LIABILITY DISCLAIMER

This White Paper presents the BG Royalty Coin (BGR) to potential investors in advance of the proposed coin sale. The information herein may be incomplete and is not meant as a contract. It is designed to give reasonable and relevant information to potential investors so they can decide whether or not to thoroughly analyze the company with the purpose of buying BGR Coins.

This White Paper is neither a prospectus nor a solicitation to invest, nor an offer to buy securities in any legal jurisdiction. This document is not created to comply with any law or regulation designed to protect investors.

The BG Royalty Coin (BGR) is a royalty utility coin, not a commodity, security, digital currency, or financial instrument. We have not registered BGR Coin under the Securities Act of the USA, nor any securities law of any state in the USA, nor the securities laws of any other country, including the securities laws of any jurisdiction where a potential investor resides. However BG Royalty will release its coins in a manner which complies with SEC Regulation D Rule 506c.

BGR Coin may only be used as described in this White Paper and may not be used for any speculation, investment, or other financial purposes.

BGR Coin is not for use or sale in any jurisdiction where the sale or use of digital coins is prohibited.

BGR Coin does not give any other rights, including but not limited to any distribution (including but not limited to profit), ownership, liquidation, redemption, proprietary (including intellectual property), or other financial or legal rights, other than those described in this White Paper.

Statements, estimates and financial information in this White Paper may be forward-looking. Such information or forward-looking statements involve uncertainty and known and unknown risks, which may cause results or actual events to be different from the results or estimates expressed or implied in such forward-looking statements. To remain current, the White Paper can be modified at any time to provide more detailed information.

This English language White Paper is the primary official source of information about the BGR Coin. This information may at some time be translated into other languages or used in verbal or written communications with existing and prospective partners, investors, etc. Such translation or communication may cause some of this information to be corrupted, lost, or misrepresented. We cannot guarantee the accuracy of such alternative communications; so if any conflicts or inconsistencies arise because of such translations and communications, the provisions of this English language original document shall prevail.
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EXECUTIVE SUMMARY
THE FUTURE OF FUNDING MINING COMPANIES

Traditionally, many start-up businesses raise funds through an IPO (Initial Public Offering) in one of the publicly traded stock markets. This process is expensive, slow, and complicated, as the stock exchanges and big financial institutions control the process. Naturally, this arrangement benefits wealthy investors and professionally positioned financial houses and traders. It also creates barriers to entry for investors who are not in these privileged positions and limits access to funds for start-up companies. Recently, Initial Coin Offerings (ICOs) and Crowdfunding have become the more efficient and preferred way to raise capital for many types of start-up projects. The ICO is a new way of doing business which levels the playing field and allows the small investor to compete on an equal footing with the big investment houses and their clients. This new investment format has encouraged many investors to search for successful ICO projects, however ICOs still face many challenges which make investors reluctant. The BG Royalty Project, however, is backed by real and valuable assets, through which a Financial Guarantee shall be issued to guarantee the investors’ principal. Once royalty payments to coin owners have equaled or exceeded the actual ICO funding, the Financial Guarantee shall be retired, and the ROI to coin owners paid via ongoing royalty payments. Said royalty payments shall be defined herewith as 3.33% of gross sales per pilot refinery funded by this ICO, up to a maximum of four pilot refineries.

OVERVIEW

Over the past five years, the company has been defining the limits of its claim holdings while researching the most efficient and environmentally sustainable extraction methods for its humate and precious minerals holdings. Now the extraction and refining process has been defined well enough to allow the mining and refining phase to begin.

The next stage in the process will be the release of a cryptocurrency, specifically, the BG Royalty Coin (BGR), to fund the mining and refining process. We will release the coin in Q3 or Q4-2019. This White Paper highlights the critical stages and features of the BG Royalty Project, the BGR Coin, and its ongoing development.

In advance of their use within the cryptocurrency space via an ICO, BG Royalty is offering the purchase of the BGR to select potential investors. BG Royalty will mint 350,000,000 BGR. Of these, 250,000,000 BGR will be for sale at $1.00 USD per BGR.

This White Paper provides further details of the ICO and the potential benefits of BGR ownership. We will publish the binding terms and provisions of the BGR Coin Sale in the terms and conditions provided at https://BGRoyalty.io (the “Website”)
## ICO TIMELINE

| **Start Date** | 1 July 2019, 10.00.00 EDT (UTC+5)  
Coin Holder Registration |
|----------------|--------------------------------------------------------------------------------|
| **Coin Sale Duration** | From 1 July 2019 12.00.00 EDT (UTC +5)  
To 30 September 2019 23.59.59 EDT (UTC +5)  
250,000,000 coin sale |
| **20% Bonus Pre Sale** | From 1 July 2019 12.00.00 EDT (UTC +5)  
To 31 July 2019 23.59.59 EDT (UTC +5)  
100,000,000 coin sale plus 20% bonus coins |
| **15% Bonus Sale** | From 1 August 2019 12.00.00 EDT (UTC +5)  
To 15 August 2019 23.59.59 EDT (UTC +5)  
50,000,000 coin sale plus 15% bonus coins |
| **5% Bonus Sale** | From 16 August 2019 12.00.00 EDT (UTC +5)  
To 31 August 2019 23.59.59 EDT (UTC +5)  
50,000,000 coin sale plus 5% bonus coins |
| **Normal Sale** | From 1 September 2019 12.00.00 EDT (UTC +5)  
To 30 September 2019 23.59.59 EDT (UTC +5)  
50,000,000 coins sale with no bonus coins |
| **Distribution** | From 1 October 2019 12.00.00 AM EDT (UTC +5)  
To 31 October 2019 23.59.59 EDT (UTC +5)  
Coin allocation, royalty certificate  
Destruction/reallocation of unused coins |
| **Listing** | Approximately: 1 December 2019 12.00.00 EST (UTC +5)  
Listing on quality coin exchanges.  
Trading begins one week after NI 43-101 results. |
INTRODUCTION

