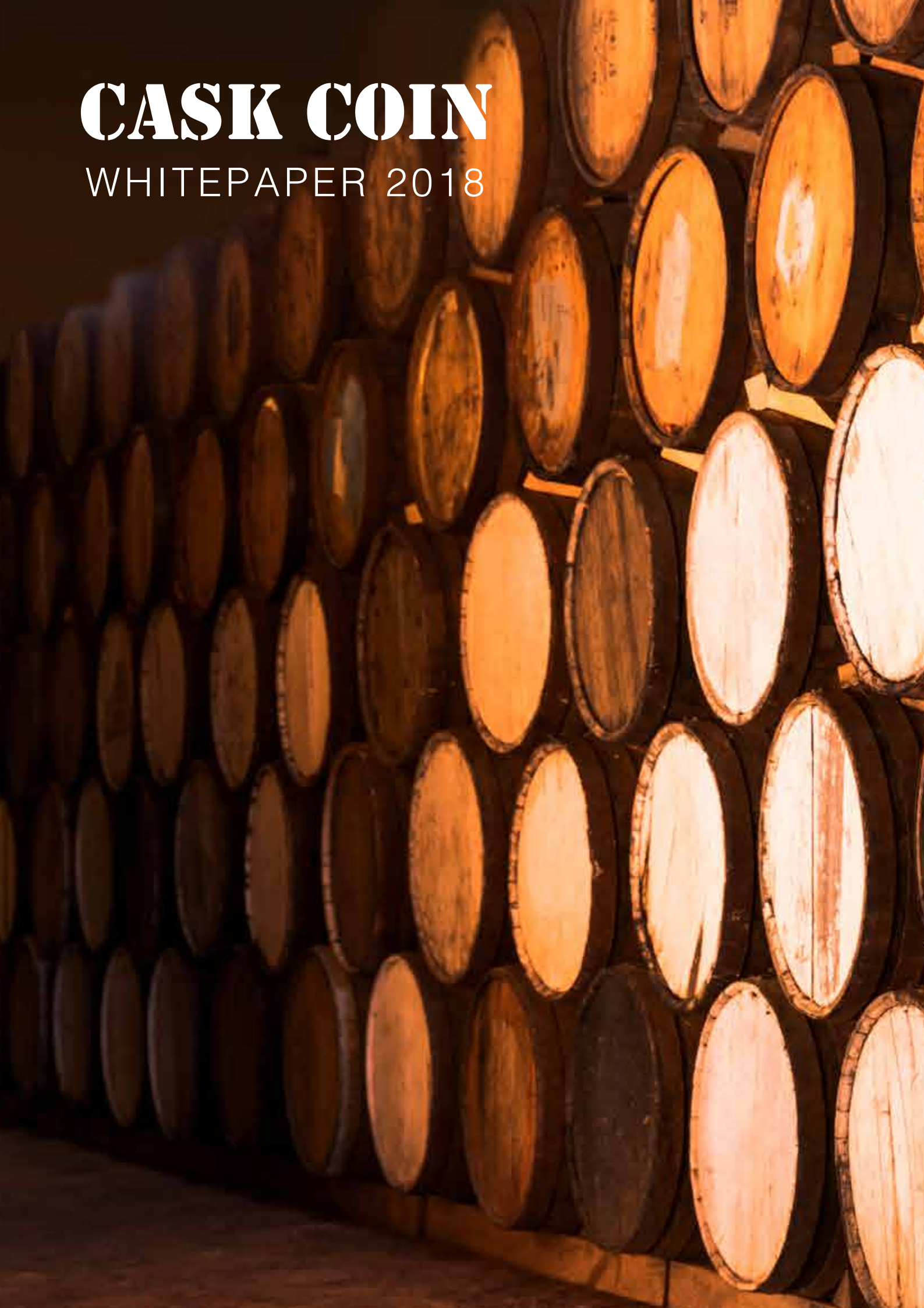


# CASK COIN

WHITEPAPER 2018



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## Background

The history of fiat currency, also called traditional money, is characterised by uncertainty, unpredictability and volatility.

Over the last 100-years or so, governments have been able to convince people that their pieces of paper, backed by nothing but promises, actually have 'value'. This seems truly bizarre when you think about it. Governments tend to be untrusted, serial failures. Yet people readily accept their guarantees the world over.

The history of fiat money has proven to be an almost uninterrupted period of inflation, asset bubbles, booms, busts, bailouts, panics, and other crises.

When the question is raised whether or whether not fiat money has any intrinsic value, clarity is found when reference is made to the Nixon shock of 1971. The Nixon shock was a series of economic measures undertaken by United States President Richard Nixon in 1971, the most significant of which was the unilateral cancellation of the direct international convertibility of the United States dollar to gold. Since then the exchange rates of national currencies have been free floating. Therefore, it is not accurate to claim that fiat money has an intrinsic value. It is backed by the government issuing it, but that is not intrinsic value.

As such, it's high time for creative, thinking people to consider their options and start trading their pieces of paper for something of value.

We all know the familiar story about precious metals– gold and silver have a long-standing tradition as stores of value dating back thousands of years.

But did you know, for example, that in the In America, whisky was used as currency during the American Revolution; George Washington operated a large distillery at Mount Vernon. Whisky was both a store of value and a medium of exchange. At the time, the US had among the highest alcohol consumption per capita in the world... and people knew they could always trade whisky for something else. As such, whisky had significant value.

## Caskcoin: Unique and Futuristic

One of the main concerns asked around the world is whether cryptocurrencies have intrinsic or real values. Some people believe that it may even have a zero value.

CaskCoin is an asset backed cryptocurrency. CaskCoin combines blockchain technology with a physical asset investment in the form of maturing Scotch Whisky.

- ✓ CaskCoin limits exposure to the downside risk.
- ✓ CaskCoin has a floor price right from the time of its inception.
- ✓ Each CaskCoin will be backed by physical Scotch Whisky making this cryptocurrency unique and sustainable with sound recurring income re-invested to ensure future growth.

CaskCoin management team have secured option to purchase a unique stock of casks of Scotch Whisky which will be managed through to bottling using a blockchain platform developed by arc-net. Using the power of blockchain in this process creates significant value by marrying traditionalism with technology.

Each token will represent legal ownership of each cask of whisky underpinning CaskCoin. These tokens will be accessible and convertible via exchanges to ensure liquidity.

CaskCoin prides itself with a very strong and dynamic management team with over 150 years of unique experience combined in the asset management space, whisky industry, software/blockchain development and cryptography/information security.

When the coins go on sale at the Initial Coin Offering (ICO), there will ONLY be 6,500,000 tokens available to buy.

Advantages for CaskCoin users:

- ✓ Diverse asset type investment.
- ✓ Added premium to the value of CaskCoin because of its usage and on-going market demand.
- ✓ The intrinsic value of CaskCoin will stand through the test of time since it will always remain an asset backed digital currency.
- ✓ CaskCoin management team will manage the whisky stock on behalf of its owners to maximize value, creating income which will be invested into more stock thus increasing the asset base over time.

## The Global Market for Distilled Spirits

Revenue in the Distilled Spirits industry worldwide is expected to grow as rising disposable income levels and expanding populations across the globe support spirit consumption. In emerging markets, more consumers are expected to consume a greater variety of spirits, while consumers in developed markets will continue to trade up to premium and super-premium brands, driving revenue growth. Furthermore, the Westernization of consumer tastes in developing regions and looser trade regulations will facilitate the growth of international trade, which will support the performance of the leading spirit producers. Industry revenue to grow at an average annual rate of 6.2% to \$64.6 billion in 2020.

