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The OilCoin White Paper

OilCoin: A U.S. Based, Regulatory Compliant, Digital Reserve Currency

The OilCoin White Paper is not an offer or solicitation to sell securities. The OilCoin White Paper is intended solely to describe the OilCoin token and matters related to its development and introduction into commerce. The statements contained in this White Paper are exclusively opinions and forward-looking statements, are made only as of the date written above and are not intended to be relied on by any person in connection with their determination to purchase or sell OilCoin. All offers to purchase OilCoin will be made solely to persons legally permitted to purchase OilCoin and will be pursuant to definitive documents and agreements clearly labeled as such and subject to all terms, conditions, disclosures, qualifications and risk factors contained therein.

Overview:

OilCoin is the world's first U.S. based, regulatory compliant digital currency supported by verified oil reserve assets. OilCoin enables individuals and organizations to utilize a transparent peer-to-peer exchanged digital currency with intrinsic value based on oil – the most liquid and actively traded commodity and critical energy resource for the global economy. Each OilCoin represents the value of one reserve barrel of crude oil and will be supported by an undivided interest in a bundle of oil assets including physical oil, oil futures and interests in oil producing properties with an aggregate value approximating the aggregate value of all OilCoin in circulation.

OilCoin has been structured with a view towards becoming the world's leading safe-haven tokenized store of value. By linking each OilCoin token to existing and verified real world assets, OilCoin enables holders of digital and fiat currencies seeking to preserve wealth, lock in gain and/or avoid loss to acquire, hold and transfer intrinsic value in digital token form. In order to meet increased demand over time, the number of OilCoin in circulation and their supporting oil reserves are able to expand in tandem to maintain an approximate equilibrium between the USD price of a single OilCoin and single barrel of oil on global markets without diluting the interests of existing OilCoin holders. The embodiment of OilCoin's store of value in a transferable digital token will enable holders to preserve wealth and engage in commercial and consumer transactions while avoiding volatility, inflation and devaluations associated with other digital or national fiat currencies.

OilCoin is founded and coordinated by a fully transparent, experienced and highly reputable team who will manage the operations and development of OilCoin and act to ensure compliance with applicable laws of the U.S. and other jurisdictions. The OilCoin team includes Hon. Bart Chilton, long-time commissioner of the U.S. Commodity Futures Trading Commission, as well as other professionals with significant responsibilities in the fields of global financial

regulation, compliance and management.

OilCoin will be issued in and outside of the U.S. in accordance with the securities laws of the U.S. and other applicable jurisdictions and expects to become a public registrant under, and subject to the periodic reporting requirements of, the U.S. Securities Exchange Act of 1934. Transfers of OilCoin will be subject to compliance with all applicable securities laws, including laws governing securities exchanges and the conduct of broker-dealers. The maintenance of OilCoin's oil reserves will be compliant with laws governing transactions in commodities, including the U.S. Commodity Exchange Act. Financial statements related to OilCoin and its oil reserves will be prepared in accordance with U.S. generally accepted accounting principles, will be audited by a leading global accounting firm, and are expected to be published on www.sec.gov. OilCoin will comply with all applicable tax laws of the U.S. and other jurisdictions and will support record keeping and transparency to allow all holders, purchasers and sellers of OilCoin to comply with their applicable tax reporting obligations.

OilCoin's unique entity structure is expected to provide a simplified approach to taxes for investors seeking to hold investments in oil. Unlike OilCoin, U.S. based oil exchange traded funds (ETFs) presently subject holders to annual tax and tax reporting obligations due to allocations of income related to the ETFs' oil holdings. In contrast to ETFs, but like other digital tokens, OilCoin is expected to be treated as property for U.S. Federal income tax purposes and will not allocate income related to OilCoin's operations (including supporting oil reserves) to holders of OilCoin. As a consequence of this structure, long term U.S. holders of OilCoin will not be subject to annual tax but instead will be taxed only upon their sale of OilCoin. Similarly (and unlike U.S. based oil ETFs), ownership of OilCoin does not subject non-U.S. persons to U.S. tax obligations. By separating the tax attributes of OilCoin from the tax attributes of its supporting oil reserves,

OilCoin represents the creation of a new and unique financial instrument with potentially favorable tax treatment and return profile for U.S. and non-U.S. investors.

OilCoin will be driven by Ethereum-enabled blockchain technology in order to provide a robust and decentralized method of verification, tracking and exchange. The Ethereum blockchain is expected to provide an auditable and cryptographically secured global ledger and will facilitate transactions with other familiar currencies and assets. In addition to the Ethereum blockchain, OilCoin will utilize audit methods to ensure that issued tokens are supported by sufficient oil reserve assets at all times. OilCoin will provide incentives to purchasers and sellers through customary sharing of transaction fees in the form of issuances of additional OilCoin.

