



THE FUTURE OF GOLD OWNERSHIP



 [kitco.gold](https://www.kitco.gold)

KITCO® DIGITAL
METALS GROUP

 **stably**



TRADEWIND

FD First Digital

For the latest version of the whitepaper and most recent project updates, please visit [kitco.gold](https://www.kitco.gold)

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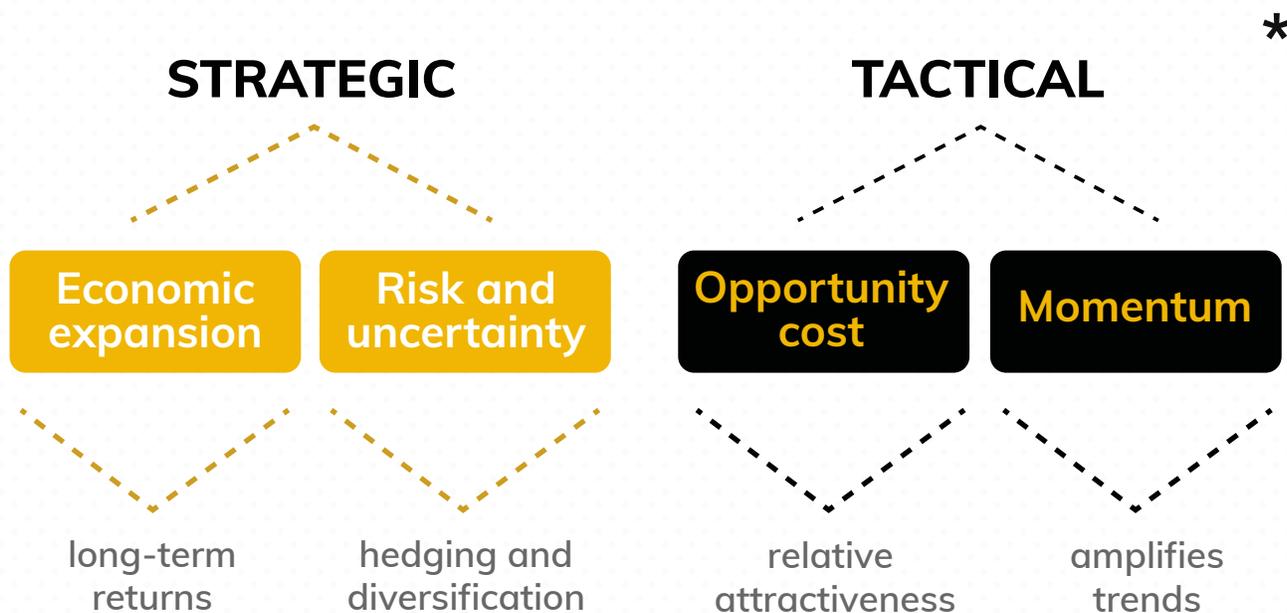
BENEFITS OF GOLD

Gold has been a store of personal value since the beginning of recorded history. As a strategic asset, gold has historically improved the risk-adjusted returns of portfolios, delivering returns while reducing losses and providing liquidity to meet liabilities in times of market stress.

Unlike most cryptocurrencies, gold is a highly liquid, yet scarce asset, which can never become a liability.

As such, gold can play four fundamental roles in a portfolio:

- reliable source of long-term returns
- diversifier that can mitigate losses in times of market stress
- liquid asset with no credit risk that has outperformed fiat currencies
- enhances overall portfolio performance



*Source: World Gold Council

SUPPLY & DEMAND

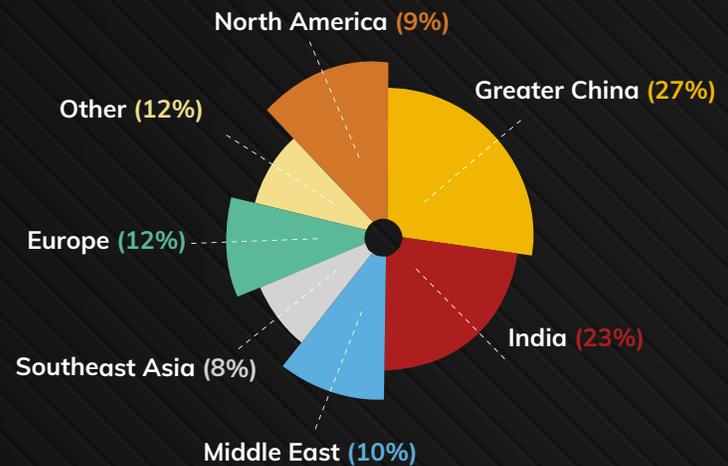
A recent World Gold Council report found rising demand for gold in the first quarter of 2021 reflecting 'safe-haven investment demand for gold, offsetting marked weaknesses in consumer-focused sectors of the market,' driven in part by the COVID-19 pandemic.

