.1%	-46.0%	-66.1%
Aug 25, 1987 - Dec 4, 1987	-33.5%	6.2%	-11.8%
Jul 16, 1990 - Oct 11, 1990	-19.9%	6.8%	-10.8%
Jul 17, 1998 - Aug 31, 1998	-19.3%	-5.0%	-9.5%
Mar 27, 2000 - Oct 9, 2002	-49.0%	12.4%	-14.4%
Oct 9, 2007 - Mar 9, 2009	-56.8%	25.5%	1.1%
May 10, 2011 - Oct 3, 2011	-19.0%	9.4%	-19.1%

Source: (<https://goldsilver.com/blog/if-stock-market-crashes-what-happens-to-gold-and-silver/>)

As we can see, in all but two of the stock crashes gold has increased in value. Even in the 1998 crash, gold's decline was much less than the S&P average. It is also important to note that the 1982 fall in the price came following its biggest bull market in history³. In other words, the fact that gold declined at the same time as the stock market was an anomaly, and was influenced by several unique factors that evidently have not existed in subsequent crashes.

By all accounts then gold has historically acted as a hedge against market crisis and uncertainty. Some estimate that the value of the total market capitalisation of cryptocurrencies market is estimated to reach \$5 trillion by 2025⁴. As these currencies become more mainstream, GBC stands as a token that can help investors to diversify their portfolios and mitigate against market crises.

2. Governmental Advantages

As aforementioned, the structure and stability of Gold Bits Coin lends itself towards potential adoption as legal tender for governments. Government adoption of digital currencies is something that is becoming more likely as the technology matures and reaches the mainstream⁵. From a governmental perspective this prospect has two clear advantages:

3. <https://goldsilver.com/blog/if-stock-market-crashes-what-happens-to-gold-and-silver/>

4. <https://blog.latoken.com/lat-research-the-exponential-growth-of-crypto-markets-to-5-trillion-416c73429148>

5. <https://www.cnbc.com/2017/11/30/cryptocurrency-craze-springboards-government-backed-coin.html>

• **Increased inflow of international capital.** Digital currencies allow for transaction costs to be reduced, particularly if the currency is accepted in a wide range of places outside of a country's territory. In tourist destinations the ease of using digital currencies is likely to encourage tourists to spend more on average. This has been the experience in Thailand, where bitcoin payments by tourists have become increasingly popular in response to concern about credit card fraud in the country⁶. The increased acceptance of digital currencies will help boost the economy of the country in question, helping create jobs and increase the overall standard of living.

• **Reduction of currency counterfeiting.** One of the major problems with physical currency is that it opens up the possibility of counterfeiting. By adopting a digital currency, a government could near eliminate this problem and protect the integrity of its currency⁷.

With these advantages in mind it is important to highlight the reasons why Gold Bits Coin is better suited for governments than other digital currencies. These advantages can be summarised as followed:

• **Gold Bits Coin is open to working with governments** on the control of the currency. Many cryptocurrencies strongly oppose any government regulation or potential control over them. This has led to concern that unregulated digital currencies might decrease state control over tax revenues⁸. GBC however believes that digital currencies and government need not be adversaries. Instead, these two parties have shared interests and can work together. For a cryptocurrency, government backing will allow for mainstream adoption and approval of the currency.

• **Gold Bits Coin already has an established value and proven demand.** As of April 2018, GBC has thousands of token holders and a price of \$0.50 USD. This is proof that consumers see value in the token. This makes it easier for a government to adopt and work alongside than the creation of a new digital currency that is highly likely to come with challenges, particularly in the initial release. A poorly planned release of a new digital currency may affect public perception and trust in the coin, potentially creating lasting damage to its potential to be adopted by the mainstream. This would not be the case with the adoption of Gold Bits Coin.

6. <https://news.bitcoin.com/bitcoin-adoption-thailand-tourism-industry-scaling-debate/>

7. <https://insidebitcoins.com/news/why-governments-will-turn-to-digital-currency-and-what-it-means-for-bitcoin/27410>

8. https://www.rand.org/content/dam/rand/pubs/conf_proceedings/CF300/CF371/RAND_CF371.pdf

How it Works

Given gold's penchant for being a safe haven in times of crisis you may be wondering - why is Gold Bits Coin not a 100% gold backed currency? Why is it only 15% gold backed?