At its core, OilCoin represents the peer-to-peer transferability of digitized commodity value. OilCoin's unique structure, verified intrinsic value and stable price provide meaningful economic benefits to its holders, purchasers and sellers. In particular (i) OilCoin will be a reliable store of value, medium of exchange and unit of account, (ii) OilCoin will enable holders of other digital or national currencies to lock in gains and/or protect against ruinous declines in value due to inflation, volatility or currency devaluation, and (iii) OilCoin will be an effective and tax advantaged economic proxy for investments in oil, and to the extent of their positive correlation with oil, other commodities. These characteristics, together with a continuous focus on transparency and regulatory compliance, position OilCoin to become the leading safe-haven digital reserve currency capable of appealing to global investors and consumers regardless of size, sophistication or capital base.

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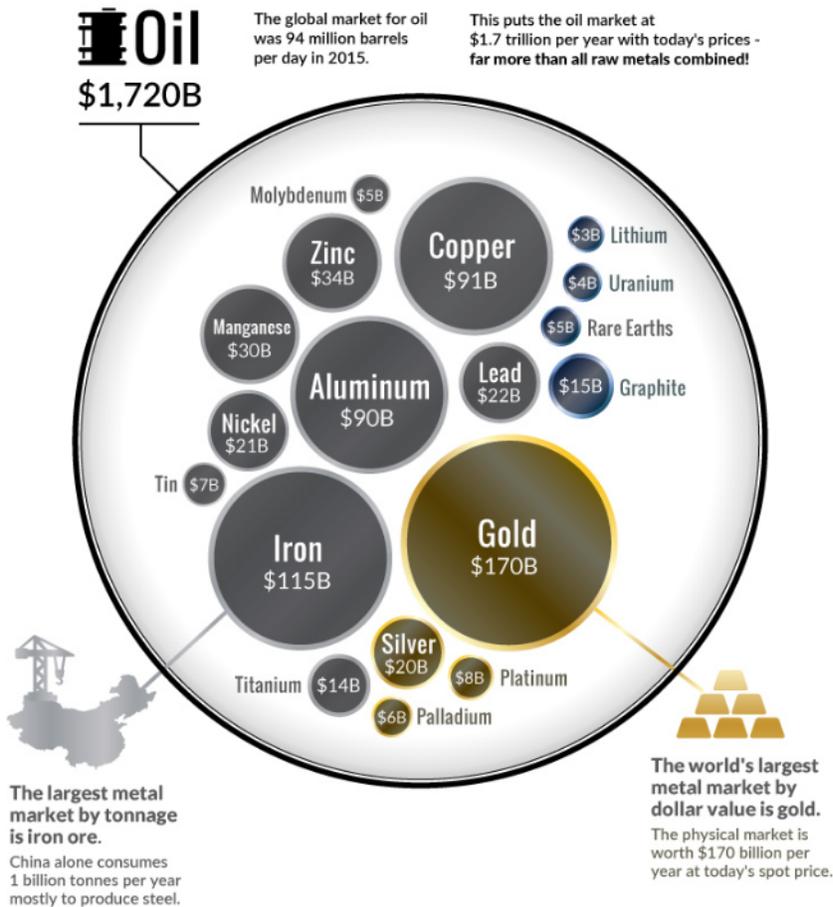
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1. Significance of Global Oil Market

At USD 1.7 trillion in annual transaction size, the global oil market is the single largest and most actively traded and liquid commodity market in the world and is larger than the annual GDP of all but 10 countries. It is 10x the size of the traditionally accepted and historic reserve gold market and is larger than all global raw metal markets combined¹:

BIG OIL

The oil market is bigger than all raw metal markets combined



Unlike traditional reserve assets such as gold which have limited true function in terms of

¹ <http://www.visualcapitalist.com/size-oil-market/>

driving global economic activity, oil is the single most critical commodity for the continuous functioning of the global economy. Oil (in the form of crude petroleum) serves as the core driver for multiple mission critical global products such as gasoline, diesel fuel, jet fuel, plastics and countless specialty chemicals. As a result of oil's utility, it is likely to remain a driving force for global business, especially as economically developing populations become more voracious consumers and advancing horizontal drilling and completion technology helps ensure that the price of oil stays competitive with alternative forms of energy. The relative size of the global oil market and its significance in the world economy make oil an ideal commodity to support a digitized currency.

2. Characteristics of OilCoin

2.1 OilCoin is Supported by Substantial Intrinsic Value

Almost all fiat and digital currencies lack the support of any tangible asset. Fiat currencies are too frequently short-lived, are highly vulnerable to the oft-repeated cycle of inflationary pressures followed by dramatic revaluations, are exposed to political control, monetary policy management and adverse political or economic events, and are supported solely by the full faith and credit of the issuing nation. Similarly, digital currencies are highly vulnerable to volatility or a collapse in value due to adverse supply and demand dynamics and, at best, merely represent an interest in the future business prospects of the issuer or the users of the currency. In contrast, OilCoin is a digitized interest in equivalent reserve barrels of crude oil and is free from the external risk of governmental intervention affecting the valuation of fiat currencies or the extreme volatility faced by digital currencies due to rapidly changing supply and demand dynamics. OilCoin offers all of the advantages historically associated with blockchain enabled digital currencies while providing a fully verifiable and audited asset reserve to ensure its value, stability and security as a

leading medium of exchange.