Global demand for gold rose to **815.7 metric tonnes**, in Q1 2021 -- a virtually on par with Q4 2020. Global uncertainty and market volatility caused by the COVID-19 pandemic have defined market trends.

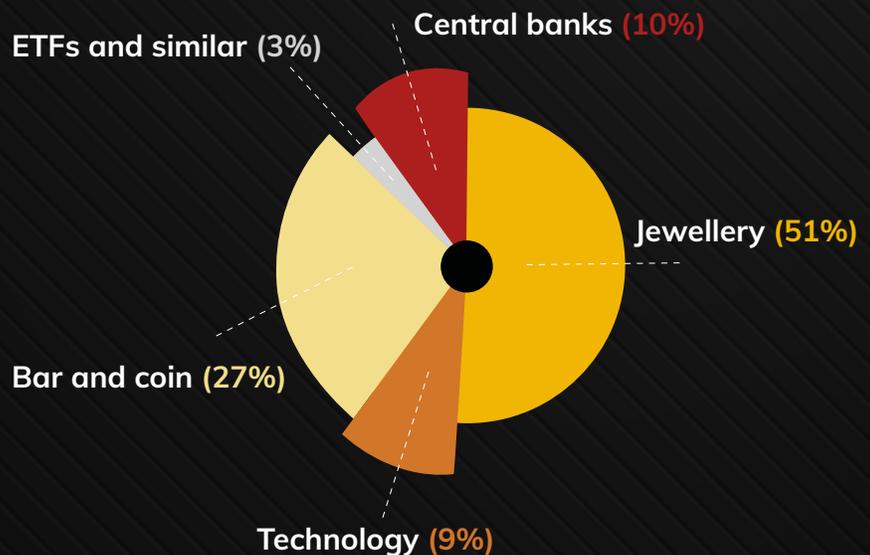
While the average gold price in Q1 was 13% higher y-o-y, it declined by 4% q-o-q. The opportunity to buy at lower prices, relative to the highs seen last year, boosted consumer demand, particularly as many markets continued to emerge from lockdown and economic recovery lifted sentiment.

Growth in consumer demand was offset by strong outflows from gold-backed ETFs (gold ETFs), which lost 177.9 in Q1 as higher interest rates and a downward price trend weighed on investor sentiment.

10-YEAR AVERAGE GOLD DEMAND BY REGION*



10-YEAR AVERAGE GOLD DEMAND BY SOURCES*



*Source: World Gold Council

GLOBAL VOLUME

Global gold ETF holdings fell by 177.9t (US\$9.5bn). Western markets drove outflows as US rates rose sharply and the US dollar strengthened.

The US dollar gold price fell by 10% during Q1. The recent downward trend was fuelled in part by ETF outflows and a reduction in net long positioning in the futures market, but strong consumer demand helped to provide support.

Demand for gold bars and coins saw a third successive quarter of growth. Investment in these products reached 339.5t – the highest quarter since Q4 2016.

Jewellery demand staged a strong recovery from lock down-stricken Q1 2020. But it remained relatively subdued on a historic basis – 6% below the five-year quarterly average of 505.9t.

Global central bank gold reserves grew 95.5t in Q1. Hungary’s large purchase (+63t) bolstered Q1 buying, more than matching Turkey’s substantial sale (31.5t).

Total supply of gold fell 4% y-o-y in Q1. Mine production growth was outweighed by a fall in recycling, largely in response to weaker gold prices.

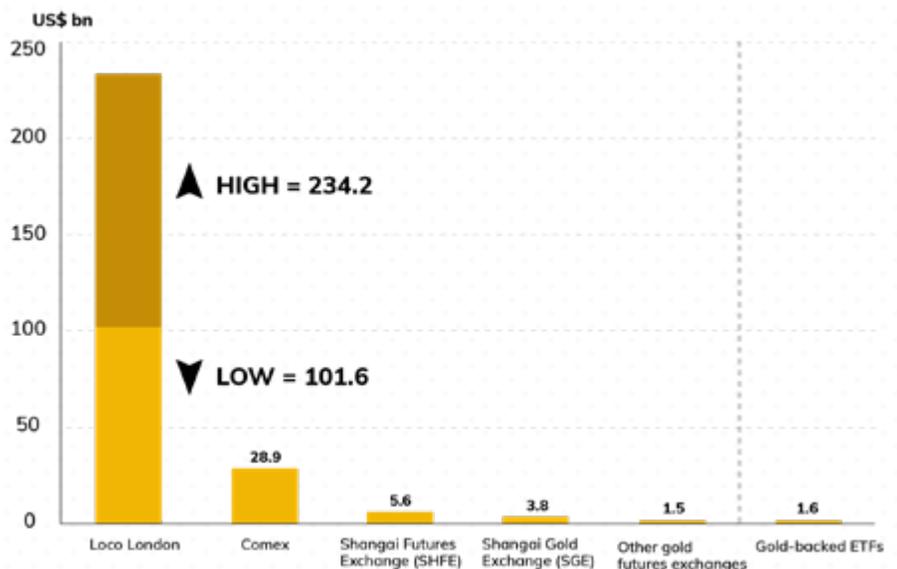
Footnotes

As of 31 March 2021. Based on the average LBMA Gold Price PM.