A BRAND NEW CRYPTOECONOMY

BG Royalty through its revolutionary BGR Royalty Coin is leading the crypto charge in the mining sector by ushering in a new level of investment security with respect to cryptocurrency and cryptocoins. Backed by assets, a financial guarantee on investor principal, and a long-term royalty payment stream – the BGR Royalty Coin sets a new standard.

2019 will see many more changes in the cryptocurrency world with many of the unsupportable ICOs and even existing cryptocurrencies exiting the marketplace. During this period, BGR coin’s strengths will allow it to rise to the highest levels of the cryptocurrency space.

The BGR Coin Combines:

- best use of the underlying blockchain and cryptocurrency technologies;
- real world physical assets;
- first in line participation in revenue flow;
- understandable investor exit strategies;
- investment securitizing formats;
- experienced management team and advisory group.

By now, it is evident there are serious problems on multiple fronts in the Initial Coin Offering (ICO) space. Below are listed some of the most serious problems, and BG Royalty’s solutions to those problems.

MAJOR ICO PROBLEMS

ICOs and their use of Blockchain Technology have numerous problems. These include:

- Perhaps the most significant challenge regarding ICOs is their lack of regulation. Unscrupulous ICO organizers may run away with the investors’ money once the ICO is complete. Because of the anonymous nature of cryptocurrencies, it is difficult, if not impossible to bring such thieves to justice and recover stolen funds.

- Very often, the ICO is not backed by a tangible product, and may in fact, be based on abstract ideas which may prove impossible to implement. In the marketplace, this is called vaporware. If the project owner’s promises do not materialize into real benefits within the time frame specified in the roadmap, the value of the coin is likely to fall precipitously as panic sets in and investors run for the exits.

- Since investors in ICOs often do not understand what they are getting into, if the
managers are dishonest, by the time the investor finds out, it may be too late to do anything about it.

- Some ICO managers charge exorbitant fees. There are projects where the managers take 40% or more of the funds raised for themselves, and invest only 60% or less in the project.

- Very often the white paper promotes sound business concepts, but even if the company is successful, there may be no simple way for investors to get their money out.

- Storage and security of crypto-coins in the digital world, if not done correctly, can lead to theft of the coins by hackers.

- Cryptocurrencies, like Bitcoin, are volatile because they are not backed by anything of tangible value.

**HOW BG ROYALTY SOLVES THESE PROBLEMS**

The money raised by the ICO will be stored in the Ethereum distributed ledger using blockchain technology. Once we make an entry in the ledger, no-one can change it. Anyone can examine the Ethereum ledger, so it is much harder for any funds to go missing. Also, we never store coins in an exchange because exchanges are a favorite target of hackers as so much wealth is concentrated in one place. We will save our coins in multi-sig cold wallets which are much more difficult to compromise.

Unlike the “vaporware” commonly promoted by ICOs, the BGR coin is backed by wholly owned mining claims with proven in-ground assets. Soil analysis has proven a rich deposit of humate, a top-grade fertilizer valued at more than $425/ton. Additionally, certified assays have proven that packed within the humate are substantial amounts of gold, silver, platinum, palladium, iridium, osmium, ruthenium and rhodium. Each coin represents a portion of the 3.33% Overriding Royalty Interest (ORRI) to be paid to coin holders, on all humate and precious metals sales, per refinery funded through this ICO, up to a maximum of four refineries. To prove the value of its in-ground assets to coin owners, BG Royalty will use a portion of the funds raised to hire independent expert geologists to examine, analyze, and report on the value of the company’s in-ground assets. These experts will publish their findings in the Canadian Government mandated NI 43-101 report, which is the de-facto global standard for evaluating in-ground assets. Once the NI 43-101 is completed, it will be made available to coin holders of record.

To ensure investors’ principal is not at risk, BG Royalty will issue an asset-backed financial guarantee, collateralized by its greater than $1.7 billion humate reserves to provide up to a $250 million guarantee to mitigate risk of loss of principal to all coin holders of record. Said guarantee shall remain in place, until such time, as an amount greater than the amount actually raised via
the ICO has been paid out via royalty payments to BGR coin holders, after which, said financial guarantee will be retired. In this fashion, investor’s principal in the BG Royalty Project is protected and safe from loss.

The above financial guarantee will only cover “paid for” coins. It will not apply to bonus coins given away for free to early adopters in the coin sale. It will also not cover any royalty payments greater than the amount necessary to payout coin holders’ principal.

BG Royalty will spend 80% of the funds raised on constructing the needed facilities to mine and harvest the valuable humate and precious metals; and will assign up to 10% to ICO operations and advisors; and 10% to founders.