Many government regulators and detractors of digital currencies have pointed to their lack of intrinsic value as an indication of fraud or harbinger of collapse. By pioneering the first U.S. domiciled, regulatory compliant, asset-supported digital currency, OilCoin will open the use of digital currencies to a significant portion of the global trade and financial markets that have previously shied away from full-scale adoption.

OilCoin fully supports use of a public blockchain as a means to facilitate private exchange and fundamentally believes that blockchain technology will permeate the transfer of data and value over the coming years and decades. OilCoin is committed to working with domestic and global governmental agencies, financial institutions, traders and users of commodities to develop protocols to help facilitate OilCoin's adoption as the leading digital reserve currency.

2.2 The OilCoin Team is Fully Transparent and Committed to Legal Compliance

Digital currencies are frequently praised for providing a number of significant advantages compared to the current financial system. These include (i) ownership and peer-to-peer exchange based on cryptographic proof rather than efforts of “trusted third parties”, (ii) immunity from governmental interference and regulatory compliance, and (iii) anonymous, borderless transferability of value and free convertibility to other assets. Even casual observation of the state-of-play in the current global cryptocurrency markets leads to the conclusion that these laudable ideals have not yet been realized. In particular:

2.2.1 Virtually all digital currencies have been backed, designed, built and managed by an individual or small team (not always identified), and leading digital currencies are frequently transferred via exchanges or wallets rather than directly peer-to-peer. In other words, there is a “trusted third party”. However, the principals behind those third parties and their motivations are often wholly or partly unknown, and in most instances have not

been subject to governmental or private scrutiny. Cryptographic proof of existence and exchange provides assurances of existence and exchange, but nothing more. Rather than abide by the fiction that there is no trusted third party necessary to facilitate trade in digital currencies, OilCoin recognizes that current digital currencies could not exist without trusted third parties, and therefore will actively seek to foster that trust by providing transparent leadership and complying with applicable securities, commodities, tax and currency regulations.

2.2.2 Issuers, buyers and sellers of digital currencies have long acted as though they are immune from governmental regulation, and have executed strategies to preserve secrecy and avoid governmental disclosure and legal compliance. While this may be an acceptable risk for individual digital currency speculators and miners, particularly those residing in jurisdictions with limited regulation and lax enforcement, global financial institutions and individuals with the need or desire to comply with laws will increasingly move to digital currency platforms that they believe are trustworthy and help insulate them from the adverse consequence of shifting government enforcement of laws and regulations. OilCoin is committed to legal compliance for itself, the exchanges on which it trades and its holders, buyers and sellers.

2.2.3 Many early adopters and current users of digital currencies have been attracted to the perceived anonymity of transferring value in an undetectable manner. While legal enforcement to date has been sporadic, inconsistent and in some instances unpredictable, the exponential growth of digital currency assets can lead to one conclusion only: increased governmental regulation and enforcement for the protection of the holders of digital currencies and society at large. A combination of regulatory regimes is likely to

make it increasingly difficult (and potentially illegal) to anonymously transfer substantial stores of value. While OilCoin is committed to facilitating pseudonymous peer-to-peer exchange of value, it will do so in compliance with regulations governing such transfers. OilCoin believes that transparency goes far beyond verification of the number of outstanding or available coins. By providing the fair and accurate disclosures required under U.S. securities laws and other applicable laws (and being subject to civil and criminal liability for any failure to do so) OilCoin is positioned to become a global leader in setting the standards for transparency and disclosure for digital currencies, thereby accelerating OilCoin's use in worldwide commerce.

3. Substantial Market Opportunity for the Development of a Legally Compliant, Intrinsically Valuable Digital Currency

Most estimates of global wealth far exceed USD 200 trillion, with a substantial portion held by banks, sovereign entities and similar financial institutions in the form of fiat currency, corporate and real estate debt and equity, securitized consumer debt, and interests in commodities. The migration of interests in these assets into digital currency through blockchain-enabled applications represents an enormous opportunity for early supporters of OilCoin to help create, develop and profit from the development of what is designed to become the most broadly and globally accepted digital reserve currency.

While speculative interest in digital currencies will continue to expand rapidly, there has been limited mainstream adoption of digital currencies for a variety of reasons, including volatile price swings, insufficient general understanding of blockchain technology, and difficult interface for non-technical users in ordinary commercial transactions. These issues are being addressed rapidly and by an increasingly sophisticated group of individuals and firms dedicated to

expanding the mainstream use and acceptance of digital currencies. Various governments are supporting adoption of blockchain enabled peer-to-peer transfers by enacting legislation designed to facilitate trade in select digital currencies. In addition, regulatory bodies such as the U.S. Securities and Exchange Commission and the U.S. Commodity Futures Trading Commission have recently clarified that some digital currencies may be securities and/or commodities and therefore subject to all laws pertaining to them. Ongoing developments to create personal accountability and investor and consumer protections will ultimately expand the universe of potential holders of legally compliant digital currencies.

Articulations of the concept of asset-pegged digital currencies date back at least as far as the Mastercoin white paper authored by J.R. Willett in January 2012. Since that time, a number of asset-pegged digital currencies have been introduced. As the market for digital currencies developed, various digital currency exchanges grew to allow users to convert digital currencies into fiat currency, other digital currencies, gold or other assets. OilCoin significantly expands upon these developments by linking a digital token to the value of underlying oil reserve assets.