The reason for this is that Gold Bits Coin is designed to solve the problem of volatility and provide a good, stable and secure currency. It has not been created simply to become the digital version of gold, with physical gold being stored and access to that being distributed and operated in a decentralized manner.

To help explain how GBC functions, let's simulate 3 situations. For these situations we will compare two currencies:

1. 100% gold backed currency (Currency X)
2. Gold Bits Coin (GBC) - 15% gold backed

Situation 1:

The price of gold decreases due to an increase in supply caused by a mining company finding a large reserve of Gold. The market reacts by lowering the price of gold by 20%.

Before

Gold price: \$1 per unit.

Currency X price: \$1.

Gold Bits Coin price: \$1.

After

Gold price \$0.80 per unit.

Currency 1 price \$0.80. Change in price= -\$0.20

Gold Bits Coin price \$0.97. Change in price= -\$0.03

Situation 2:

The stock markets crash and the price of gold increases by 40% as more people enter the Gold Market to hedge their investment.

Before

Gold price: \$1 per unit.

Currency X: price \$1.

Gold Bits Coin: price \$1.

After

Gold price: \$1.40 per unit.

Currency X price: \$1.40. Change in price= +\$0.40

Gold Bits Coin price: \$1.06. Change in price= +\$0.06

Situation 3:

Crypto Markets increase by 20% in day one but crash by 30% in day two. Let's assume the gold price moves in the opposite direction to the market, assuming a perfectly negative correlation.

Day 1:

Before

Gold price: \$1 per unit.

Currency X price: \$1.

Gold Bits Coin price: \$1.

After

Gold price: \$0.80 per unit.

Currency X price: \$0.80. Change in price= -\$0.20 (assuming negative market correlation).

Gold Bits Coin price: \$1.1475. Change in price= +\$0.1475.

Why?

85% of the value of GBC increases in value by 20% (as per the overall Crypto Markets). The remaining 15% of GBC's value (gold element) decreases by 20% as per the overall price of gold. This results in a stable increase of \$0.1475.

Day 2:

Before

Gold price: \$0.80 per unit.

Currency X price: \$0.80.

Gold Bits Coin price: \$1.1475.

After

Gold price: \$1.04 per unit.

Currency 1 price: \$1.04. Change in price= +\$0.24.

Gold Bits Coin price: \$0.9065. Change in price= -\$0.24.

85% of the value of GBC decreases in value by 30% (as per the overall Crypto Markets). The remaining 15% of GBC's value (gold element) increases as per the overall price of gold. This results in a much more moderate decrease of \$0.24 and just a \$0.0935 change from the original \$1.00 price.

Result

Gold Bits Coin hedging itself naturally with gold as a percentage of its value reduces its volatility and smooths out the price movements of the currency. This stability contrasts with the severe price fluctuations of speculative currencies and completely commodities backed currencies. This regular cost stability is important for three keys reasons:

- It helps encourage widespread investor adoption of GBC;
- Stability helps promote its use as a legal tender for countries;
- Improves its value as a means of buying and selling goods and services.

Gold Bits Coin mitigates the risk of being used by traders and automatic trading bots to simply ‘pump and dump’ by hedging itself towards both sides of the market. It does this by ensuring that regardless of what direction the market is heading, it is much more likely that a part of the GBC currency is rising, especially in comparison to other non gold backed cryptocurrencies. This means that the net effect on the price of this currency is much more stable and less useful for traders that are interested in short-term profits and more useful for long term coin users who use it to buy goods and services as well as choose to actively participate in the network and receive GBC tokens for their contributions.

By design Gold Bits Coin is designed for intelligent users that want to protect their wealth and diversify their cryptocurrency portfolio. It rewards those who hold the currency and contribute to the network rather than trading it. There are additional incentives built into the network for these users which will be explained in greater detail under the ‘voting’ section.

Voting

Token holders of GBC will be able to utilize their tokens in order to vote on which projects are invested in, proportional to the amount of tokens they hold.