Demand in developed markets is expected to improve in the upcoming years, with North America and Australia outperforming even some historically consistent European markets. Despite soft economic conditions across most of these areas, the trend toward premiumisation is anticipated to continue, with consumers gradually trading up to higher-value premium spirits. Rising disposable income, sophisticated marketing and the growing popularity of artisanal cocktails have contributed to this trend. The growth of ready-to-drink cocktails is also expected to accelerate in developed markets over the next five years, as the global economy recovers and drinkers demand more variety.

## The High-End Whisky Market

Worldwide, rising per capita spirits consumption in emerging countries and increasing demand for premium brands have driven revenue growth for the Global Spirits industry. Following the global recession, improving income levels and pent-up demand for spirits drove industry revenue to grow aggressively over the past five years.

Worldwide, whisky makes up 24.6% of manufactured spirit products, making it the single most popular alcoholic beverage.

Growing demand worldwide has encouraged the leading producers to expand their market share in these regions through acquisitions and by expanding their operations overseas. Consequently, industry revenue is expected to register a CAGR of more than 5% between 2016 and 2020.

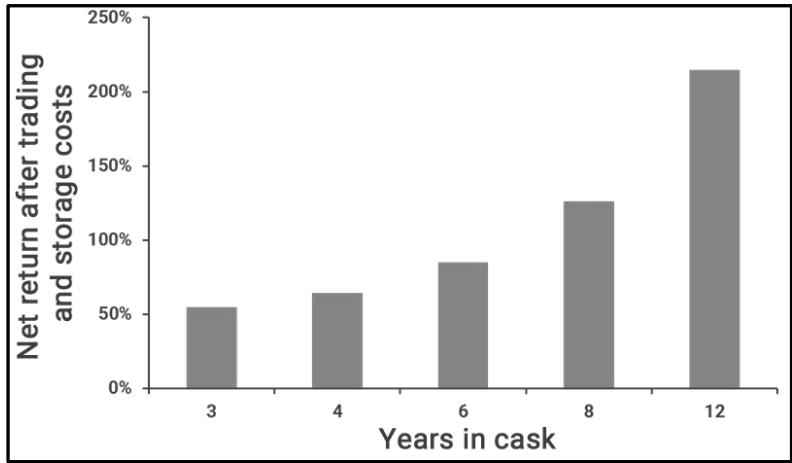
## Investing in Whisky

Whisky is the most-traded spirit in the world.

Whisky is an interesting alternative to traditional or even the alternative SWAG (silver, wine, art and gold) investing. It has several interesting characteristics it does not go off like wine, but it can still be consumed, unlike gold and silver. Unlike art, once it is consumed it cannot be consumed over again. Whisky offers an investment vehicle which could increase over time. Until recently investing in whisky was something reserved for the few, it took time, knowledge, know-how and expertise. With CaskCoin some of those challenges have been simplified.

Whisky represents one-quarter of UK's exports of food and drink. More than 9,000 people are employed in the Scotch Whisky businesses. A total of £4 billion worth of whisky was exported in 2016. The Scotch Whisky Association, an industry organization protecting Scotch Whisky, reports more than 1.2 billion bottles are exported annually (almost 39 bottles every second) with single Malt Scotch exports now worth more than £1bn. Scotch was directly exported to 182 countries showing its truly global nature.

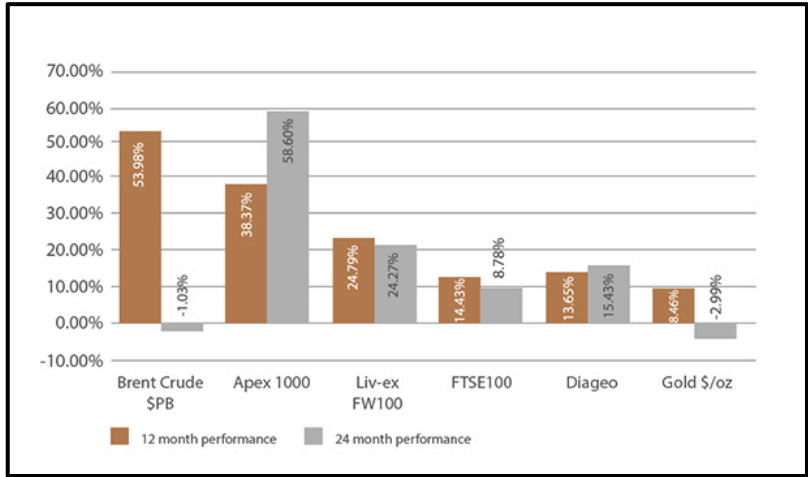
Good investments often come in the form of establishing ownership of rare products and holding onto those products as the supply continues to drop, or the quality continues to improve. Combine both of these factors and you are entering the world of whisky investing. Single Malt Scotch is rare – a shortage exists and is not improving. While distillers are increasing production of single malt, the fact is that a 50-year aged Scotch is, by nature of its age, decades from being on the market. Seeking out an ideal investment vehicle in whisky requires finding a large enough batch of whisky that is of high quality, aged appropriately and rare.



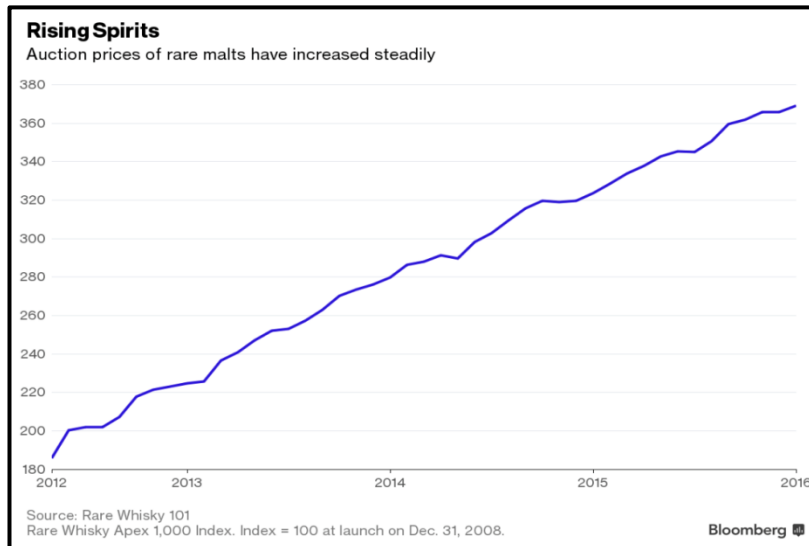
Whisky investments have low correlation with traditional asset classes such as bonds and equities. This means that price movements in the stock market are less likely to be followed by the price of whisky.

Based on average historical prices, newly produced Scotch over the past eight years is up about 143 percent, excluding storage and trading costs. Over that same period, gold gained 48 percent and silver advanced 55 percent. Whisky also outperformed the main equity indexes in Europe and Japan.

An alternative investment in this space is wine. The wine matures in the bottle while whisky only matures in the cask. After being bottled whisky is stable and stops maturing after bottling. This adds a level of price stability which is not present in wine investments.