While all financial institutions and commercial vendors accept fiat currency as payment for assets and services, many have refused or are unable to engage in transactions involving digital currencies. OilCoin advances upon other digital currencies which enable direct, open-source, cryptographically secure, peer-to-peer transfer by enabling digital transfer of underlying asset value in the form of digitized value of oil. OilCoin's future development will be structured to help harmonize these two globally significant but presently separate payment systems in two critical ways. First, by establishing certainty regarding the legal right to transfer OilCoin throughout the world to the maximum extent possible while promoting and ensuring the transparency of all OilCoin related assets and operations. And second, by utilizing OilCoin's substantial oil reserves

as a means to facilitate commercial and ordinary consumer transactions around the world. The OilCoin team has developed the legal and commercial framework and structures to accomplish these important goals and expects to introduce and explain its methodologies following the introduction of OilCoin into commerce.

Increasingly, global regulators are heightening their scrutiny of transactions wherein digital currencies are converted to cash through online exchanges. As a consequence of the difficulties in many jurisdictions to freely convert digital and fiat currencies, holders of digital assets seeking to lock in investment gains in other digital currencies or preserve the value of their digital holdings will seek alternative digital currencies for the secure preservation of wealth. As the most globally useful, highly liquid asset, oil serves as the most secure commodity to which a successful digital currency can be linked. As the leading legally compliant, reserve digital currency, we expect OilCoin will become a critical instrument for preservation of wealth and an ever-expanding range of commercial activities using blockchain technology for digitized stores of value.

4. Initial Technical Arrangements

OilCoin will initially be issued as a digital token on the Ethereum blockchain via the ERC20 protocol. Each OilCoin issued into circulation will be supported by oil assets corresponding to rights to a single reserve barrel of oil on a one-to-one basis. OilCoin will partner with leading globally recognized institutions in order to cost-effectively and securely build and monitor the pool of oil reserves benefiting all OilCoin holders. Holders of OilCoin will have the ability to exchange their holdings, in full or in any decimal form, for equivalent spot value of any actively traded digital currency. Once an OilCoin has been issued, it can be held, transferred or exchanged, subject to applicable law, either in whole or in part, in the same manner as Bitcoin, Ether or other digital currencies.

At any given time OilCoin's reserve barrels of oil will approximate the number of OilCoin in circulation. This simple configuration most easily supports a reliable audit of oil reserve assets; a process which is fundamental to maintaining the price parity between OilCoin in circulation and the underlying assets held in reserve. As this information is expected to be publicly reported on www.sec.gov and OilCoin will be supported by verified commodity reserves OilCoin will present a far more reliable store of value than other digital currencies where proof of coins is limited to exchange and wallet audits.

The initial coin offering of OilCoin will allow users to purchase OilCoin directly from OilCoin.io (our dedicated site and web-wallet). Users can also transact and store OilCoin with any ERC20 enabled wallet. OilCoin will promote and encourage integration into other exchanges, wallets and merchants and will encourage them to collaborate to integrate OilCoin as a surrogate for traditional fiat payment methods.

Because the entities carrying out the OilCoin enterprise will act as a custodian of reserve oil assets, the operation and maintenance of OilCoin (like many other digital currencies) is not completely decentralized. OilCoin's commitment to regulatory compliance, maintenance of asset reserves and price stability sets the cornerstone for building future innovations that will create a robust platform for new products and services, and support the growth and utility of OilCoin over the long run. Institutions and individuals who wish to maintain their digital currency holdings in digital form but also seek the most reputable, stable and secure digital currency will see OilCoin as the best alternative.

As an emerging digital currency, OilCoin seeks to be easy to buy, sell, use and hold. In particular (i) OilCoin exists on the Ethereum blockchain, and avoids the limitations of operating within a less developed blockchain or within closed-source software running on a centralized,

private database, (ii) OilCoin may be used in the same manner as other digital currencies, held as a store of value or transferred from peer-to-peer in a pseudonymous, decentralized, cryptographically secure environment, (iii) OilCoin can be easily integrated with merchants, exchanges and wallets, (iv) OilCoin inherits the properties of the ERC20 protocol which include decentralized exchange; clearly defined and auditable contract structures; browser-based, open-source, wallet encryption; and blockchain-based transparency, accountability, multi-party security and reporting functions, (v) the purchase and sale of OilCoin is less likely to face material pricing or liquidity constraints as the supply of OilCoin and its supporting oil reserves will expand and contract to maintain an equilibrium price of a single OilCoin approximating the price of a single barrel of oil, and (vi) each OilCoin is supported by a single reserve barrel of oil making its value proposition straight forward and easily understood.