A voting system will be built into the wallet platform by the GBC team, which will allow for the GBC token holders to vote for their favorite ideas and projects brought to them by GBC core team and GBC advisory team as well as the community. Coin holders will also have a space where they may propose projects which will be upvoted and downvoted. The highest upvoted projects will have due diligence conducted on by the GBC team. These projects will then be listed on the GBC platform to be voted on. Voting will be a function of the platform itself, however GBC is planning to develop the capability to store the voting system completely on the blockchain to ensure transparency. The initial MVP and operational version of the voting system will still operate through the front end platform, the logic behind this being that it will act as the test net for the development of this element onto the GBC network.

In order to successfully make decisions on critical and large proposals, changes or projects, there must be a minimum of 20% of the network (by token percentage) voter turnout. An example of a ‘Big Decision’ is: ‘Should the network create its own blockchain rather than run off ETH network?’.

Example:

Project 'Y' is submitted to the GBC Foundation Investment Fund Committee and subsequently approved for a community vote based on preliminary checks.

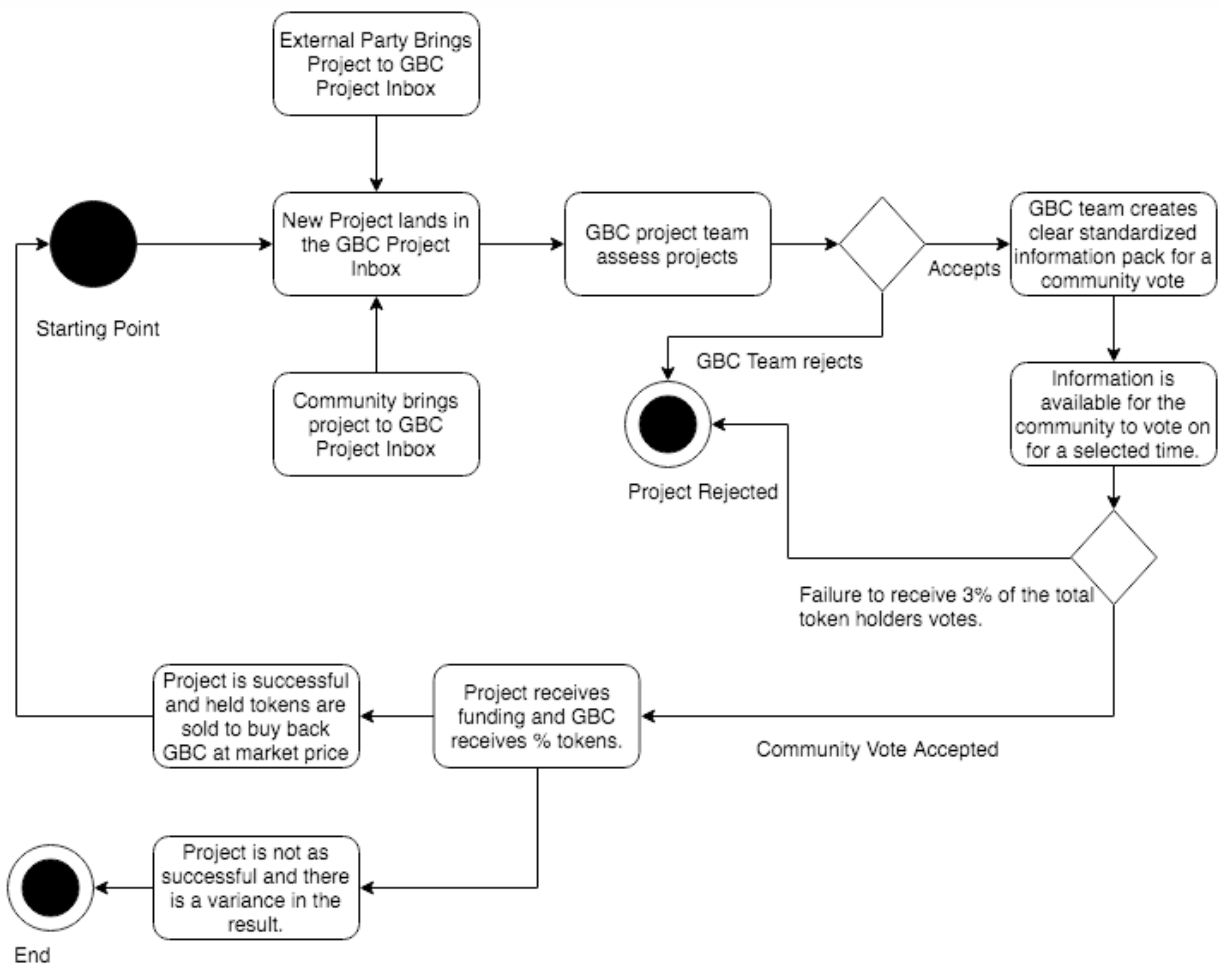
The community vote then goes live for a specific duration, to allow for token holders to vote on whether or not they wish for the GBC Foundation Investment Fund to allocate resources towards this particular project.