## The challenges of private whisky investment

The most compelling reason for investing in whisky today is that so few people have, which is mainly because until very recently it was almost impossible to invest in. Whisky is nearly virgin territory for serious investors and, in an era when excess capital has chased up the prices of almost everything else, it's worth serious consideration on those grounds alone. The deeper you look the more interesting it becomes.

All Scotch whisky was originally made from malted barley. Commercial distilleries began introducing whisky made from wheat and rye in the late 18th century. Scotch Whisky is divided into five distinct categories: single malt Scotch Whisky, single grain Scotch Whisky, blended malt Scotch Whisky (formerly called "vatted malt" or "pure malt"), blended grain Scotch Whisky, and blended Scotch Whisky.

All Scotch Whisky must be aged in oak barrels for at least three years.

During maturation, it continually improves becoming more valuable to both consumers and the whisky trade as it does so all the way up to 18 years and beyond. This improvement is the primary economic force behind making an investment in maturing Scotch.

For private investors, maturing whisky:

1. Is difficult to achieve scale
2. Is complicated (barrel types, converting units, evaporation, taxation)
3. Is capital intensive (large storage facilities are required)
4. Requires specialist knowledge (which of 120 different source whiskies should the investor buy, and which should they avoid)
5. Has been closely regulated to protect the government's substantial tax interest in the final product (under the Warehouse keepers and Owners of Warehoused Goods Regulations [WOWGR] few individuals have permission to store whisky in bond)

6. Visibility of investments held is poor given the necessary storage arrangements and lack of control for investors.
7. Has a negative cash yield (i.e. requires the paying of significant storage costs)

The result of these difficulties has been low levels of investment in stockholding from outside the distilling industry itself. Then, because it has remained only a small part of the overall stockholding landscape, the little that has occurred from outside the industry has not been of a sufficient scale to become economically important — and has been priced as an irritant by the distillers.

## The CaskCoin Warehouse

It is generally accepted that fine things appreciate with age, Scotch Whisky is a prime example.

Mature Scotch Whisky by natural and supernatural consumption (the "Angels Share") becomes rarer and as time passes, there are only a few of the best that still exist today. CaskCoin has been able to secure some of the most notable examples from the most famous distilleries, those most favoured by blenders and some of those distilleries that are today no longer in production.

The CaskCoin Warehouse is predominantly a selection of aged Single Malts which have been matured for between 25 and 50 years. They represent some of the finest and most sought after Single Malts of today - with many similar (but only very occasionally available) achieving record prices at auction. They come from all the famous distillery regions of Scotland.

To balance the portfolio, Caskcoin has a greater volume of similarly aged Grain Whiskies which allow the option of blending and "marrying" in proportion to some of the Single Malt Casks, which would allow much greater market exposure.

It is unlikely that an opportunity to participate in such a unique selection will ever happen again.

For the first time the opportunity exists to acquire and hold a significant stock of maturing whisky with a fantastic mixture of age within the portfolio to allow long term trading and asset management. The CaskCoin solution dispels all of the barriers to entry for whisky investment described above.

The management team have established a holding company which will be the fiduciary agent for whisky stock managed (CaskCoin Ltd.). Caskcoin token holders will own each of these casks in proportion to their overall holding in Caskcoin token. CaskCoin Ltd. has secured an option to purchase several thousand casks of Scotch Whisky which is currently maturing in bonded warehouses in Scotland.

CaskCoin Ltd. will also provide a management service to act wholly on behalf of CaskCoin holders to provide advice on stock management and disposal. The objective of the management team will be to maximize value from each cask through either trading stock to enhance the value of the portfolio or arranging bottling of individual casks and the sale of those bottles to the market.

CaskCoin Ltd. will initially provide management and custodian services initially for a term of 7 years after which CaskCoin holders can extend terms with CaskCoin Ltd. or elect a new custodian and manager.

All net proceeds realized will be reinvested into further casks of immature whisky to allow the cycle to be repeated perpetually thus creating a growing asset base which underpins Cask Coin.

Holders of CaskCoin Tokens, the owners of the casks, will have full control over three critical events concerned with each cask by way of simple majority vote:

1. Whether a cask is bottled.
2. Whether cask/s are traded for different stock.
3. Renewal of custodian/management contract.

The board of CaskCoin Ltd. are bound to act by the decision of CaskCoin Holders.

CaskCoin Ltd. will provide recommendations to token holders concerning the cask related events.

CaskCoin tokens are issued on a smart contract, using the ERC20 protocol on a fully decentralized and auditable Ethereum blockchain.

A key component of the CaskCoin offering is use of the arc-net whisky blockchain platform which will be used in both an operational and compliance capacity but also as a means to drive value into the assets owned by CaskCoin holders.

## CaskCoin Management Team

The CaskCoin team bring together a unique set of backgrounds and skills sets.

The team are made up of expertise from the whisky industry itself, along with finance and Blockchain specialists.



**Ricky Christie - Operations Director and Whisky Expert**

Ricky has worked in the Scotch Industry for over 40 years and is a well-known figure in the industry. Starting out as a Still-man at Auchentoshan Distillery in 1972, he became head blender at Campbell & Clark Ltd., jointly owned by the Sazerac Corporation from New Orleans. Thereafter he was Managing Director for several years at the Speyside Distillery Company which was sold to Taiwanese in 2008. He owns and continues to run The North of Scotland Distilling Company, a family business.

During his time at Speyside, he oversaw every aspect of the production, distillation, maturation and storage, vatting or blending, design, bottling and sale of many fine single malt and blended scotch whiskies worldwide (many winning awards). He has been involved in the commissioning of two new malt distilleries.

The Speyside Distillery was the first new distillery commissioned in the Industry for over twenty years and at Strathleven, the first ever Craft distillery (licensed) in Scotland.

His wealth of experience and knowledge of the independent market for Scotch Whisky, for investment, is second to none. He has always sought to broaden the awareness, enjoyment – and potential profit, out-with the traditional grip of a few multinational drinks Conglomerates.

Over the last few years, he has been acting as consultant and advisor to both established and new ventures related to Scotch Whisky. Sourcing suppliers for clients and vice versa, all over the world, with great success.

He was recognized and awarded “The Keeper of the Quiach” in the late 1980’s for his service to the industry and his companies are HMRC WOWGR approved and hold Distilling licenses.



**Barry Millar, CFA – Finance and Compliance Officer**

Barry is a finance manager and investment analyst. In a professional wealth management career spanning 20 years, Barry has spent the bulk of that time advising clients in the affluent and high net worth space.

For the past 15 years Barry has ran his own practice providing advisory services across multiple sectors including retail, manufacturing and renewable energy.

Barry's clients include both corporate and individual Investors along with pension funds with advisory services ensuring an appropriate investment strategy is combined with a tax efficient environment that will enhance results. Barry has provided a range of solutions across all major asset classes including cash; government, high yield and investment grade bonds; developed and emerging market equities; real estate (direct and indirect) and alternative investments including direct investment into renewable energy projects.

Barry is experienced in leading new business startups and engaging with multi-functional teams to fuel growth and expansion most recently with arc-net where he has a fundamental role in the design and delivery of arc-net's whisky blockchain solution.

Barry is a CFA Charterholder.