5. Monetary Policy to Support Price Stabilization

In order to ensure measurable intrinsic value and price stability, each OilCoin will maintain an approximate one-to-one ratio with a single reserve barrel of oil. This equilibrium will be achieved through management of the oil reserves and the number of OilCoin in circulation. As demand for OilCoin causes the price of a single OilCoin to rise above the spot price of a barrel of oil on global markets, additional OilCoin may be issued in private or open market transactions and the proceeds will be invested in additional oil reserves. Similarly, if the price of an OilCoin falls below the price of a barrel of oil, oil reserves may be liquidated with the proceeds used to purchase OilCoin privately or in the open market. This method of issuing or repurchasing OilCoin and the corresponding investment in or liquidation of oil reserves will provide stability to the market price of OilCoin relative to the spot price of a barrel of crude oil and will provide verifiable assurances that the value of oil reserves will approximate the aggregate value of all issued OilCoin.

OilCoin's price stability program will be managed by the OilCoin management team with a view to supporting the liquidity and functional operation of the OilCoin marketplace and to maintaining an approximate but not precise correlation between the price of a single OilCoin and the spot price of a single barrel of oil. While maintaining price stability of digital currencies through algorithmic purchase and sale may be appropriate in certain circumstances, and while it is possible as a technical matter to link such an algorithm to a programmed purchase and sale of oil assets, such an approach would be likely to result in (i) the decoupling of the number of OilCoin in circulation from an approximately equivalent number of reserve barrels of oil, and (ii) a highly volatile stock of oil reserve assets adding unnecessary and avoidable transaction costs which would reduce the value of OilCoin's supporting oil reserve assets. Accordingly, it is expected that purchases and sales of OilCoin and oil reserves to support price stability will be made on a periodic basis as the price of OilCoin and the price of a single barrel of oil diverge by more than a specified margin.

6. OilCoin's Use in Commercial and Consumer Transactions

OilCoin appears capable of widespread utility and adoption for use in cross-border commercial transactions in oil and oil related assets. Prior to the creation of OilCoin, no currency has been denominated in barrels of oil. As a consequence, parties to a forward or future purchase and sale of oil assets outside of the same country (or currency zone) must record their transaction in a national fiat currency with one or both parties forced to bear or hedge the risk of cross currency volatility as well as fluctuations in the price of oil. A cross-border, future market-price, forward purchase transaction settled in OilCoin is one example where this risk may be avoided. Since the price of one OilCoin approximates the price of one barrel of oil, pricing a future purchase contract in OilCoin enables the purchaser of oil to purchase OilCoin on the date on which the contract is

made and pay those OilCoin at a future date in exchange for a fixed quantity of oil. In the absence of OilCoin, the purchaser would be forced to hedge or bear the risk of changes in both cross-currency rates and the price of oil. Similarly, to the extent that changes in oil price quoted in a national fiat currency are expected to track changes in that national fiat currency relative to other fiat currencies, pricing transactions in OilCoin will be an effective means to avoid currency risk in ordinary commercial transactions even for goods and services unrelated to oil.

At present, ordinary consumer transactions in digital currencies have had significant appeal but limited adoption. This is due to a variety of factors, the most significant of which is the absence of a practical and ubiquitous solution which enables a consumer to pay for goods and services in digital currency and allow a vendor to receive immediate and guaranteed payment for a fixed amount of local fiat currency. OilCoin has developed a partial but workable and highly effective solution to this problem through the use of branded debit cards supported by OilCoin's valuable oil reserve assets. Under the OilCoin debit card program a holder of OilCoin may reserve a portion of their OilCoin to support their card issuance and use. From the vantage point of an OilCoin debit card holder, their holdings of OilCoin will be reduced as they make purchases. From the vantage point of the vendor, they receive immediate payment in full in local currency without making any modification to their ordinary business practices.

7. Comparison to Oil Exchange Traded Funds

U.S. investors seeking exposure to oil frequently turn to exchange traded funds (ETFs) and exchange traded notes (ETNs) which track the daily price movement of West Texas Intermediate crude oil. ETFs and ETNs achieve this result through an investment strategy of investing in near dated crude oil futures and rolling into the next period future as the previous future reaches expiration. Unlike most other ETFs, oil ETFs are structured as limited partnerships for U.S.

Federal income tax purposes, and the “shares” of oil ETFs are generally partnership interests and not shares of corporate stock. Under U.S. tax law, limited partnerships allocate income to their partners on an annual basis requiring the partners to report the allocated income to the U.S. IRS and pay taxes on that income. Most oil ETFs do not pay distributions to the ETF holders in an amount which is sufficient to cover their annual tax burden. The income earned by the ETF and allocated to the holders is generally a mix of short and long-term capital gain and ordinary income and possesses a range of other tax characteristics (including UBTI (unrelated business taxable income), additional taxes on dividends and potential for treatment as a tax shelter) which create additional potentially undesirable consequences for a variety of holders. This tax structure makes oil ETFs particularly undesirable investments for non-U.S. taxpayers since holding the oil ETFs would create U.S. tax reporting obligations where none would otherwise exist. While ETNs are structured somewhat differently, their tax consequences are substantially similar to ETFs.