DAILY NOTIONAL GOLD VOLUMES IN US-DOLLAR* (BILLIONS)

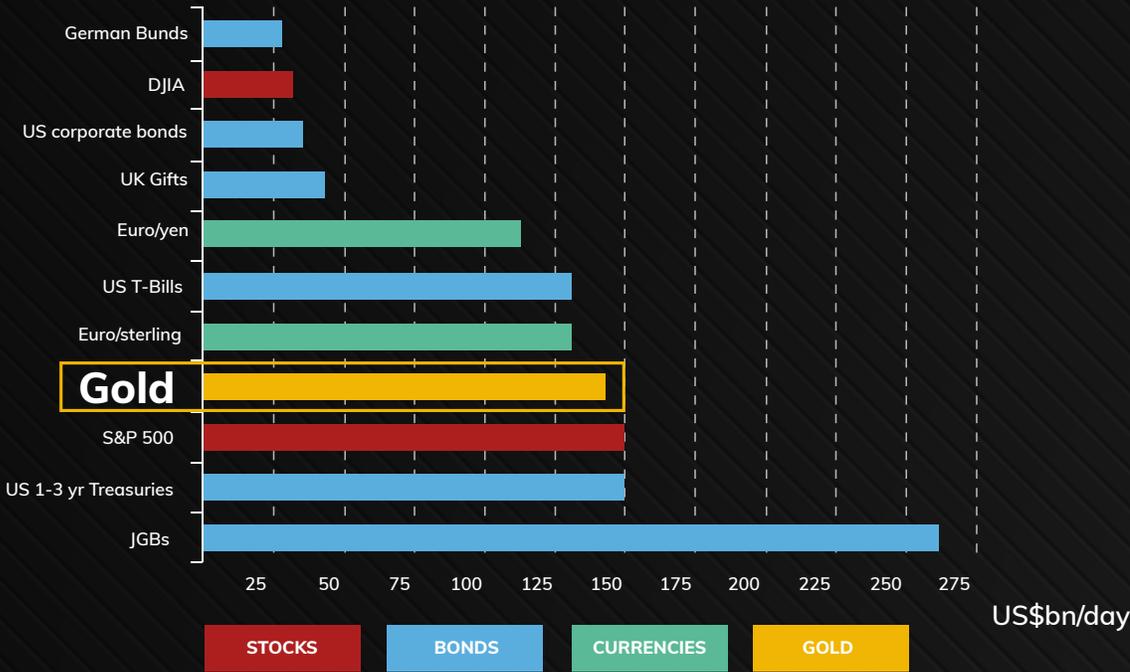


*Source: World Gold Council



AVERAGE ANNUAL TRADING VOLUMES

Average daily trading volumes in US\$*



Data as of 31 December, 2019

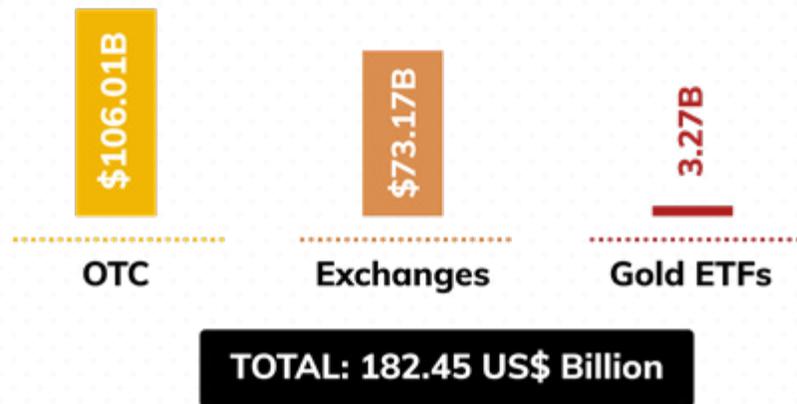
Sources: Bloomberg, Bank for International Settlements, UK Debt Management Office (DMO), Germany Finance Agency, Japan Securities Dealers Associations, London Bullion Association, World Gold Council;

*Based on estimated annual average trading volumes as of 31 December 2019, except for currencies that correspond to March 2019 volumes due to data availability.

**Gold liquidity includes estimates on over-the-counter (OTC) transactions, and published statistics on futures exchanges, and gold-backed exchange-traded products.