**Tobias Hauser Lic. Advocatur – Non-Executive Chairman and Independent Adjudicator**

Tobias Hauser was born in 1947. He is the son of Dr. Vital Hauser- Stauffacher, son-in-law of the founder of the firm, Dr. Werner Stauffacher. Subsequent to finishing his studies, he was a substitute advocate in the administrative and the high Court of the Canton Graubunden. After further work with law firms, in 1979, he was admitted to the bar. He began working as a lawyer in general practice, but specialised more and more in intellectual property rights (music, films, painting etc.) and later in looking after individual people and families with their internationally structured wealth situations, including succession planning. Tobias Hauser speaks German, English, French, Italian and some Spanish.



**Walter Russell – Non-Executive Director**

Walter spent 22 years in financial services as a wealth manager with Zurich (Allied Dunbar). Walter was a full Union Square Financial Services (USFS) which was the largest private practice in UK with the Zurich Network winning best nationwide practice on six occasions from 1998 – 2006.

Walter exited USFS in 2010 to co-found Lightsource Renewable Energy and served on the board as a Non-Executive Director until 2015. Lightsource developed in excess of 1.1 Gigawatts of solar farms in the UK and the founder enjoyed a successful exit in 2015 when the assets of company sold for £1.1 billion.

Walter has also spent time throughout his career both developing and directing sales operations for property in the UK, Europe and Canada. Walter developed over 215 residential units in Northern Ireland and generated sale of overseas property in excess of €100 million.



**Brendan Smyth – Technology and Blockchain Adviser**

Brendan has held a variety of roles in both public and private sector with over 25 years of experience. He has spent the past 15 years establishing and running successful software development centres that deliver innovative, high value e-commerce products for international financial services organisations. He has managed programs and multi-disciplinary teams in various locations, coordinated with US/UK based departments in the provision of infrastructure and equipment, communicate and implement corporate strategy to teams, and provide technical/architectural guidance to development team. He is a proactive and a successful delivery-focused executive. He brings to bear a strong background in IT systems development and operations with a strong emphasis for developing high performant customer focused IT delivery teams. He has a strong personal focus on the delivery of quality products and one of his key strengths is his ability to empower and lead teams to achieve the same.



**Paul Benson – Technology and Blockchain Adviser**

Paul has been a development tools administrator, DevOps culture evangelist & SCM consultant for 15+ years.

He specialises in the design, implementation and transformation of software configuration management systems, deployment pipelines and application environment platforms enabling the management, control and automated delivery of software products. He possesses excellent interpersonal and teamwork skills and enjoys working in creative, dynamic and challenging team environments. He thrives in an environment where initiative, enthusiasm and attention to detail are encouraged.

Paul has demonstrated excellent problem-solving skills and an ability to think out of the box. He welcomes and responds well to responsibility, pressure and cooperation. He is willing and eager to learn new skills, explore new methods and to put his existing abilities into practice.

### **Caskcoin and use of arc-net whisky blockchain platform**

In order to ensure complete transparency, immutable compliance records and to drive additional value to the assets CaskCoin Ltd. will utilize the arc-net secure private blockchain. (<http://arc-net.io/blog/arc-net-adelphi-partnership-blockchain/>)

arc-net have also been engaged by CaskCoin to provide technical guidance on the interconnectivity between the arc-net private blockchain and the public Ethereum platform.

arc-net have designed and deployed a private permissioned blockchain to assist brands and companies to identify, track and authenticate their product from raw material through to the consumer. Working with a number of global brands, arc-net has bridged the gap between the physical asset and the digital world through the distributed power of blockchain technology. Consumers can now validate a products and brands provenance by interacting directly with the product via a smartphone or tablet device which helps brands. create an emotional bond between the product and consumer through digital interaction.

arc-net in connection with its customers within the whisky industry sought to address the issue by establishing a transparent, secure, connected community of raw material providers, producers and premium / super premium whisky distillers and bottlers. By identifying and recording raw material suppliers from the barley to the wood used in the casks through to the source of the water, distilling and maturation on the private blockchain, investors, brokers and consumers can access the immutable blockchain record and validate the authenticity and claims made by the brand and its produce.

Never before has this been achievable either by traditional record keeping or by electronic means. Paper based records and central data bases can be compromised and data changed. Unlike traditional methods, the arc-net blockchain belongs to the community and each member has a copy of the data, its recorded time and who recorded the event. Data cannot be changed, altered or deleted without alerting the other members of the chain therefore removing the ability to commit fraud.

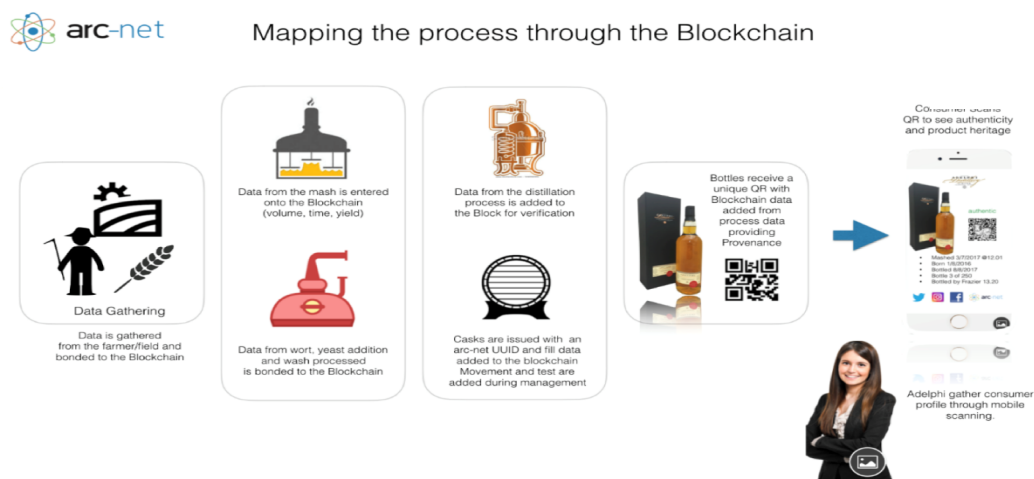
In a product as valuable as whisky, it is essential to not only ensure its provenance but also to ensure its integrity and authenticity. arc-net is helping brands to establish premium and super premium whisky as a digital asset on the blockchain to ensure trust through transparency.

The arc-net platform is designed to gather production, processing and final product data on a secure private Blockchain whilst ensuring compliance with Scotch whisky industry standards throughout the process. The overriding objective is to provide the consumer with a unique product identified with a verification code that allows confirmation of the provenance and heritage.

The unique verification code facilitates consumer access through a smart phone or other mobile device. In addition, the system will be used to create automated, digital compliance records and submissions and to identify and track assets and record all events associated with those assets.

The arc-net platform will provide the ability to certify and communicate the quality and geographical origin of its products, and support growth and sustainability of the Scotch whisky industry.