The overall tax treatment of OilCoin to the holders is far more straight-forward and potentially results in less total tax paid on gain, with that gain recognized only upon sale of OilCoin. U.S. persons holding OilCoin receive no allocations of income or expense from the operations of OilCoin. As a result, there is no tax reporting obligation or tax payable based on the activities and operations of OilCoin. Instead, the only tax obligation of a U.S. holder of OilCoin is to recognize gain (or loss) upon sale of OilCoin. These gains are expected to be treated as capital gains under U.S. tax law, and long-term capital gains for OilCoin held longer than one year. Non-U.S. taxpayers who buy and sell OilCoin will not receive allocations of income from OilCoin and will not be subject to U.S. withholding tax or tax reporting obligations with respect to OilCoin’s activities and operations. As a general matter, the tax consequences of purchasing and selling OilCoin by person outside of the U.S. are determined by the laws of their jurisdictions, certain of

which do not tax the exchange of one digital currency for another.

The investment strategy and business development activities of OilCoin differ in certain material respects from ETFs. In addition to investing in oil futures, the assets supporting OilCoin will also be invested in physical oil and interests in oil producing properties in various jurisdictions in order to hold a diversified pool of assets and avoid the risk of holding a single, concentrated position in exchange traded futures contracts. As a result, OilCoin's investment returns will approximate but not precisely track the price movement of a spot barrel of crude oil. Additionally, as the development and operation of OilCoin's business will require greater expense than managing a portfolio of oil futures contracts, the overall income and expense profile of OilCoin should not be viewed in relation to the income and expense of ETFs.

OilCoin's entity structure and tax attributes represent the creation of a new and unique financial instrument facilitating the tax efficient, peer-to-peer transfer of stored commodity value.

8. Economics and Profit Participation

OilCoin endeavors to become the most trusted and accepted form of legally compliant, digital reserve digital currency in circulation. With a defined, audited and regulated real world asset base, OilCoin will be far more stable and reliable than other leading digital currencies and should see wide embrace and acceptance by investors, merchants and consumers.

On an ongoing basis, OilCoin will generate economics by assessing a 1% transaction fee on the value of OilCoin bought and sold. Of this 1% fee, it is expected that approximately 70% will be used to purchase additional oil reserves facilitating the creation of additional OilCoin and the balance will be used to fund ongoing development and operations, including regulatory and compliance matters. On a periodic basis, OilCoin will distribute additional OilCoin to both the purchasers and sellers of OilCoin in an amount equal to 10% of the transaction fee assessed on

their transfer. Through this process, simple use and activity of OilCoin will create value that in turn rewards all OilCoin market participants.

9. Leadership Team

OilCoin is committed to transparency and accountability in all of its activities. The team behind the development and operation of OilCoin is comprised of experienced leaders in their fields with significant work history at leading globally recognized institutions. Even more importantly, the team is comprised only of individuals who have demonstrated the highest level of integrity and character throughout their careers.

Biographies

Darius Brooks brings extensive private equity, finance, technology and energy investment experience to OilCoin. Mr. Brooks has over 20 years of experience as a private equity investor and manager during which he played an active role in 67 separate investments approximating US\$6.2 billion in value. As a private equity investment executive, Mr. Brooks held senior roles with several leading buyout firms, including TPG where he helped manage the firm's midcap global energy, power and commodity investments, Thomas H. Lee Company and Arsenal Capital Partners. Mr. Brooks served as the Chief Investment Officer of a leading privately-held energy investment company focused on building a significant portfolio of oil and oil related assets. Previously, Mr. Brooks co-founded financial technology company, WiredCapital, backed by Softbank and Trinity Ventures. Early in his career, Mr. Brooks was an investment banking professional at CS First Boston. Mr. Brooks is a graduate of Stanford's Graduate School of Business and Stanford University with a B.S., M.S., Civil and Environmental Engineering.

Daniel Eisner is widely regarded as a leading U.S. corporate transaction lawyer with significant experience counseling boards of directors of public and private companies, and private

equity and venture capital investors in a broad range of matters including securities, financing and capital markets, mergers and acquisitions and financial regulation. Mr. Eisner is a senior partner of DLA Piper LLP, one of the world's largest and most geographically diverse law firms, an Adjunct Professor at Fordham University School of Law and General Counsel of Arsenal Capital Partners, a leading NY based private equity firm. Prior to the practice of law, Mr. Eisner traded foreign currency options on the Chicago Mercantile Exchange and was an investment banker at Citibank and predecessor firms of Credit Suisse and Deutsche Bank. Mr. Eisner studied economics and business management at The University of Chicago and law at Northwestern University School of Law. He is admitted to the bars of New York, Florida and Illinois.

Hon. Bart Chilton, former Commissioner of the U.S. Commodity Futures Trading Commission (2007-2014), has served in the Federal government for 30 years in the U.S. House, Senate and as part of three presidential administrations. As leader of the U.S. CFTC, Commissioner Chilton was responsible for regulatory oversight of the U.S. commodities markets, with a particular focus on ensuring market integrity and protecting participants and the public against fraud and market manipulation. A strong supporter of disruptive financial technologies, Commissioner Chilton was the first U.S. financial regulator to speak out about the appropriate balance between consumer and investor protections and the regulation of cryptocurrencies. Commissioner Chilton as a recognized expert in the field of government regulation of fintech innovation and is a highly sought-after speaker at financial events and conferences, regularly appears on business television as a policy and political commentator and often pens opinion editorials which appear internationally. Known as an ardent consumer advocate, Commissioner Chilton is the author of *Ponzimonium: How Scam Artists Are Ripping Off America*.