GLOBAL GOLD MARKET LIQUIDITY*

YTD
2020



*Gold liquidity includes estimates on over-the-counter (OTC) transactions, published statistics on futures exchanges and gold-backed exchange-traded products. Data as of June 2020. Source: World Gold Council

STABLECOINS OF THE FUTURE

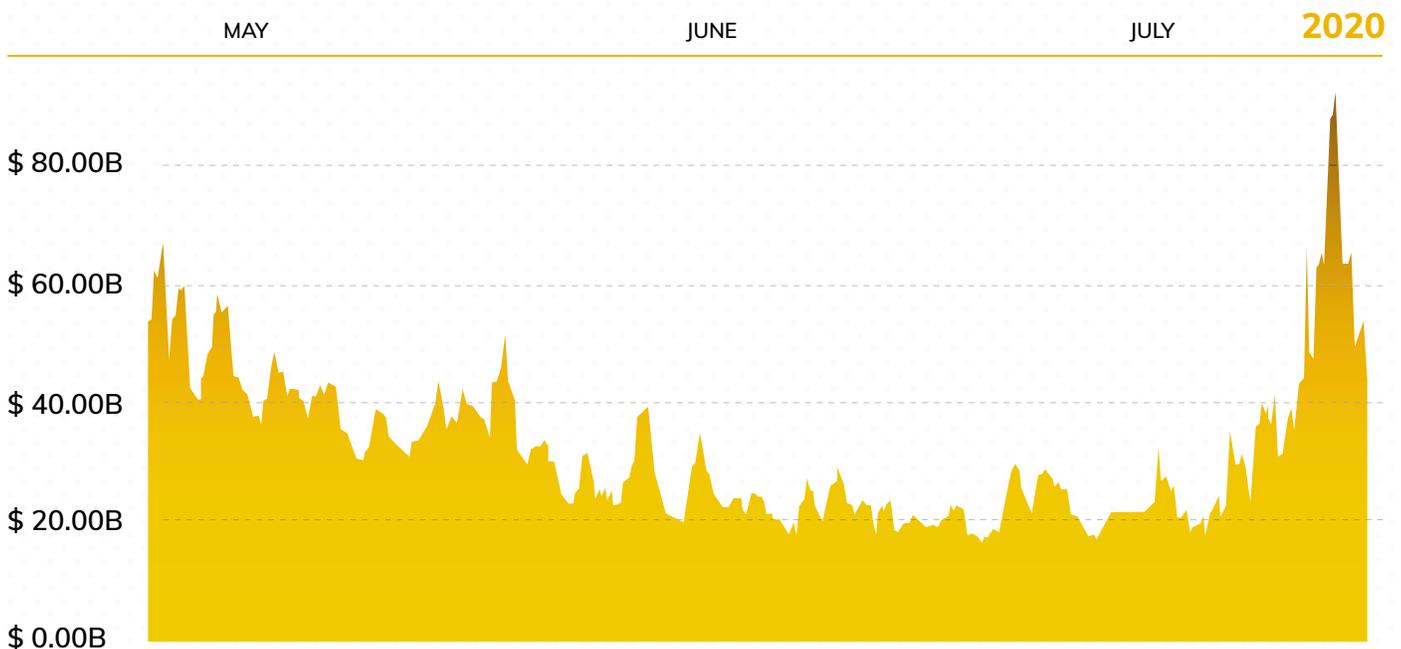
The coming years will see the advent of the second generation of stablecoins. These «branded» stablecoins will offer the price stability and blockchain technology used today, but add loyalty program integration, secondary-market liquidity, and branding opportunities.

Companies that adopt their own branded stablecoins could benefit from lower transaction costs, stable interest income from a fiat reserve, and a more streamlined and effective loyalty program. As stablecoins become a viable competitor in the remittance market, retail payments, and cross-border transactions, the stablecoin industry could itself become **a trillion-dollar industry within a decade.**



DAILY STABLECOIN VOLUME* 2020

*DAI, EURS, GUSD, PAX, TUSD, USDC, USDT - coincodex.com



PROJECT ABSTRACT

A gold-backed token is the safest of the safe-haven assets

Gold has been and continues to be a premiere de facto world currency and safe-haven asset. However, owning gold bullion imposes several inherent drawbacks, especially in large amounts. It must be stored securely -- yet be accessible for trade and payments. It must be transported, yet this is costly and vulnerable. The standard solution, gold exchange traded funds (ETFs) or gold futures, incur brokerage fees or reliance on exchanges that may be compromised or non-operational during times of severe market stress. Now there is a better way to avoid the problems associated with possessing physical gold while keeping the benefits of gold ownership.

The «genie is out of the bottle» on blockchain technology

Potential gold investors will take the logical step of embracing blockchain, with the profound changes it will bring, in the same way, that consumers 25 years ago began to accept the legitimacy and global impact of the internet. A quarter-century ago, few individuals knew much about how the internet worked. But its apparent benefits spurred the creation of entirely new economic sectors and at the same time drew users to it at an unprecedented rate. Early adopters, then as now, saw significant rewards for their enterprise and foresight.