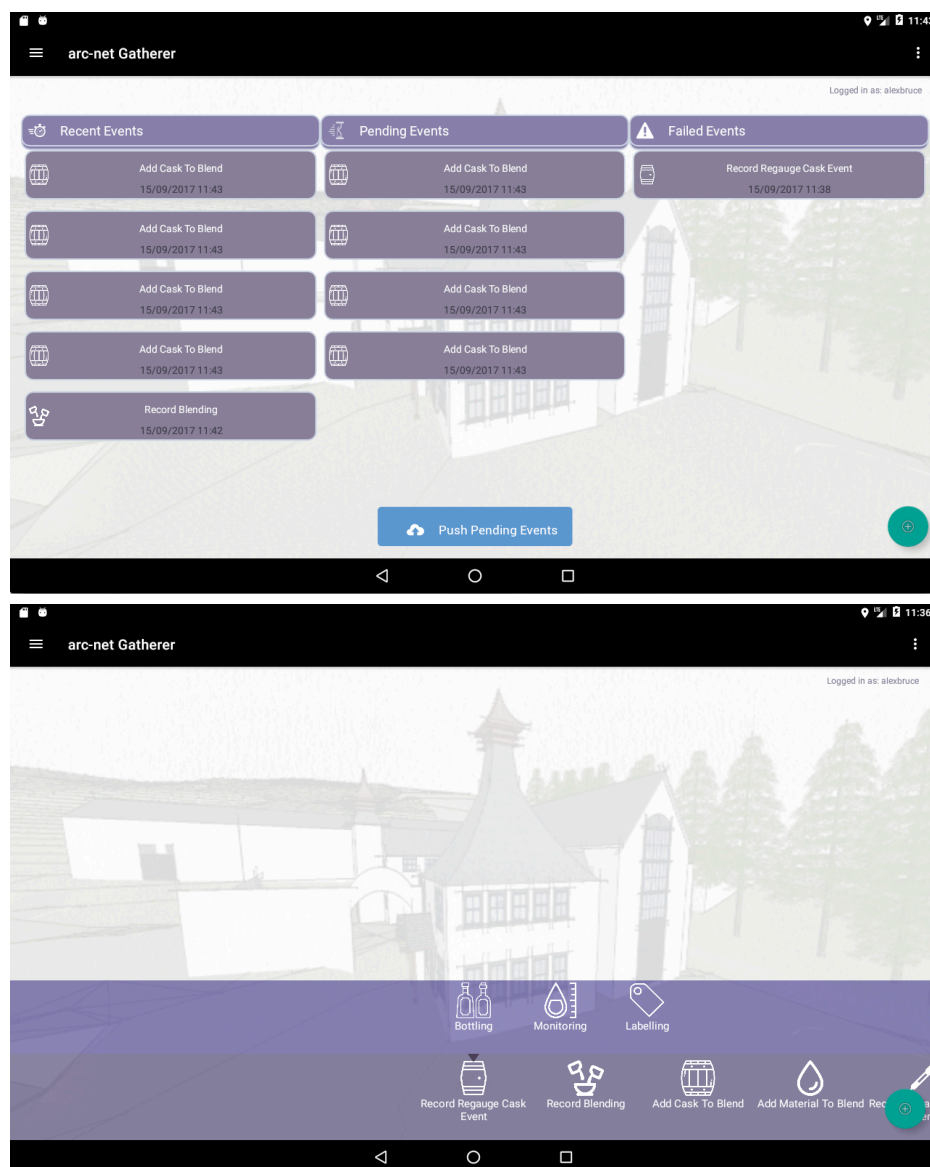
The arc-net platform contains all the information collected along the process to support a single version of the truth, which in turn forms the basis of a product's heritage and supports the requirements for the Spirit Drinks Verification Scheme. Customers will have the ability to utilise the Unique QR codes to identify each bottle and associated cask to help create an emotional bond between the brand and the consumer.





To support the input of operational data, arc-net have developed a Gatherer App. This mobile application provides the distillery team with the ability to capture data digitally and ensure compliance from an operational and HMRC stand point. The app has been designed with the assistance of a Scottish Master Distiller and utilises a simple user interface linked to the arc-net blockchain. Each step of the spirit and whisky making process has been choreographed and digitised to ensure ease of use as well as supporting the needs of the Master Distiller and operations planning team. Data from the application is linked to the reporting engine within the arc-net platform to automate internal and HMRC reporting. Below outlines some of the feature screens within the Gatherer App.

This key feature of the arc-net platform is enabling CaskCoin Holding Co to record and manage Key events which are required from a compliance standpoint primarily, but also to provide complete visibility of asset related events to CaskCoin holders.



CaskCoin Management Co will ensure that all third-party interventions with assets held are recorded on the blockchain platform. The following events will be captured on the arc-net blockchain for both casks purchased as part the original stock but also as casks are traded or bottled and new casks purchased:

- **Register A Cask** – This will allow the distillery to register a cask (with a unique QR tag) to the arc-net platform and will include details such as:
  - Wood type
  - Size
  - Number of previous fills (i.e. 1<sup>st</sup> fill etc.)
  - Cask sourced from
  
- **Record Filling Event** – This allows the distillery to record the filling event of Customer cask which will include the following details:
  - Date/time of fill
  - Process started by
  - Location of fill event
  
- **Record Maturation Process** – This will allow the distillery to record the maturation data associated with a cask of spirit including:
  - Start date/time (per cask)
  - End date / time (per cask)
  
- **Add Warehouse** – This allows a maturation warehouse to be registered on the ac-net platform and will include details such as:
  - Location of warehouse
  - HMRC registration details
  
- **Move to Warehouse** – This enables the distillery to record the primary movement of the filled cask at the end of the distillation process to the maturation warehouse and include the following details and enable the completion of a W8 form:
  - Date/time of move event
  - Who moved cask
  - Warehouse that cask is being moved to
  - Location in warehouse of cask
  
- **Record Internal Warehouse Move** – This event will record if/when a cask moves within a maturation warehouse. It should record:
  - Start location
  - Finish location
  - Who it was moved by
  - Reason for moving
  - Date / time of move event

- **Add Transport Details** – This event records the details of transportation that can be used during inter-process movement e.g. moving of casks from a maturation warehouse to an approved blending & bottling facility. The details that will be captured for this event include:
  - Name of vehicle owner
  - Business address where vehicle is registered to
  - Type of vehicle
  - Registration details of vehicle
  
- **Record Transport Movement** – This event will record the movement of a (collection of) cask(s) in a vehicle for transport. Types of vehicles that could be used include a flatbed lorry for transporting casks or a vehicle with an inert container (tanker) for transporting multiple blended casks. This event will capture the following details:
  - Date / time of movement
  - Start location
  - End location
  - Cask(s) / Vat(s) to be moved
  - Transport Vehicle to be used
  - Reason for movement
  - Who authorised the transport movement?
  
- **Add Vat Details** – This event will record the details of the Vat's that can be used by the distillery for the purposes of blending whisky and will include the following details:
  - Location of Vat
  - Size of Vat
  - Type of Vat
  
- **Record Blending Event** – This event will record the blending event of the final whisky and will include details such as:
  - Date / time of blending event
  - Process started by
  - Blending Vat used
  - Casks used
  - Water used
  - Caramel colouring added
  
- **Record Alcohol Strength** – This will allow the distillery to record the strength of the spirit at various points in the production process and will include details such as:
  - Date / time of reading
  - Reading taken by
  - Reading taken at location
  - Reason for taking reading
  - Alcohol reading
  - Item that reading is taken from (i.e. cask, blending Vat, etc.)

- **Generate QR Codes** – This event will trigger the process to generate a number of unique QR codes which will be used to tie the individual bottle back to the cask(s) of spirit that was used to fill that bottle. The details of this event will include the following:
  - Date / time of request event
  - Requested by
  - Number of QR codes required
  
- **Record Bottling Run** – This event will allow the distillery to record the Vat/casks used in a bottling run and will include details such as:
  - Start date/ time of bottling run
  - Bottling run unique identifier
  - Process started by
  - Blending Vat / Cask used
  - Location of bottling run
  
- **Add Bottle Event** – This will enable the distillery to add (link) a bottle with a unique QR code to a bottle run (and therefore the blending vat and casks used in that run). Details captured will include:
  - Date / time that bottle was linked
  - Location of the bottle
  - Bottle run associated with the unique bottle
  - The QR code on the bottle
  - Who scanned the bottle and made the link to a specific bottle run
  - What number bottle has been filled (i.e. bottle number 10, 11, 12 etc.)
  