Jonathan Levine has been active in the fields of information technology, cloud operations,

data analytics, software development and corporate strategy for over 30 years. Mr. Levine has held a variety of senior leadership roles driving growth at Rakuten, a leading Japanese e-commerce and internet service company that expanded from 50 to 10,000 employees during his tenure where he was responsible for global technology and corporate infrastructure and established Rakuten's Next Generation Data Center, Private Cloud, Backbone Network and Global Development and Operation Center. Prior to Rakuten, Mr. Levine was co-founder and VP of Engineering at ePhysician and also held management positions at IBM, Lotus Development and PointCast. Mr. Levine is currently the Chief Technology Officer of Intermedia.net, a provider of cloud-based business applications-as-a-service, responsible for technology strategy, information security and IT. Mr. Levine has five online marketing and database technology patents and is the co-author of two books on e-commerce and Java technology. Mr. Levine is a graduate of the University of Pennsylvania.

Darren Sri-Jayantha brings significant experience in Ethereum protocol and smart contract development as well as deep understanding of cryptocurrency markets. He was previously Senior Software Engineer and Technical Project Lead at Axoni, one of the leading full stack blockchain solution providers to global financial institutions. Axoni was launched from TradeBlock in 2016, with Mr. Sri-Jayantha as the first technical hire of Axoni/TradeBlock. Prior to Axoni he was a fixed-income markets analyst at J.P. Morgan. Mr. Sri-Jayantha holds a degree in Computer Science from Princeton University.

Joseph Cisewski is a recognized authority on the regulation of financial markets, having held leadership positions within the U.S. Securities Exchange Commission, U.S. Commodity Futures Trading Commission, and significant global financial institutions. Mr. Cisewski most recently served as the Global Head of U.S. Securities and Derivatives Advisory within the global

banking and markets division of HSBC Bank plc, managing a team of attorneys and other professionals focused on the firm's interpretations of U.S. law and compliance and controls frameworks. Previously, Mr. Cisewski was a member of a global derivatives advisory and compliance team at J.P. Morgan Chase & Co., where he focused on regulatory change initiatives to implement the Dodd-Frank Wall Street Reform and Consumer Protection Act. Mr. Cisewski's significant leadership experience in the U.S. government includes having served as Co-Chief of Staff and Co-Chief Operating Officer of the CFTC, senior special counsel to a CFTC commissioner, special counsel to the CFTC's Division of Market Oversight, supervisory attorney and branch chief in the SEC's Division of Trading and Markets, and professional staff in the Government Accountability Office's Division of Financial Markets. Mr. Cisewski graduated from Marquette University Law School and attended the Georgetown University Law Center, where he was a director of the Georgetown Securities and Financial Law Forum and staff for the Georgetown Journal of Law and Public Policy. He previously attended the University of Wisconsin at Milwaukee, where he received his Master of Arts in Economics and his Bachelor of Arts, Magna Cum Laude, in Economics and History.

10. Overview of Global Cryptocurrency Market

10.1 Manifest Benefits of Cryptocurrencies

Transactions in OilCoin, like other digital currencies, will be recorded and propagated in a blockchain distributed ledger. As a result, transactions in OilCoin will be trustless, censorship-resistant, permissionless and private. Unlike other forms of asset control or money transfer, once a transaction in OilCoin is confirmed by the blockchain network, it will become irreversible.

As a legally compliant digital currency supported by valuable assets, OilCoin will utilize best available protocols for digital currencies and will help promote the ongoing change in the way global asset management and financial transactions occur by removing artificial barriers caused

by legacy financial institutions, enabling:

- True peer-to-peer payments anywhere in the world
- Minimal transaction fees and processing time compared to traditional banking
- Payments between pseudonymous parties ensuring financial privacy
- Non-reversible transactions preventing chargebacks and fraud

10.2 Volatility and Dominance of Leading Cryptocurrencies

Recent volatility in the price of digital currencies underscores the need for a stable and accepted digital reserve currency such as OilCoin. Though nearly 1,200 individual coins are recognized on www.coinmarketcap.com and supported for trading purposes, as of the end of November 2017 approximately 89% of the market's approximately \$300 billion total value reside in the 10 largest coins and a whopping 83% of total market value resides in only 4 highly volatile coins (Bitcoin, Ethereum, Bitcoin Cash and Ripple).

Despite the surging popularity and recognition of the multi-billion dollar digital currencies, their volatility in recent months has been significant and is highly likely to continue. This volatility is attributable to a number of factors, principal among them being lack of liquidity, governmental restrictions and bans on ICOs, digital currency transfers and exchanges, and various protocol battles pitting miners and others with significant sunk infrastructure investments against individuals pushing for more function-oriented, rapid and scalable solutions. It is reasonable to assume that increased government regulation and protocol wars will persist over the coming months and years and that the currency, platform or protocol that succeeds in today's market will be replaced by competitive technologies or hard forks in the future.