If there is a majority vote against the move, or not enough votes are recorded, the community vote fails and no funding is received by the project.

However, should the vote receive a majority vote in favour of it going ahead, then Project 'Y' will receive the allocated funding in GBC tokens, and the agreed amount of tokens from the Project will be received by the GBC Foundation Investment Fund. The percentage of the total coin supply needed for a successful vote will be assessed by the foundation periodically and changed based on how difficult it is to get votes, and how many active participants are on the network. The starting base rate will be 3%.

The way voting works is:

1. GBC receives opportunities for the GBC capital to be deployed to a project. The project is likely to be in other emerging cryptocurrencies.
2. GBC investment team does due diligence on the deal and ensures that it is a worthwhile investment.
3. GBC team creates a information pack for the project which gets uploaded to the GBC voting platform.
4. GBC coin holders are notified and are able to vote for the project using the web and mobile wallets and have one week to vote or not for the project.
5. If 3% of the total coin supply holders vote for a project during this one week deadline, the GBC team will invest in the stated project. The exact investment will depend on various factors, including the percentage of token holders that voted for the investment.
6. If a project is successful, the GBC foundation will eventually liquidate token returns from the investments. These returns will be used to buy back GBC tokens from the market. These tokens will then be distributed to the voters and different categories holders of GBC.



GBC Platform Wallet: 6.0 Investments

Inside the GBC platform and wallet there will be a section which includes a section where the projects that fit the criteria set out are able to be voted for as discussed above this is a way to enable the sustainability of GBC and ensure the coin is a leader in the future.

Payments: 6.1

GBC will be developing a protocol to shift the current ERC-20 token network to a hybrid/native version of the token. Ultimately, the GBC community will have the final decision about this potential shift. The advantage of this shift is that the cost of transactions on the GBC blockchain would be significantly reduced. Moving forward, GBC expects that the token will be accepted by merchants and e-commerce stores allowing token holders to use this on a daily basis.

Value Generation and Roles in the Network: 6.2

Our vision is that the Gold Bits Coin community is active and regularly participates in decisions. Accordingly, members will be classified into tiers according to their activity and work completed by them. This will help generate different levels of returns and reward members who are more active and contribute more. The GBC Foundation will release a detailed list of all the different roles in the network and the responsibilities and requirements for each. These responsibilities will be unique to the tier status of members as will be explained below in the vesting section.

Example Case: User 1 shares his GBC referral

Vesting:

To reduce volatility and to provide an incentive to token holders, there will be a vesting scheme that members can sign up to. In reward for signing up to this scheme, the token holders will receive a range of different perks inside the network, as outlined below:

The vesting will be developed and tested with a group of beta members prior to rolling it out across the network, this will be done over the next year, as the platform builds on the core infrastructure to bring more value to the network.

An example of this may look like the below:

Copper:

1. User agrees to put 80% of their GBC tokens in lock up for 3 months.
2. User receives a 10% upweight in voting for projects.
3. User receives copper status perks, things like 5% discount at partner commerce sites.
4. User receives access to VIP events with Copper perks.
5. User votes on a proposal at least once every 3 months that they stay on Copper status.
6. User will receive gifts from the foundation at the copper tier.