Each coin holder will participate in the 3.33% Over Riding Royalty Interest (ORRI) pool. Royalty payments will begin after the refineries and supportive structures are fully constructed and operational, workers are trained, and product is not only harvested and refined, but sold, delivered and paid for, just like oil and gas royalty payments. Coin holders will not own a share of the company, nor its assets, but instead, they will own the right to be paid a portion of gross sales per refinery funded by this ICO in the form of royalty payments. The investors will be paid before the owners and will not be asked to put more money into the project. Also, because it’s a royalty, should legal action ever be taken against the owners, the investors will not be liable.

A week or so after BG Royalty releases its NI 43-101 to coin holders, several important online exchanges will begin trading the BG Royalty Coin. Investors can use the exchanges to execute various exit strategies to get their money out of the project, for example:

- Hold the coin and receive a royalty payment every month depending on how much the mines and refineries produce.
- Sell the coin and royalty before the mine starts production.
- Wait until the mine starts production, then sell the coin and royalty.

**Price Fluctuations:** Unlike some of the ICO pie-in-the-sky projects currently offered to investors, this project is real and ready to put into action as soon as the ICO is complete. The minerals have been proven to exist via previous assays, and the project has tangible benefits to the investor. The value of the project is unlikely to be as volatile as competing projects which are not backed by valuable commodities. Since the BGR Coin is backed by a diversified mix of eight precious metals and high-grade humate, it should have lower volatility than competing coins that are more speculative in nature. Naturally, both the price of the extracted resources, as well as the value of the resultant royalty will fluctuate with market values.

The price of the BGR coin during the ICO will be $1.00. As soon as the owners put the mine into production, less than a year after successful completion of the ICO, the combined value of the coin and the royalty will nominally be $5.15. However, after we release the NI 43-101, and the coins become tradable on the major exchanges, this value will fluctuate depending on the
market price of the humate and metals, the size of the resource body, and speculative interest in the coin by traders.

- If the ICO fails to deliver the target sum of $250M, then BG Royalty will adjust its development plan according to the funds received.
- If the ICO raises less than $100M (soft cap) BG Royalty will return all funds to investors.
- If the ICO raises between $100M and $150M, BG Royalty will build one refinery, and the royalty will be 3.33% of gross sales from the first 20 acres mined at the mining site.
- If the ICO raises between $150M and $200M, BG Royalty will build two refineries, and the royalty will be 3.33% of gross sales from the first 40 acres mined at the mining site.
- If the ICO raises between $200M and $250M, BG Royalty will build three refineries, and the royalty will be 3.33% of gross sales from the first 60 acres mined at the mining site.
- If the ICO raises $250M (Hard Cap), BG Royalty will build four refineries, and the royalty will be 3.33% of gross sales from the first 80 acres mined at the mining site.
- The maximum number of refineries that BG Royalty agrees to pay royalties on is four. Any funds received in excess of $250M will be returned to investors on a last in, first out basis. If, in the future, the company builds additional refineries, they will not pay royalties. Only up to the first four funded via this ICO shall be subject to ongoing royalty payments.
OUR TEAM
THE BG ROYALTY MANAGEMENT TEAM

The management team is made up of highly experienced professionals with up to 40 years of experience each in the Fin-Tech, Hi-Tech, agricultural, real estate, mining, and oil and gas extractive industries.

The team has attracted hundreds of millions of dollars into projects which they have been responsible for creating and developing. The projects thus created have generated billions of dollars of revenue for the project owners.

Upon completion of a successful ICO, management is ready to proceed immediately with executing its business plan.

PRIMARY TEAM MEMBERS

Gary Edling - Chairman, President and CEO

Mr. Edling is an accomplished senior executive with over 25 years of diverse industry experience in operations, technology, business development, and financial and strategic leadership. He has built a solid track record of leading start-ups and turnarounds in high paced environments. Mr. Edling has played vital roles in the creation, development, and launch of several key technologies. These include Fax/Modem Software, the original LAN based Fax Server, mobile telephony and location awareness technologies, and a soon to be released Clean Coal Combustion technology which eliminates all CO2, SOX, and NOX gases from escaping into the atmosphere. Mr. Edling has served as President and CEO of several high technology companies and has a reputation as a strong leader with an extraordinary record of results in sales and marketing, technology development, management, negotiations, and shareholder communications. He has also represented client companies on national radio and television. As a Pre-Med major in college, Mr. Edling earned a BA in Biology at La Salle University before shifting his focus to business development, management, and the life of an entrepreneur. Mr. Edling lives in Philadelphia with his wife and children, is a Gold Palm Eagle Scout, Scoutmaster Emeritus, and a four-time US National Rowing Champion.
John F. Walter - Vice President and Director
Rancher and Prospector

John F. Walter is the original prospector, who together with his father-in-law, discovered the precious metals now owned by the company. By trade, John is a rancher, who has a degree in Agricultural Engineering from Colorado State University, and a degree in Farm and Ranch Management from Mesa State College. Mr. Walter owned and operated a 2,500 acre irrigated farm in Southeast Colorado and a 480 head cow/calf ranch in Western Colorado. He has managed several businesses, including retail feed businesses, and has owned and operated a commercial gravel business, producing gravel for oil field and U.S. Government roads. Since 1990, he has been active in exploration for precious metals, and development of processes to extract metals from complex ores. Mr. Walter has served on numerous agricultural related Boards of Directors; he has been President of the Cattlemen’s Association, Chairman of the County Fair Board, President of Crowley County Farmers Group, a member of the local school board, and has served as Deacon of his local Baptist Church.