In the financial and commerce world, the blockchain technology applications are more apparent, and the revolutionary changes are even more compelling. According to Martin Hiesboeck, blockchain will 'change the way stock exchanges work, loans are bundled, and insurances contracted. They will eliminate bank accounts and practically all services offered by banks. Almost every financial institution will go bankrupt or be forced to change fundamentally once the advantages of a secure ledger without transaction fees are widely understood and implemented.' The absence of transaction fees is pivotal in this process since the financial system is built on taking a small cut of your money for the privilege of facilitating a transaction. Bankers will become mere advisers, not gatekeepers of money. Stockbrokers will no longer be able to earn commissions, and the buy/sell spread will disappear.'

It seems likely that Hiesboeck's view contains some hyperbole -- brick-and-mortar stores survived the internet. But the way they did business changed out of all recognition. We can't be sure that Hiesboeck's predictions will all come true. But we can foresee that all financial companies will be profoundly affected by blockchain. Both individuals and businesses that embrace and explore that change now stand to claim the rewards of early adoption.

OVERVIEW



Leading, trusted and fully backed **gold tokenized asset**

Kitco Gold (KGLD) is a new way to invest in the gold market. It is a token backed by fine gold held securely at the DirectReserve™ Vault pairing the world's most stable safe-haven asset with the transparency, speed, and immutability of blockchain technology.

Kitco Gold offers 1:1 ownership of physical gold stored securely within the DirectReserve™ Vault.



FEATURES & BENEFITS

Easily issue and redeem **Kitco Gold** with USD



Backed with .9999 gold held securely at the DirectReserve™ Vault



Easily issue/redeem **Kitco Gold** with USD via wire transfers



1:1 ownership of fine gold with no storage costs & no management fees



Redeemable for gold via physical delivery services from **Kitco Digital Metals Group****



Send/receive **Kitco Gold** globally in minutes for little cost



Multi-chain interoperability support



Instant issuance & redemption*



Global KYC and wire support capabilities



Mobile app with managed wallet (iOS & Android)**

* Requires Kitco Gold trust account. Other conditions may apply.
** Coming in Q4 2021.

WHY



The many benefits of a gold-backed token



1:1 OWNERSHIP OF FINE GOLD

Legally own & redeem gold physically held at the DirectReserve™ Vault



MINIMAL FEES

Low storage cost & network fees



TRANSPARENT & AUDITED

Publicly verifiable on-chain transactions & frequently audited gold reserve



FAST & BORDERLESS

Send & receive **Kitco Gold** anywhere in the world in minutes

KITCO GOLD USE CASES

Elevating tradition while embracing the future



SAFE-HAVEN ASSET



ASSETS TRADING



PAYMENT



LENDING



ESCROW



GOLD EXPOSURE



REMITTANCE



CUSTODIAN INTEGRATION



ALTERNATIVE BANKING



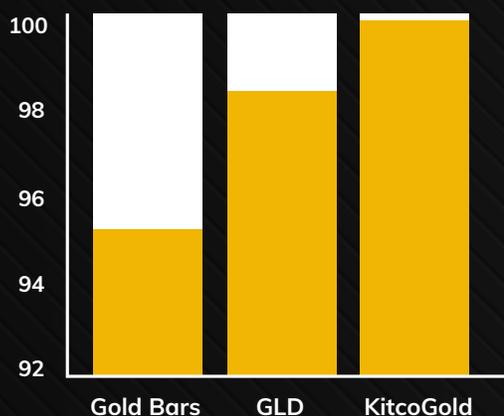
POWERING DAPPS

HOW KITCO GOLD STACKS UP

Each unit of an ETF is a security that represents equity ownership in a fund or trust, which in turn holds physical gold in a bank or other depository. The fund or trust charges purchasers an annual fee to cover management, storage, marketing and administrative costs. The final beneficial owner does not own gold. The underlying physical asset remains the property of the trust and the final owner cannot, in most cases, take physical delivery of it.

By contrast, Kitco Gold is owned directly by the final beneficiary. The physical asset is stored on a bailor-bailee basis with the Kitco DirectReserve™ Vault and recorded on Kitco Gold's blockchain database. There is no fund involved, meaning there are no associated management or administrative fees. The gold you own can be delivered to you through Kitco's redemption service.

Value lost to fees*
 Ounces remaining



*Fee Inputs:

- Gold Bars: estimated trade execution fees, estimated casting and other fees
- GLD ETF: prospectus, estimated trade execution fees
- Kitco Gold: estimated 25 bps cost of acquisition

EVALUATING KITCO GOLD

	Gold Bars	GLD	KitcoGold
Generic Ounces	×	✓	✓
Electronically Traded	Limited	✓	✓
Cost of Acquisition	3-5%	Low	Low
Direct Ownership	✓	×	✓
Portfolio Integration	Limited	✓	✓
Annual Cost of Carry	20-100 bps	40 bps	Low
Physical Delivery	✓	×	✓

*Cost estimates inclusive of explicit transaction charges, implicit spread, allocation, location swaps and other fees associated with physical gold.