- **Record Bottled Brands** – This event will record the brand names bottled (and other relevant details) for submitting to HRMC
  
- **Record Case Event** – This event allows the distillery to record (link) the bottles that make up a case of spirit / whisky and will include details such as:
  - Date / time that the bottle was added to the case
  - Location of event occurrence
  - Unique identifier on the case
  - Unique identifier on the bottle (QR code)
  
- **Record Pallet Event** - This event allows the distillery to record (link) the cases that make up a distribution pallet of spirit / whisky. Details that will be recorded include:
  - Date / time that the case was added to the pallet
  - Location of event occurrence
  - Unique identifier on the pallet
  - Unique identifier on the case

- **Record Distributer Details** – This event allows the distillery to record the details of its distributors on the arc-net platform including:
  - Business name of distributor
  - Business address of the distributor
  - Location of distributor head office
  - Geographical locations serviced by the distributor
  
- **Record Retailer Details** – This event allows the distillery to record the details of its retailers that it sells directly to on the arc-net platform including:
  - Business name of retailer
  - Business address of the retailer
  - Location of retailer head office
  - Geographical locations of retail outlets that are supplied directly
  
- **Record Importer Details** - This event allows the distillery to record the details of companies importing consignments of whisky/spirit from the distillery onto the arc-net platform including:
  - Business name of importer
  - Business address of the importer
  - Location of importer head office
  - Geographical locations of serviced by the importer
  
- **Record Dispatch** – This event will allow the distillery to record the items being dispatched from its business. Details to be captured include:
  - Date / Time of the dispatch event
  - Location of the dispatch event
  - Person authorising the event
  - Vehicle used (if appropriate)
  - Consignment details (pallet number, case number etc.)
  - Destination details (Retailer, Importer or Distributer details)
  - Expected delivery date

Recording the events detailed will ensure that CaskCoin Ltd. will remain fully compliant with requirements under the Spirit and Drinks verification scheme and HMRC movement records.

It is expected that additional data and events may also be required to be captured, however it will be through focused requirements sessions with Customers that these will become known.

Use of the blockchain technology makes CaskCoin Whisky opportunity truly unique given that an immutable and complete record of events associated with every asset will exist on the blockchain platform ensuring, transparency and compliance together with the opportunity to add significant value to the end assets given the digital DNA created with each set of events.

## Ownership Structure

Holders of CaskCoin’s directly own physical whisky stored in casks which are stored in bonded warehouses in Scotland. Ownership is proportional for each individual cask based on the percentage of CaskCoin held by each owner.

Each CaskCoin will directly represent a physical holding of whisky (tangible goods) in each cask held, which is can be claimed on demand by the bearer of a coin. Casks will be subject to a safekeeping service provided by a custodian (bonded warehouse), based on the contracts CaskCoin Ltd. executes with bonded warehouses storing the whisky.

All records of ownership along with interactions with any asset will be maintained both on the arc-net blockchain and where possible on the CaskCoin public record.

CaskCoin Ltd. will act as a fiduciary agent for the assets of CaskCoin holders. In Scots law this is achieved through contract of deposit, under which the owner of an item places it in the custody of another, imposing on that other obligations to provide a secure place of custody and to exercise due care to prevent the loss of or damage to the property.

The obligation of care of the assets in respect to CaskCoin Holders ultimately remains the responsibility of CaskCoin Ltd. which will retain the obligations of contract of deposit. As the assets are held for the sole benefit of CaskCoin holders, CaskCoin holders are obliged to exercise extraordinary care of the assets which means CaskCoin Limited is liable for losses or damage to goods, regardless of whether negligence is the cause of damage. CaskCoin Ltd. has therefore a critical function in assessing the suitability of bonded warehouses and other parties who may interact with CaskCoin assets (e.g. bottlers or hauliers).

CaskCoin holders have full control over trading of any of the whisky held by CaskCoin Ltd. which resolves the significant weak spot of ownership under earlier whisky investment schemes.

Being structured in this way means that were CaskCoin Ltd. or a bonded warehouse to fail no liquidator could claim the whisky as an asset of the failing company such as a distiller acting as a whisky bond, and then sell it for the benefit of banks, creditors or tax collectors. In addition, CaskCoin holders can be assured that the assets will be managed with the upmost care and attention by all parties who interact with them.

## CaskCoin Financial Projections

As previously disclosed, CaskCoin Ltd. has secured an option to purchase casks of maturing Scotch Whisky.

The makeup of the portfolio allows for both short term asset growth which will allow purchase of further stock to add to the portion of the initial portfolio which will be managed over the longer term.

The makeup of the initial target portfolio is as follows:

Whisky Type	Percentage of Stock (%)	Percentage of Value (%)
<b>Aged Malt (average age 27 yrs. old)</b>	4.5	64
<b>Single Malts (up to 10 yrs. old)</b>	15.7	6
<b>Aged Grain Casks (average age 29 yrs. old)</b>	4	16
<b>Single Grains (up to 10 yrs. old)</b>	64	9
<b>Blended Whisky (average age 11 yrs. old)</b>	7.2	4
<b>New Make Spirit</b>	4.6	1