Graham Dryden - International Oil Finder, has found over 6 billion barrels of oil (BBO) and 2 trillion cubic feet (TCF) of gas
Technical Team Lead, Advisor & Chief Geologist

President & CEO of Romanche Resources, Inc., Graham is a geoscientist with 40 years of experience in international and domestic exploration and production. He has a strong background in seismic interpretation & geological modeling. He has been instrumental in finding five giant oil & gas discoveries. He recognizes the strong & weak points in prospect submissions very quickly.

He works efficiently with people in international communities and builds trusting relationships, giving him access to quality deal streams. He understands risk control and the commercial side of the business. Technically astute, keeping abreast of latest developments in exploration and production technology and computer applications. Mature, capable of negotiating high-level deals and resolving disputes.

(.linkedin.com/in/gdryden/)
THE BG ROYALTY COIN: BGR

OVERVIEW

Contrasts in value to the investor of a conventional NSR (Net Smelter Return) versus the unconventional ORRI (Over Riding Royalty Interest). In the NSR, the smelter takes $600 per oz. In the ORRI, no monies are deducted and the return to the investor is based on Gross Sales.
The BGR coin, is the key component for making all transactions in BG Royalty assets. The coin can only be used to redeem the coin holder’s royalty interest or to trade coin ownership. Each coin initially represents one unit of the royalty that has been set aside for up to 80 acres of the ore body to be mined; assuming this ICO funds all four pilot refineries, with each pilot refinery harvesting its own 20 acre portion of the overall 80 acre mining claim. Thus total acreage available for royalty payments is directly proportional to the total ICO capitalization as to whether or not: one, two, three, or four refineries are built via this ICO. Independent of the number of refineries and corresponding acreage, the royalty attaches to the coin and cannot be bought, sold or traded separately from the coin. This linkage will mean that the value of the BGR should be quite stable. However, it should appreciate once the exact reserves of the mining sites are more conventionally detailed in the NI 43-101 report, which is the globally accepted and definitive reporting document for valuation of in-ground assets.

The BGR coin is fractional, so that if necessary, investors can buy or sell a piece of a coin, and thereby acquire or dispose of a piece of the royalty. The reason for making the coin fractional is that, similar to what is happening to Bitcoin, the BGR may increase in value to the point where it would be too expensive for most people to buy. The fractional aspect means that no matter how valuable the coin becomes, investors will still be able to trade the coin by buying and selling a piece of it. This makes the coin more liquid, because the bid and ask spread for a fractional coin can be quite narrow compared to an indivisible coin. This is advantageous for the investors, because enhanced liquidity means the coins traded “at market” may be transacted instantaneously with a fair commission. Finally, indivisible coins could not be exchanged directly unless the counter trade was in a coin of the same value, or a multiple thereof, and paying a commission efficiently and fairly would be difficult, if not impossible. Fractionizing a coin solves all these problems. So, like Bitcoin and Ethereum, the BGR is divisible to 18 decimal places.
EXAMPLES OF TRADING THE BGR:

EXAMPLE 1

Fred wishes to invest $10,000 in the BGR coin and thereby own a unit of royalty to be paid on gross sales of those pilot refineries funded by this ICO, with each pilot refinery tied to its own 20-acre mining site. Fred, after consulting his legal advisor, decides to buy 10,000 coins at the presale event to capture the 20% discount. Each coin costs the equivalent of $1 at the sale, so Fred uses the BGRoyalty.io website to reserve 10,000 BGR coins. He then sends $10,000 worth of Ether (about 12.5 Ether) to BGRoyalty.io directly from his wallet. BGRoyalty.io sends an email to Fred containing a certificate indicating he now owns 12,000 BGR coins (including the 20% bonus coins).

The certificate gives him the rights to his portion of royalty to be paid on the company’s gross sales on all humate and precious metals mined, refined and sold from the 20 acres set aside for coin holders per ICO funded refinery, for as long as the coin holder owns the coins. The nominal value of Fred’s investment is $12,000 because it includes 10,000 coins he bought, plus 2,000 free coins provided as the presale bonus. A few months later, when the coins start trading, Fred notices that his coins suddenly increase in value from $1 to $5 per coin, because now the value of the royalty attached to the coin is factored in by the market. Fred calculates that his holding is now worth $50,000 and perhaps wishes he had bought more BGR coins for $1 each when he had the chance.
EXAMPLE 2

Aaliya is a BGR coin holder living in Toronto Canada. She holds 200,000 BGR coins in her wallet. Her son has a new job in Adelaide, Australia and wants to buy a house there. Aaliyah decides to help her son and his new bride by giving them the deposit on their new house. When the coin starts trading, buyers recognize that the mineral resource as noted in the NI 43-101 is 35% thicker than originally estimated. However, the value of the humate plus the precious metals basket has drifted downwards 12.5%. Thus the value of each coin is $6.04.