Bitcoin has resoundingly proved this point as its dominance as recently at 2016 was broadly accepted and few expected the more robust and useful Ethereum protocol would take

significant market share as quickly as it did. In late Q2 2017, Ethereum seemed well positioned to overtake Bitcoin in terms of total market cap during the course of 2017, especially with Bitcoin's hard fork and SegWit events which occurred in the summer of 2017. However, Bitcoin saw a remarkable, record setting recovery in the second half of 2017 suggesting the ultimate emergence of Ethereum as the dominant digital currency may either be delayed or never occur. Also remarkable was emergence of Bitcoin Cash which has seen a fivefold increase in token price and total value in the last month alone. Very few investors, traders or even digital currency experts have proven adept at anticipating future moves and values for existing digital currencies. Bitcoin, Ethereum, Ripple and virtually all digital currencies have continued their upward surge throughout 2017 despite the imposition of restrictions on digital currencies by China, South Korea and Russia among others.

The extreme volatility and surging prices displayed by leading digital currencies as they vie for global platform and protocol dominance has provided a compelling way to speculate as new digital currencies continue to emerge. Certainly, one can expect more disruptive currencies to emerge in coming years.

However, extreme volatility is a strongly negative factor in market environments with declining values or if the goal for an investor, merchant or institutional or individual holder is price stability or value preservation. As a result, the role and importance of a currency like OilCoin - which is fully digital and blockchain supported but is also directly linked to and supported by reserve value derived from the most liquid and actively traded asset in the world - may be an increasingly critical one in future years.

10.3 Comparison to Fiat Currency Ties or Tethers

The volatility associated with Bitcoin and other leading digital currencies has led many holders of digital currency assets to seek to diversify their holdings into different digital currencies

that allow them to link to external, real-world asset value not directly correlated with fluctuations in the broader digital currency market. Tokens such as the USD Tether have increased in popularity as investors seek a relative safe haven within a blockchain, digital currency-based medium. However, existing tokens that seek to tether directly to fiat currencies have faced a host of issues, particularly in instances where their implementation requires token holders to convert between fiat currency and digital currency, or where the tethered assets are subject to uncertain regulatory regimes or are under the control of a hostile custodian.

OilCoin has been designed to mitigate the risks of other tethered digital tokens in two principle ways. First, users of OilCoin may but never need to convert between OilCoin and fiat currency. At all times, OilCoin may be bought or sold for other digital currencies. Other than in very limited circumstances resulting from regulatory compliance, a purchaser of OilCoin will not receive fiat currency upon redemption of OilCoin. Secondly, unlike a tethered digital currency which holds its fiat currency as deposits in one or just a few banks or other financial institutions, OilCoin's assets will be spread across a variety of reserve assets including physical oil, oil futures and interests in oil producing assets. These assets will be in multiple locations and with multiple custodians and counterparties thereby insulating OilCoin from heavily concentrated risk resulting from the failure of any one of them.

10.4 Emerging Regulatory Landscape

The substantial growth in digital currencies over the past few years has received significant attention from national regulators the world over. Notwithstanding, most countries at present affirmatively permit participation in ICOs and the purchase, sale and exchange of digital currencies without government registration or mandated disclosure. Several countries, however (notably China, Russia and South Korea), have enacted legislation prohibiting participation in ICOs or transacting in digital currencies, including transactions on exchanges. The U.S. and Abu Dhabi

have published guidance effectively limiting participation in unregistered ICOs to persons holding accredited investor status. Many countries have long-standing laws regarding the issuance of securities which are clearly implicated by the issuance and sale of many digital currencies, though we are not aware of any country which has sought to actively enforce these laws to restrict ICOs except in cases involving fraud. Similarly, many countries have laws restricting the cross-border transfer of currency, which would be implicated by digital currency transfer - though enforcement is often lax or sporadic. A number of countries have taken positions hostile to digital currency and it appears that digital currency transactions by nationals could result in adverse legal consequence: these include Bangladesh, Bolivia, Dominican Republic, Ecuador, India, Iceland, Jordan, Thailand and Vietnam (again, enforcement may be sporadic – though severe).

Going forward, it seems likely that the trend toward increased regulatory scrutiny will continue, though it does not seem likely that most countries will enact laws seeking to eliminate digital currencies altogether. It is far more likely that regulatory regimes will emerge that seek to create a fair and efficient eco-system for an increasingly relevant developing technology. These regulations will likely focus on (i) enhanced disclosure of issuer information to reduce incidents of fraud and provide investors with trustworthy information upon which to make reasoned investment decisions, (ii) increased registration with governmental agencies and securities regulatory authorities to track and monitor the conduct of issuers, exchanges and purchasers/sellers of digital currencies, (iii) enforcement of laws against persons using digital currencies as instruments in criminal activities, with a particular focus on money laundering, illegal currency transfers and use of digital currencies to pay for illicit goods and services and (iv) disclosure of transactions involving digital currencies for purpose of levying taxes.

Recognizing the ever-changing regulatory landscape from country to country, OilCoin is

committed to developing a fully legally compliant digital currency to the maximum extent possible.