BUY KITCO GOLD

- ① Open a Kitco Gold trust account and verify your identity (KYC)*
- ② Submit a new Kitco Gold purchase order and provide a compatible wallet address to receive Kitco Gold
- ③ Send a payment in USD to First Digital Trust via wire
- ④ Receive Kitco Gold in your wallet

SELL KITCO GOLD

- ① Open a Kitco Gold trust account and verify your identity (KYC)*
- ② Submit a new purchase order request and provide your bank account information to receive your payment in USD
- ③ Send the corresponding Kitco Gold amount to a burn address provided by Stably through First Digital Trust
- ④ Receive your payment in USD from First Digital Trust via wire

* The Kitco Gold token is currently not available in your jurisdiction if you are located in, established in, or a resident of the United States of America, Canada and Hong Kong, among other countries. For more information, please contact us at info@kitco.gold.

REDEEM KITCO GOLD FOR PHYSICAL GOLD**

COMING SOON

TRADE PHYSICAL GOLD FOR KITCO GOLD**

Easily trade your physical gold for Kitco Gold. For more details about the procedure, please contact us at info@kitco.gold

EXCHANGES AND WALLETS

We expect Kitco Gold to be available on multiple exchanges in the near future. Our team is working on expanding compatibility with numerous online and hardware wallets.

** Coming in 2022 - Conditions apply. For more information, please contact us.

ISSUANCE FRAMEWORK



First Digital Trust serves as the centralized trust administrator who is responsible for regulatory compliance, KYC/AML procedures, funds processing and providing final authorization to issue and burn Kitco Gold (KGLD) on public blockchains.



Stably operates as a technology service provider to First Digital Trust.

LOW COST & SECURE GOLD STORAGE

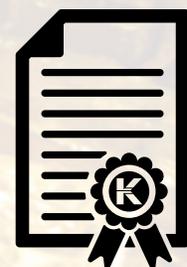
First Digital Trust utilizes Tradewind's technology to hold fractionalized gold in trust for Kitco Gold token holders. The physical gold supply is provided by Kitco and securely stored in the DirectReserve™ Vault.



TRANSPARENT & TRUSTWORTHY

To verify that every Kitco Gold token is backed by one troy ounce of gold held in DirectReserve™ (AUK), monthly attestations are conducted and published by an independent CPA firm, Cohen Co, an industry leader in stablecoin auditing. The CPA would gain access to Kitco DirectReserve™ Vault and USD accounts owned by the Kitco Gold Trust and attest that the amount of DirectReserve™ Gold (AUK) and underlying gold held for the benefit of token holders by First Digital Trust matches the total amount of Kitco Gold tokens in existence on the Ethereum blockchain. Additionally, all Kitco Gold mint and burn transactions are publicly verifiable on-chain.

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TECHNOLOGY OVERVIEW

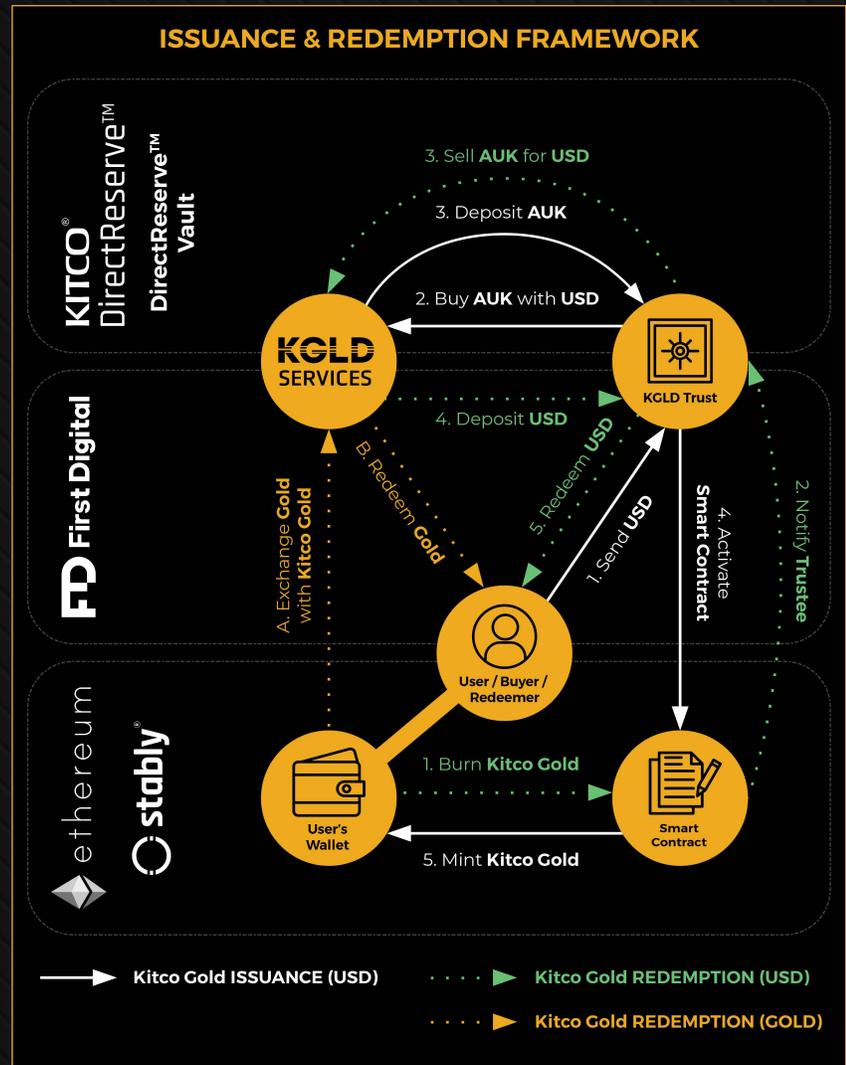
Kitco Gold is a physical **gold-backed** tokenized asset created by a joint partnership between Kitco Digital Metals Group, First Digital Trust, Tradewind Markets and Stably