Aaliya decides to liquidate some BGR coins and enters an order to sell 18,000 BG Royalty coins at market on the Bitfinex exchange. A few minutes later, her order is filled at a price of $6.03 minus 3% transaction and crypto-miner’s fees. One Ether is worth $1,286.74. After the standard 5 confirmations by the miners, 81.95 Ether appear in Aaliya’s wallet (approximately $105,458). She transfers the 81.95 ether to her son’s wallet and calls him on Skype with the good news.
BG ROYALTY ICO OVERVIEW

PURPOSE OF THE BGR ICO

BG Royalty is offering to potential investors the right to buy its BGR coins through an Initial Coin Offering that commences as early as 1 July 2019.

The BGR coin is based on the decentralized Ethereum market-standard smart contract ERC20 coin. The coin uses the Ethereum blockchain/distributed ledger. The coin will use a smart contract which will execute code automatically, triggered by the occurrence of pre-defined criteria and events and subject to certain conditions. BGR coins are valid indefinitely and are the property of their respective holders.

The BG Royalty Project is subject to a market best practice audit to ensure transparency and accountability of BG Royalty activities.

BGR coins entitle their holders to an ownership interest in the royalty to be paid on all humate and precious metal sales stemming from each ICO funded pilot refinery, up to a maximum of four such pilot refineries. Thus, each BGR coin represents a fractional portion of the overall royalty to be paid to coin holders, where overall royalty is defined as 3.33% of total gross humate and precious metal sales for each ICO funded refinery. It is important to note that BGR coins are not stocks, securities or their equivalent and therefore do not create the right of asset ownership, partial or otherwise. BGR coin holders do not exert influence over the decision making of the company or its activities. In short, the BGR coin is the coin holder’s ticket to own, receive, and trade BGR royalty payments.

BG Royalty will distribute BGR coins in direct proportion to the amount paid by the participants during the ICO in accordance with the Terms and Conditions. Early adopters will receive bonus coins.

All organization and implementation processes connected to a successful BG Royalty ICO have been prepared in accordance with industry best practices, supported and audited by ICObox. Additionally, BG Royalty has employed the services of an escrow account Blockchain Law Group thereby applying an additional level of security and providing further confidence for contributors that the distribution of coins will be in accordance with BG Royalty’s smart contract conditions. The funds received as a pre-payment for service fees through the use of BGR coins will remain in escrow until the distribution of BGR coins to coin holders.

INITIAL COIN VALUE

Upon launch, a single BGR coin will be valued at $1 USD.
## ICO BREAKDOWN

<table>
<thead>
<tr>
<th>COST OF 1 BGR COIN</th>
<th>COIN SALE TERMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1.00 USD</td>
<td>90 DAYS WITH THE POSSIBLE AUTOMATIC EARLY COMPLETION IN PURSUING THE FINAL GOALS OF THE ICO</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPANDED GOALS AFTER ICO</th>
<th>MAXIMUM COIN SUPPLY</th>
</tr>
</thead>
<tbody>
<tr>
<td>FORBIDDEN</td>
<td>350,000,000 BGR</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ADJUSTABLE EMISSION</th>
<th>SECURE WAYS TO PURCHASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALL UNSOLD AND UNALLOCATED COINS WILL BE DESTROYED/ BURNED. NO ADDITIONAL COINS WILL BE ISSUED.</td>
<td>BITCOIN (BTC), ETHEREUM (ETH), WIRE TRANSFER (FIAT)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SOFT CAP</th>
<th>HARD CAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>100,000,000 USD</td>
<td>250,000,000 USD</td>
</tr>
</tbody>
</table>
**COIN DISTRIBUTION:**

<table>
<thead>
<tr>
<th></th>
<th>80%</th>
<th>10%</th>
<th>7%</th>
<th>3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>DISTRIBUTED TO INVESTORS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FOUNDERS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RESERVE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MARKETING</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **80%**: Total ICO distribution to BG Royalty Coin Investors.
- **10%**: Coins allocated to Founders of the BG Royalty Project.
- **7%**: Reserved for BG Royalty Technical Team, Advisors and Reserve.
- **3%**: Allocated for Marketing BG Royalty Coin.

BG Royalty is focused on delivering our products to market, as quickly and efficiently as possible to benefit BGR coin holders.

BG Royalty will distribute BGR coins to people who will have purchased its coins no later than 31 October 2019, as long as the buyers have provided all necessary account details. We may distribute coins before 31 October, but they will be inactive for use and transfer. All possible functionality of coins will be active on or about 1 December 2019, or approximately one week after the NI 43-101 reports are received.

Purchase of coins via wire transfers will be stopped 10 days before the end of the ICO completion. People who intend to use this transfer method should deposit all funds before that date or use other transfer methods (BTC, ETH, LTC, etc.)

**BOUNTY**

Often financial support is required for marketing and expert discussion forums in order to gain the contribution of opinion leaders, banner ads, and participation in selected publications that specialize in Cryptocurrency and blockchain. BG Royalty does not condone bounty structures as it fosters possible conflicts of interest. Therefore we will not participate in such programs. We are confident our project will stand on its own merits, and see no need to resort to such ethically questionable practices to convince people to invest and thereby fund our project.
## USE OF FUNDS

### First Year Construction Costs – Hard Cost Summary

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Permits &amp; Mapping</td>
<td>$2,580,600</td>
</tr>
<tr>
<td>2</td>
<td>Construction Phase</td>
<td>$144,250,000</td>
</tr>
<tr>
<td>3</td>
<td>Mining Prep</td>
<td>$21,246,000</td>
</tr>
<tr>
<td>4</td>
<td>Project Management &amp; Oversight</td>
<td>$2,846,000</td>
</tr>
</tbody>
</table>