Silver:

1. User has completed Copper status meeting all the conditions for the 3 months.
2. User agrees to put 80% of their GBC tokens in lock up for 1 year (the 3 months of the prior Copper level are counted in this).
3. User receives a 50% upweight in voting for projects.
4. User receives Silver status perks, things like 10% discount at partner commerce sites.
5. User receives access to VIP events with Silver perks.
6. User votes on a proposal at least twice every 3 months that they stay on Silver status.
7. User will receive gifts from the foundation at the Silver tier.

Gold:

1. User has completed Silver status, meeting all the conditions for the 1 year.
2. User agrees to put 80% of their GBC tokens in lock up for 3 years (1 year of Silver/Copper already counts.).
3. User receives a 100% upweight in voting for projects.
4. User receives VIP Gold status perks, things like 20% discount at partner commerce sites.
5. User receives access to VIP Gold only events as well as VIP events with Gold perks.
6. User votes on a proposal at least 3 times every 3 months that they stay on Gold status.
7. User will receive gifts from the foundation at the Gold tier.

Utility (Discounts to retailers):

As discussed in the vesting section, members in the network will receive discounts to merchants and e-commerce stores if they pay via GBC. The incentive structure for merchants is straightforward as they do not pay the percentage costs they would typically pay to payment providers such as Visa or Mastercard. As a result, they can pass their discount onto customers paying via GBC. Additionally, if many people pay via GBC and merchants adopt and store GBC, this could result in the value of the coin increasing, rather than the value of the stored coin depreciating, which is a benefit for merchants over time and will likely create a positive cycle of increased value.

Utility (Others);

The GBC Foundation, as an incentive to refer and bring more people into the GBC Community, will be creating a Reward System for GBC Users to promote the uptake of the GBC Token and increase overall liquidity.

The way it would work is when a GBC User refers a person to come and buy GBC, as token of our gratitude we would be rewarding that GBC user with rewards such as GBC tokens, Upweight in Voting, Access to GBC VIP Events, Discount Coupons on Partnering E-commerce Platforms, Gifts and More.

Security

One of the utmost priorities of GBC is security. In order to ensure the platform is secure, GBC's infrastructure and smart contract code have been reviewed by some of the top security auditors and bug bounty hunters in the world. During the process, extensive penetration testing was performed which revealed a number of critical vulnerabilities in the GBC web application API as well as the Smart contract. The vulnerabilities included open API calls that allowed an attacker to access user accounts and reveal their internal data. The vulnerabilities in the smart contract included Integer overflows which allowed wallet balance manipulation. These tests proved fruitful and the fixing these errors allowed us to build greater confidence in our infrastructure and security. GBC at this point is a highly secure platform with the highest level of security testing having been completed. GBC's infrastructure is compliant of the AIC triad which defines the basis of security. Overall, we have strict procedures and guidelines to which we have built GBC upon.

Legal

A Gold Bits Coin is a utility token by definition used to clear payments just like any digital asset currency, more stable than most digital currencies due to the stability provided by gold stored assets. There are no restrictions to sell GBC to residents of any country, unless the law of the country prohibits citizens of that country to buy digital assets of any kind. By purchasing Gold Bits Coin, you agree that you are in compliance with your local laws on purchasing non-sovereign currency and digital assets as well as Gold backed assets. You are also liable for ensuring you abide by your local tax and compliance obligations on the gains and uses of GBC.

OUR TEAM



MUSTAFA MOHAMMED
CEO



ALI MOHAMMED
Co-Founder



TONY DENNISON
Strategic Advisor



BEVAN MAILMAN
Legal Advisor



STEVE MACDONALD
Fund Manager and
Investment Specialist



SAM GOUDA
Compliance /
Responsible
Manager



SABITH MOHAMMED
CTO



ADIRAJ GUPTA
Crypto Launchpad



**MUBASHIR
MOHAMMED**
Invecto Co founder
(Marketing)



PAUL OREBIYI
PHD, Economic
Analysis and Policy
Studies Network



Hine
Customer
Relationship
Manager



ARIELLE
Marketing Specialist



SARAH
Marketing Specialist



JESSICA
Marketing Specialist



AMIN RAHMAN
Social Media
Freak



ADIL MOHAMMED
Social Media
Champ



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