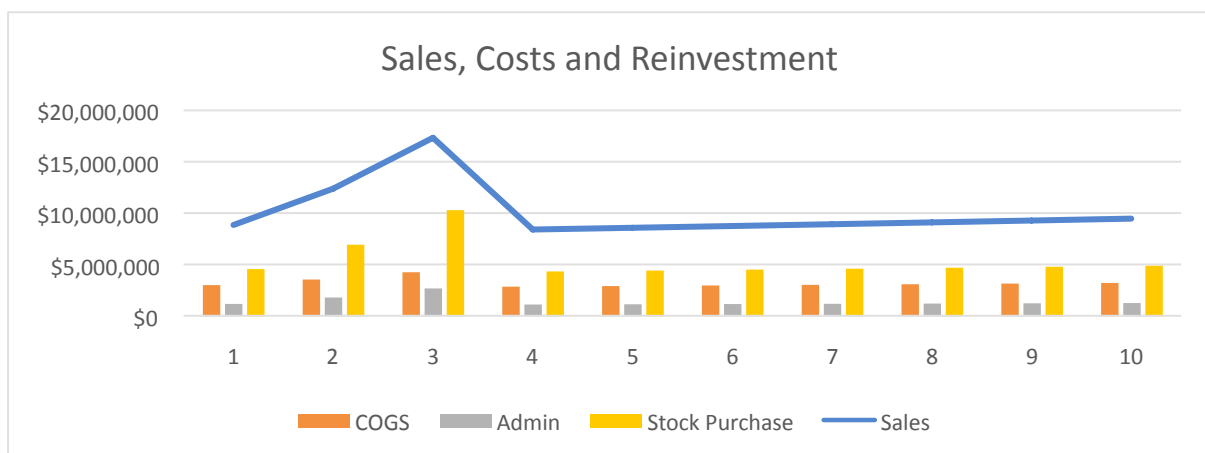
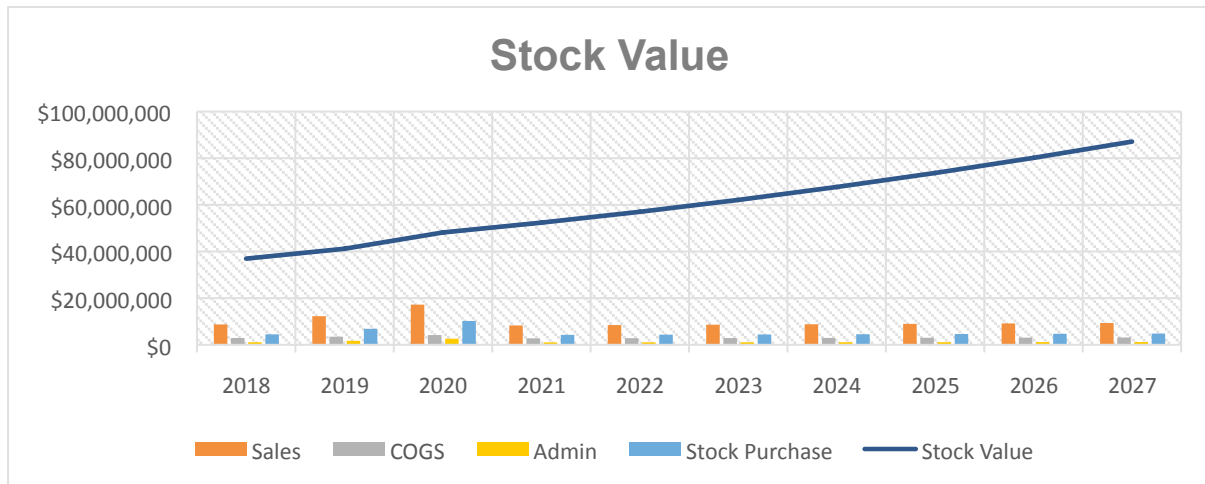
Caskcoin Management Co has secured relationships with independent bottlers within the industry which will allow bottling of some rare stock in the shorter term.

Taking a 10 year view it is anticipated that the value of stock held by CaskCoin holders will be approximately £80,000,000 via a combination of bottling of some stock and also trading casks for other stock to increase overall portfolio value.

All net proceeds realized in this process will be reinvested in further stock.

It is anticipated that approximately 60% of sales revenue will be available annually for stock repurchase.

The costs related to sales include bottling fees, purchase of dry goods, transport, tax on profit and management fees.

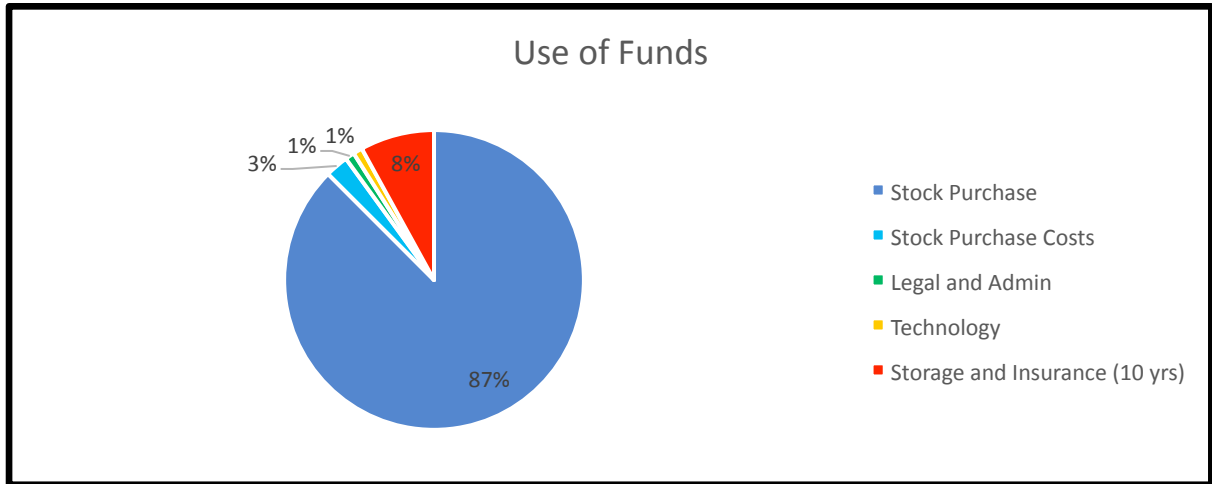


## Token Generating Event

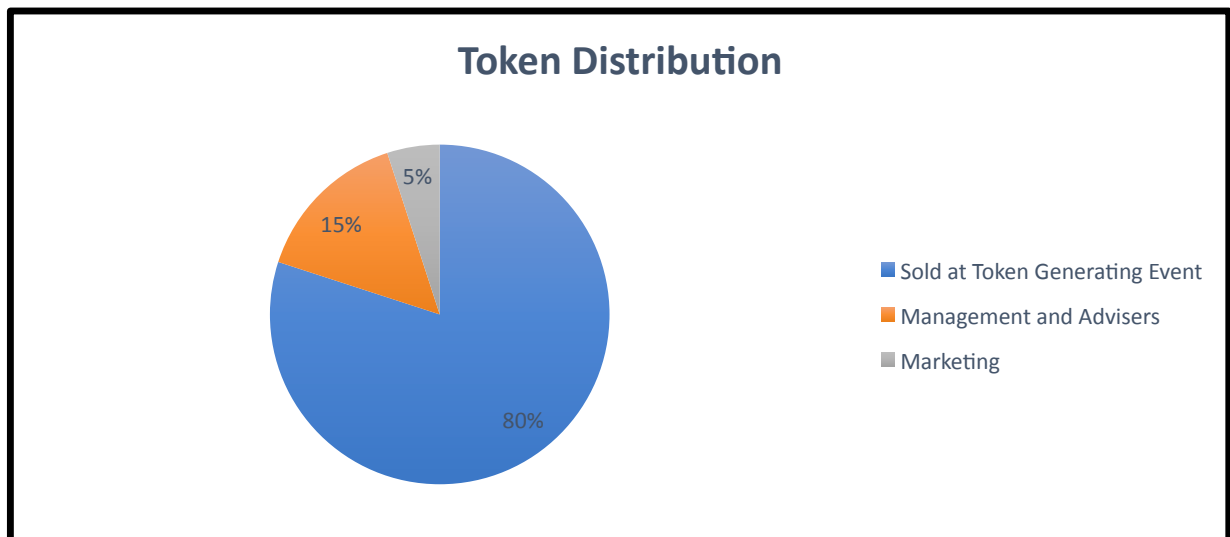
<b>Goal Raise Amount</b>	<b>£42,600,000</b>	
<b>Token Type</b>	ERC20, Ethereum, Blockchain	
<b>Maximum token supply</b>	6,500,000	
<b>Tokens for Sale</b>	5,200,000	
<b>Price per token</b>	£8.15	
<b>Minimum Investment</b>	£30,000	
<b>Bonuses</b>	Days 1-3	10%
	Days 3-5	7.5%
	Days 6-8	5%
	Days 9-10	2.5%
<b>Crowd Sale Period</b>	12 <sup>th</sup> March 2018 – 30 <sup>th</sup> March 2018	
<b>Token Issuance</b>	Within 30 days of token generating event	
<b>Vesting Period for Partners</b>	12 months	
<b>Currency Accepted</b>	BTC, ETH	



Use of Funds:



The majority of funds raised will be used for purchase of assets and provision for storage and insurance for 10 years. Other ancillary costs include implementation of the arc-net system for CaskCoin Ltd. and cost of establishing the legal entity and asset register.