**Total First Year Construction Costs:** $170,922,600

### First Year Construction Costs – Soft Cost Summary

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cost of Money, Insurance Bond &amp; Security</td>
<td>$31,750,000</td>
</tr>
<tr>
<td>2</td>
<td>Project Management &amp; Oversight</td>
<td>$2,846,000</td>
</tr>
</tbody>
</table>

**Total First Year Labor & Cost of Funds:** $79,007,400

### First Year – Hard & Soft Cost Summary

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>First Year Hard Costs (Construction)</td>
<td>$170,922,600</td>
</tr>
<tr>
<td>2</td>
<td>First Year Soft Costs (Labor &amp; Cost of Funds)</td>
<td>$79,007,400</td>
</tr>
</tbody>
</table>

**Total Funding Required Netting 4 Refineries:** $250,000,000
### Note

BG Royalty Coin payments can only start after completed construction of Pilot Refinery #1 goes into production, products are sold and payments are collected, which means... post construction: 30 days to train refinery staff, 30 days of metals production, 15-30 days to get paid, then royalty is paid. Thus, assuming no construction delays, or extended extreme weather conditions, first royalty payments with respect to the Gantt chart above are expected to be released during Month 12 or Month 13. Also, unless otherwise required, all BGR royalty payments shall be made in Ethereum.
LEGAL AND REGULATORY FRAMEWORK

HIGH DEGREE OF RISK

The purchase of any coins involves a high degree of risk, including but not limited to the risks described below. Before purchasing BGR Coins, we recommend that participants, along with their legal and financial advisors, carefully consider all of the information and risk discussion in this White Paper, specifically, but not limited to, the following risk factors.

**Dependence on Computer Infrastructure**

BG Royalty’s dependence on functioning software applications, computer hardware and the Internet implies that BG Royalty cannot offer assurances that a system failure would not adversely affect the use of your BGR Coins. Even if BG Royalty implements normal and reasonable network security measures, our computer systems may be vulnerable to hacking, electronic break-ins, computer viruses, and physical or other disruptions. Such events could result in interruption, delay or suspension of services, which would limit the use of the BGR Coins.

**Smart Contract Limitations**

The smart contract is a new, somewhat experimental technology. Therefore there may be significant operational, technological, regulatory, reputational and financial risks. Consequently, although an independent third party audit may increase the level of accuracy, reliability, and security, this audit is not a warranty. This includes any expressed or implied warranty that the BGR Smart Contract is fit for any purpose or that it contains no flaws, vulnerabilities or issues which could cause technical problems or the complete loss of BGR Coins.

**Regulatory Risks**

Blockchain technology, including being applied to minting coins, may be a new concept in some jurisdictions. The authorities may thus decide to apply existing regulations or introduce new regulations regarding Blockchain technology-based applications. Such regulations may conflict with the current BGR Smart Contract setup and BGR Coin concept. This may necessitate substantial modifications of the BGR Smart Contract, including but not limited to its termination and the loss of BGR Coins as well as a suspension or termination of all BGR Coin functions.
Taxes

Coin holders may be required to pay taxes associated with the transactions involving BGR Coins. BG Royalty cannot give tax advice, and coin holders should consult with their tax advisors. The coin holders are individually responsible for complying with the tax laws of their relevant jurisdictions and for paying all required taxes.

Force Majeure

BG Royalty’s performance may be suspended, interrupted, or delayed by force majeure. In this White Paper, force majeure means extraordinary events and circumstances which could not be prevented by BG Royalty. Such events include: armed conflicts, acts of war, epidemics, mass civil disorders, industrial actions, lockouts, slowdowns, prolonged shortage or other failures of energy supplies or communication service, acts of municipal, state or federal governmental agencies, or other circumstances beyond BG Royalty’s control, which did not exist at the time of the Coin sale. If such events occur before issuance of BGR Coins and BG Royalty is unable to issue BGR Coins within three months from the projected date, the escrow agent may issue a refund at the request of the BGR Coin purchasers. Such refunds will be issued to the same digital wallet or bank account where the funds originated, in the original form of payment.

Information Disclosure

BG Royalty may disclose personal information about BGR Coin holders, including the information about the number of coins owned, the wallet addresses used, and any other relevant information to law enforcement, government officials, and other third parties when BG Royalty is required to disclose such information by law, subpoena, or court order. BG Royalty shall at no time be held responsible for such information disclosure.

Value of the BGR Coin

Once purchased, the value of the BGR Coin may fluctuate significantly for various reasons. BG Royalty does not guarantee any specific value of the BGR Coin over any period. BG Royalty shall not be held responsible for any change in the value of BGR Coin.

Assumptions concerning the preceding involve, among other things, judgments about the future economic, competitive and market conditions and business decisions, most of which are beyond the control of the BG Royalty team and therefore difficult or impossible to accurately predict.
Although the BG Royalty team believes that its assumptions underlying its forward-looking statements are reasonable, any of these may prove to be inaccurate. As a result, the BG Royalty team cannot assure coin holders that the forward-looking statements in this White Paper will be accurate. Because of the significant uncertainties in the forward-looking statements in this document, such information is not a warranty on the part of BG Royalty (or any other entity) that the plans and objectives of the BG Royalty Project will be successful.