First Digital Trust is the registered trust company and administrator of Kitco Gold (symbol:KGLD), whose assets are held for the benefit of Kitco Gold token holders. First Digital Trust is also the trust administrator responsible for providing final authorization to issue and burn Kitco Gold on public blockchains.



Kitco Digital Metals Group sells digital titles (AUK) for allocated gold held at the DirectReserve™ Vault and transfers AUK into the Kitco Gold Trust for Kitco Gold buyers using the Kitco DirectReserve™ platform. Each KGLD token functions as a digital warehouse receipt representing a Holder's fractional beneficial ownership of Fine Gold bullion.



Stably provides technology for First Digital Trust to interact with the Kitco Gold smart contract to mint or burn an equivalent amount of Kitco Gold tokens on the Ethereum public blockchain upon receiving or distributing AUK from the Kitco Gold Trust.



The Tradewind Ledger is the digital record of ownership for the gold backing the KGLD tokens, the gold itself being held at the DirectReserve vault. By powering a vault with the Tradewind Ledger, market participants are enabled to use the value of an asset for investment, collateral, and settlement, without the need to physically move gold.

KITCO Gold SMART CONTRACT

A Kitco Gold token is an ERC-20 standard smart contract that represents fractional ownership of the Kitco Gold Trust which, in turn, also means direct ownership of physical gold held at DirectReserve™ Vault at a ratio of 1 troy ounce per token. Upon receiving custody of AUR from Kitco on Kitco DirectReserve™, First Digital Trust would call the Kitco Gold smart contract built by Stably on the Ethereum public blockchain to mint an equivalent amount of Kitco Gold tokens and send them to the verified purchaser's wallet address. Kitco Gold tokens can then be freely sent and received by any ERC-20 wallet address in the world. There are plans to expand Kico Gold onto other blockchain protocols in the future but for the time being, ERC-20 has been chosen as the first protocol to build Kitco Gold on because of:

- Widespread global adoption and many supporting platforms
- Strong decentralization, security and on chain transparency
- Ability to support smart contract and custom applications

Some highlighted features of the Kitco Gold smart contract are:

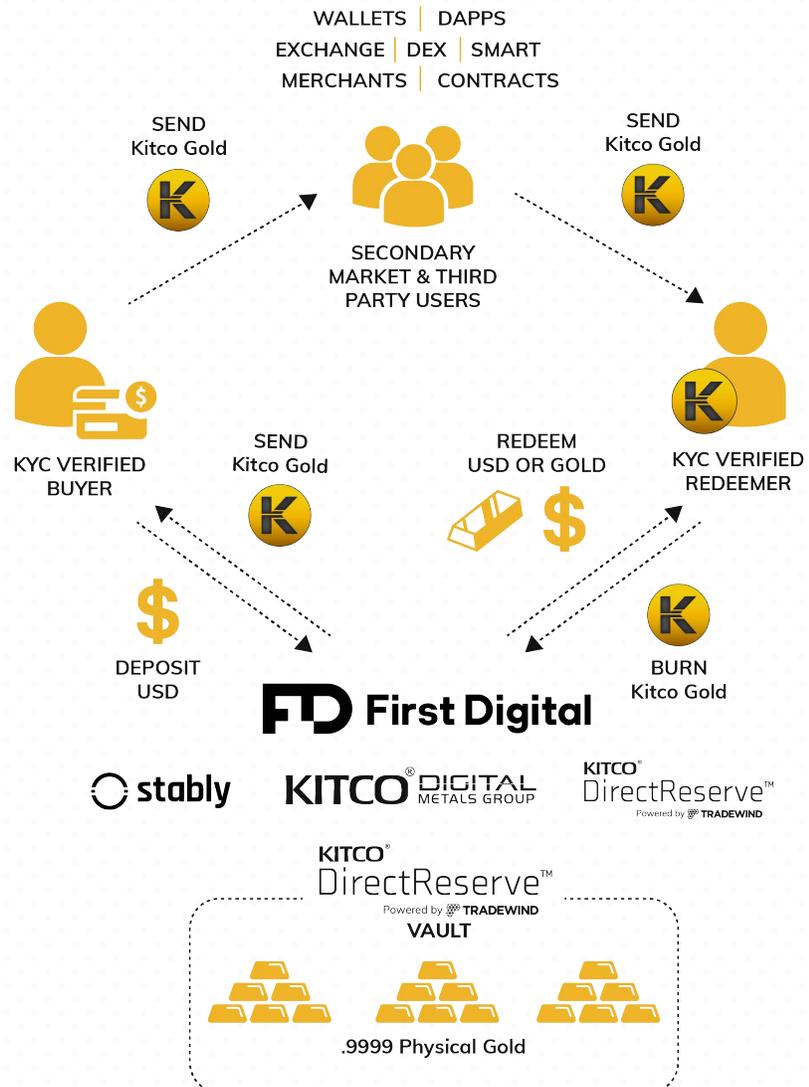
• On Chain Fees

Kitco Gold transfers between ERC-20 wallet addresses may be subject to a small fee that is set by First Digital Trust, who may also select specific fee recipient and set the fee rate. For the time being there is no plan to impose any fee on Kitco Gold transfers.

• Regulator Role

Stably has included a role in the smart contract for regulators to freeze/unfreeze on chain transfers and seize or destroy Kitco Gold tokens held by a criminal party First Digital Trust will only execute these functions at the request of regulators under rare circumstances.

- **Kitco Direct Reserve** is a vault that stores physical gold, including the gold backing the KGLD tokens. Kitco DirectReserve is powered by Tradewind Ledger, which is the digital ownership records for the gold held at the Vault. The Tradewind Ledger enables the market participants to use the value of an asset for investment, collateral, and settlement, without the need to physically move gold.



SMART CONTRACT **AUDIT**



The Kitco Gold smart contract is partially based upon Stably's USDS smart contract, which was audited in July 2018 by CoinMercenary, a smart contract security firm based in Texas that has audited more than 60,000 lines of codes for 70+ blockchain projects.

Upon completing the development of the Kitco Gold smart contract, CoinMercenary and QuantStamp, two reputable blockchain security firms were hired to audit the product architecture in October 2019. They thoroughly reviewed the entire Kitco Gold smart contract, even performing formal verification, a proprietary technology that applies rigorous and complete mathematical reasoning against code to test its veracity and security. Amendments regarding the code organization, coding style and best practices around signature verification were proposed, and incorporated into the Kito Gold smart contract before issuing First Digital Trust access to operate it.

As more features and updates are rolled out for the Kitco Gold smart contract, Stably will re-engage CoinMercenary and QuantStamp (or other respected firms) to perform additional audits on the contract every time a new feature or update is released.



Kitco Digital Metals Group

A Canadian company, member of the Kitco group of companies, focused on developing and promoting digital metals products, aiming to be a world leader of precious metals tokens. Its flagship product, DirectReserve™ is a digital trading platform providing businesses unparalleled access to the precious metals markets with custody services and accounts in a convenient and cost-efficient way to buy, hold and trade gold via a secure electronic platform that runs on Tradewind Markets blockchain technology. Kitco Digital Metals Group is the sponsor for the Kitco Gold project.



Tradewind Markets is a financial technology company that increases gold's acceptability as an investment and collateral asset, while reducing settlement risk. The Tradewind Ledger, built on blockchain technology, provides trusted records of ownership for gold, enabling the value of gold to be used without the need to physically move gold. The Tradewind platform has been adopted by leading institutions in the precious metals market.

FDT First Digital

FDT is Asia's leading technology-driven financial institution powering the digital asset industry and servicing fintech innovators including blockchain clients, money service businesses and token issuers. The team is behind the Abacus™ rapid settlement network and provides APIs, accounting, compliance, fiat gateways, payment rails, pension plans and open finance infrastructure for the industry. More than just another financial institution, FDT is the next-generation trust company.

Cohen & Co[®]

Named one of the fastest growing private companies in the country, Cohen & Company offers assurance, tax and advisory services to clients throughout the U.S. and worldwide. The firm serves a broad range of clients, from privately held companies and their owners; to public and private funds, advisers and fund service providers within the investment industry; to Fortune 1000 multinational enterprises. Cohen & Company was founded in 1977; has more than 650 associates in Illinois, Ohio, Maryland, Michigan, New York, Pennsylvania and Wisconsin; and has an international presence in the Cayman Islands and Ireland.

stably

Stably is a Seattle-based FinTech that bridges traditional finance (TradFi) and decentralized finance (DeFi). The firm provides compliant infrastructure for a two-sided market, connecting TradFi assets and institutions to blockchain networks and DeFi ecosystems. Stably's solutions include Stablecoin-as-a-Service (SCaaS) and Crypto Banking-as-a-Service (CBaaS) which offer enterprises, institutions and blockchain development organizations a single compliant access point to manage cash, fiat on/off ramps, cryptocurrencies and tokenized assets such as stablecoins and digital precious metals.



THANK YOU



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