Note: The BGR Coin may also be subject to additional risks not foreseen by the BG Royalty team at this time.
SEC COMPLIANCE

EXECUTIVE SUMMARY

There has been much discussion about whether-or-not coins are a security. Recent statements by the Security and Exchange Commission (SEC) suggest strongly that the BGR Coin will most likely be classified as a security. Out of an abundance of caution, BGR will treat the ICO just like a private placement. Because $250 million of coins will be sold and because less than 35 of the initial investors are non-accredited, BG concludes a Schedule D Rule 506 registration exemption will apply. Fifteen days after the initial sale, BG will file a Schedule D notice with the SEC. Finally, since initially the only sales of coins will be by BG acting as the formal security issuer, no broker dealers will be involved.

INTRODUCTION

ICOs are such a new investment vehicle that the SEC has not yet written regulations governing them. However, the SEC has issued notices warning that tokens or coins sold in an ICO are "probably" securities. There is also the follow on question: if a coin or token is a security, then are the people executing the ICO required to register with the SEC as Broker Dealers?

The standard test for whether-or-not a financial instrument is a security or not is the Howey test.

BACKGROUND OF THE HOWEY TEST

In 1946, the Supreme Court heard a case (SEC v. Howey) concerned with whether-or-not a leaseback agreement was legally an investment contract (one of the types of investments that is listed as a "security" under the Acts). In Howey, two Florida-based corporate defendants offered real estate contracts for tracts of land with citrus groves. The defendants offered buyers the option of leasing any purchased land back to the defendants, who would then tend to the land, and harvest, pool, and market the citrus. As most of the buyers were not farmers and did not have agricultural expertise, they were happy to lease the land back to the defendants.

The SEC sued the defendants over these transactions, claiming that they broke the law by not filing a securities registration statement. The Supreme Court, in issuing its decision finding that the defendants' leaseback agreement is a form of security, developed a landmark test for determining whether certain transactions are investment contracts (and thus subject to securities registration requirements). Under the Howey Test, a transaction is an investment contract if:

- It is an investment of money
- There is an expectation of profits from the investment
• The investment of money is in a common enterprise

• Any profit comes from the efforts of a promoter or third party

Although the Howey Test uses the term "money," later cases have expanded this to include investments of assets other than money. The term "common enterprise" isn't precisely defined, and courts have used different interpretations. Most federal courts define a common enterprise as one that is horizontal, meaning that investors pool their money or assets together to invest in a project. However, other courts use different definitions.

The final factor of the Howey Test concerns whether any profit that comes from the investment is largely or wholly outside of the investor’s control. If so, then the investment might be a security. If, however, the investor’s own actions largely dictate whether an investment will be profitable, then that investment is probably not a security.

**APPLYING THE HOWEY TEST TO THE BGR COIN**

• It is an investment of money because investors pay money for the coin.

• There is an expectation of profits from the investment, which profit is in the form of a royalty

• The investment of money is in a common enterprise. This is where money is pooled to make an investment, and the rewards are proportionate to the money invested, which clearly applies to the BGR coin.

• Any profit comes from the efforts of a promoter or third party. In this case the investors are passive, and make no decisions how the mine is run. The third party's efforts are performed by BG.

Since the Howey Test confirms that BGR Coins are probably securities, BG intends to act responsibly and will treat the BGR coin as a security, until and unless the issuance of new regulations designed to address this issue proves otherwise. Furthermore, BG intends to sell all, or a substantial majority of the coins through an ICO which closely resembles a private placement.

**WHAT IS A PRIVATE PLACEMENT?**

A securities offering exempt from registration with the SEC is sometimes referred to as a private placement or an unregistered offering. Under the federal securities laws, a company may not offer or sell securities unless the offering has been registered with the SEC or an exemption from registration is available.

Generally speaking, private placements are not subject to some of the laws and regulations that are designed to protect investors, such as the comprehensive disclosure requirements that
apply to registered offerings. Private and public companies engage in private placements to raise funds from investors. Hedge funds and other private funds also engage in private placements.

Unregistered offerings often can be identified by capitalized legends placed on the offering documents and on the certificates or other instruments that represent the securities. The legends will state that the offering has not been registered with the SEC and the securities have restrictions on their transfer.

**WHAT IS REGULATION D?**

When reviewing private placement documents, you may see a reference to Regulation D. Regulation D includes three SEC rules—Rules 504, 505 and 506—that issuers often rely on to sell securities in unregistered offerings. The entity (BG) selling the securities is commonly referred to as the issuer. Each rule has specific requirements that the issuer must meet.

**RULE 504**

Rule 504 permits certain issuers to offer and sell up to $1 million of securities in any 12-month period. These securities may be sold to any number and type of investor, and the issuer is not subject to specific disclosure requirements. Generally, securities issued under Rule 504 will be restricted securities (as further explained below), unless the offering meets certain additional requirements. As a prospective investor, you should confirm with the issuer whether the securities being offered under this rule will be restricted.

Since BG intends to sell $250 million of coins, and rule 504 limits sales to $1 million max, rule 504 does not apply.

**RULE 505**

Under Rule 505, issuers may offer and sell up to $5 million of their securities in any 12-month period. There are limits on the types of investors who may purchase the securities. The issuer may sell to an unlimited number of accredited investors, but to no more than 35 non-accredited investors. If the issuer sells its securities to non-accredited investors, the issuer must disclose certain information about itself, including its financial statements. If sales are made only to accredited investors, the issuer has discretion as to what to disclose to investors. Any information provided to accredited investors must be provided to non-accredited investors.

**Accredited investor.** An individual will be considered an accredited investor if he or she:

- earned income that exceeded $200,000 (or $300,000 together with a spouse) in each of the prior two years, and reasonably expects the same for the current year,
or, has a net worth over $1 million, either alone or together with a spouse (excluding the value of the person’s primary residence and any loans secured by the residence (up to the value of the residence)).

Since BG intends to sell $250 million of coins, and rule 505 limits sales to $5 million max, rule 505 does not apply.

**RULE 506**

An unlimited amount of money may be raised in offerings relying on one of two possible Rule 506 exemptions. Similar to Rule 505, an issuer relying on Rule 506(b) may sell to an unlimited number of accredited investors, but to no more than 35 non-accredited investors. However unlike Rule 505, the non-accredited investors in the offering must be financially sophisticated or, in other words, have sufficient knowledge and experience in financial and business matters to evaluate the investment. This sophistication requirement may be satisfied by having a purchaser representative for the investor who satisfies the criteria. An investor engaging a purchaser representative should pay particular attention to any conflicts of interest the representative may have.

As with a Rule 505 offering, if non-accredited investors are involved, the issuer must disclose certain information about itself, including its financial statements. If selling only to accredited investors, the issuer has discretion as to what to disclose to investors. Any information provided to accredited investors must be provided to non-accredited investors.

**General advertising.** Issuers relying on the Rule 506(c) exemption can generally advertise their offerings. As a result, you may see an investment opportunity advertised through the Internet, social media, seminars, print, or radio or television broadcast. Only accredited investors, however, are allowed to purchase in a Rule 506(c) offering that is widely advertised, and the issuer will have to take reasonable steps to verify the accredited investors’ status.

Issuers relying on the Rule 505 and 506(b) exemptions from registration must provide non-accredited investors an opportunity to ask questions and receive answers regarding the investment. If an issuer fails to adequately answer your questions, consider this a warning against making the investment.

Unlike registered offerings in which certain information is required to be disclosed, investors in private placements are generally on their own in obtaining the information they need to make an informed investment decision. Investors need to fully understand what they are investing in and fully appreciate what risks are involved.

**Some things to consider.**

- Is the issuer providing financial statements to tell investors about the business?
- Are the issuer’s claims and expectations reasonable?
• How reasonable is the issuer’s reliance on a particular technology, customer, product or natural resources claim?
• Who are the issuer’s competitors?
• What is the experience and background of management?
• How long has the issuer been in business and has the issuer conducted prior offerings?
• How does the issuer plan to use the money raised?
• If the securities you are investing in have transfer restrictions, when will and how may the restrictions be lifted?
• Because you may not be able to resell your investment easily, are you comfortable holding it indefinitely?

All of the above points are covered in the BGR Coin White Paper. In practice, issuers often provide a document called a private placement memorandum, offering memorandum, (or white paper in the ICO space) that introduces the investment and discloses information about the securities offering and the issuer. However, while this document is not required, its absence may be a red flag to potential investors. Moreover, private placement memoranda typically are not reviewed by any regulator and may not present the investment and related risks in a balanced light.

All issuers relying on a Regulation D exemption are required to file a document called a Form D no later than 15 days after they first sell the securities in the offering. The Form D will include brief information about the issuer, its management and promoters, and the offering itself. If the offering has prior sales, potential investors can search for the Form D filing on the SEC’s website.
BROKER DEALERS

The final question we address is that of the broker dealers who are licensed to trade in securities on the behalf of investors.

The regulations (Exchange Act Rule 3a4-1) are clearer on the question of who is a broker dealer. If BG is considered an issuer of a security, then issuers generally are not "brokers" because they sell securities for their own accounts and not for the accounts of others. Moreover, issuers generally are not "dealers" because they do not buy and sell their securities for their own accounts as part of a regular business.

However, once the NI 43-101 is issued and the BGR coin is made available for trade on the coin exchanges, the picture could change, but only if BG operates the exchange. This is because issuers whose activities go beyond selling their own securities need to consider whether they would need to register as broker-dealers. This includes issuers that purchase their securities from investors, as well as issuers that effectively operate markets in their own securities or in securities whose features or terms can change or be altered. The so-called issuer's exemption does not apply to the personnel of a company who routinely engage in the business of effecting securities transactions for the company or related companies (such as general partners seeking investors in limited partnerships). The employees and other related persons of an issuer who assist in selling its securities may be "brokers," especially if they are paid for selling these securities and have few other duties. However, since BG will not operate its own exchange, the point is moot: BG is not required to act as a broker dealer.

SUMMARY AND CONCLUSION

The BGR Coin will probably be classified as a security by the SEC. Therefore we will treat the ICO like a private placement. However, because of the scale of the offering and because less than 35 of the initial investors are non-accredited, a Schedule D Rule 506c registration exemption will apply. Nevertheless 15 days after the initial sale, BG will file a Schedule D notice with the SEC. Finally, since initially the only sales of coins will be by BG acting as the formal security issuer, no broker dealers will be involved.