## Technical Implementation of CaskCoin Tokens

CaskCoins are tokens built on top of the Ethereum blockchain. As a result, they are not dependent on any central authority - any transactions involving CaskCoin are confirmed and secured by the Ethereum blockchain.

CaskCoins fully comply with Ethereum's ERC-20 token standard, providing interoperability, and allowing them to be easily integrated with any system or service that interacts with ERC-20 tokens such as the ether delta exchange.

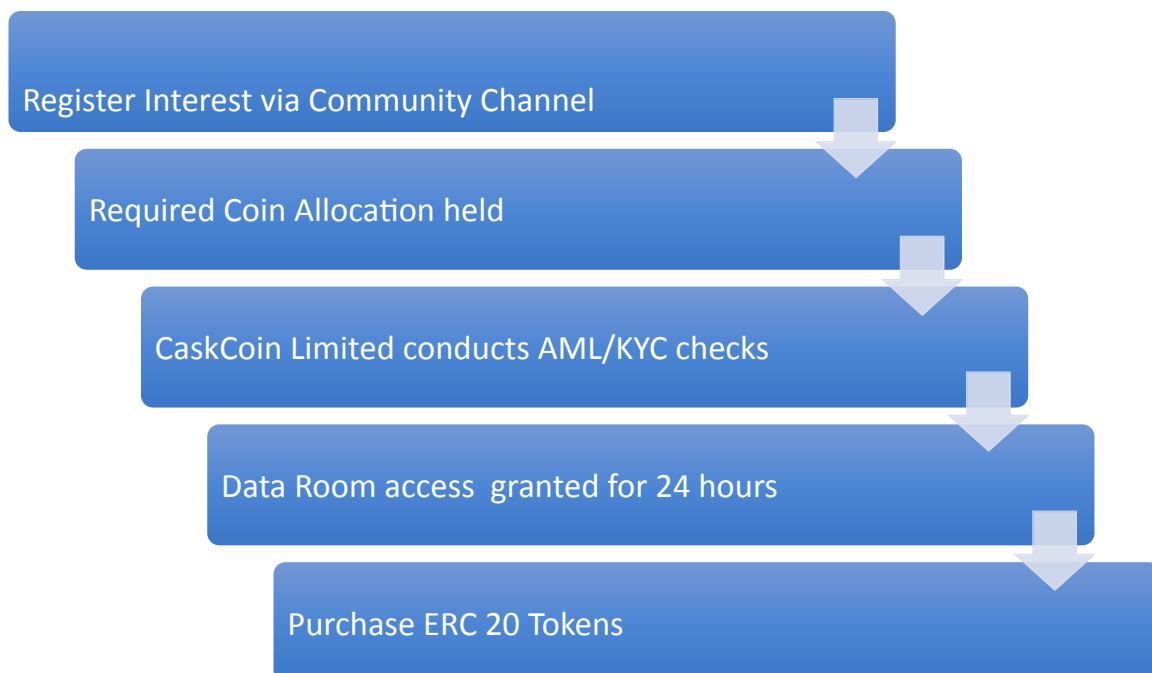
CaskCoins, being an ERC-20 compliant token, are freely tradeable via direct transfers or via smart contracts. It is intended that they will also be added to exchanges.

CaskCoin will create 6,500,000 CaskCoin ERC20 tokens. CaskCoin will never create more tokens.

The owner of CaskCoin tokens has the ability to engage in the CaskCoin Proportional Voting Process for Cask Management.

The CaskCoin token contract address is: `0xd7752fb800949201beab7debbd058fb103eeeb7e`

## Investment Process



## Further Information

### Storage of Whisky

All CaskCoin whisky is held on bonded warehouses in Scotland and is insured. A bonded warehouse operator is a professional organization of good standing which is in the business of managing the receipt, storage, maturation and re-delivery of whisky according to the regulations of the whisky market. The whisky will not move unless there is an agreed cask event in which case all movements will be tracked using the arc-net whisky platform.

The bonded warehouse operators are service providers to CaskCoin Ltd. and CaskCoin Ltd. is their customer. The management and the capital of the businesses are entirely separate and independent of each other. As entirely independent companies, they obviously do not endorse the CaskCoin Ltd. by way of buying and storing whisky, or in any way give CaskCoin Ltd. special treatment or services prejudicial to its other commercial customers, who also store whisky in their bonded warehouses.

The warehouse operators do accept responsibility for the professional custodianship of the physical whisky casks described in its cask lists and CaskCoin Ltd. is entitled to rely on the storage of your whisky being performed with appropriate care by an approved bonded warehouse operator. In the agreements which CaskCoin Ltd. executes with bonded warehouse services these will be subject in all cases to a declaration of the supplier's duty of care.

CaskCoin Ltd. will enter into insurance contracts to which CaskCoin Holders are not a party with the intention of receiving payment of claims, from the insurer, in the event of there being certain categories of physical loss, physical damage or destruction of the whisky while stored in the care of a supplier or its third party bonded warehouse operator.

Documentary evidence of insurance will be provided on the CaskCoin website.

Following completion of the Initial Coin Offering, records of all casks, which are maintained on the arc-net blockchain platform will be publically available through the CaskCoin website in real time and will be fully transparent.

### Physical custody of whisky?

CaskCoin represent physical whisky which can be withdrawn by the bearer on demand. There are good reasons to leave the whisky inside the bonded warehouse - where it could not be physically safer - pending exceptional economic or financial circumstances.

Holding the whisky in cask inside bonded warehouses in barrel means it retains maximum resale value. Whisky in bond is not subject to duty or VAT. All bottling will be done by an established and licensed bottling company within the industry.

## Terms and Conditions

### General Disclosures

**Whisky price movements** — CaskCoin holders are exposed to the risk of potential loss arising from a falling whisky price during the time in which whisky is owned.

**Politics** — Government, either of the EU, or the UK or Scotland, and or other agencies might seek to constrain, disadvantage or tax the ownership of whisky to the detriment of its owners. The actuality or fear of government action might affect the value of whisky.

**Liquidity risk** — The risks associated with a lack of immediate liquidity are not a CaskCoin responsibility. Liquidity is anticipated through exchange of CaskCoin and not through realization of the asset base at any time.

**System availability** — CaskCoin Ltd. will use the arc-net blockchain platform to maintain records and provide real-time information about the underlying which assets. CaskCoin Ltd. are subject to the terms and conditions of Advanced Research Cryptography Limited (arc-net) in relation to use of the blockchain platform. The copyright and all other intellectual property rights in the software (in both source and object code), the software documentation, the functional specification and in all other listings and specifications and documentation relating to the software shall remain the property of Advanced Research Cryptography Limited. Furthermore, asset information from the arc-net system is accessed by CaskCoin holders across the internet and might become inaccessible for periods of time.

**Insurance exclusions** — As property whisky is subject to insurance exclusions imposed by insurance underwriters in line with established insurance practice regarding the physical protection of whisky. These excluded risks are presented on the evidence of insurance published on the CaskCoin website. For example, the risks described under Force Majeure are excluded.

**Physical whisky theft** — Whisky could conceivably be stolen from a bonded warehouse by determined thieves. It is the bonded warehouse operator which accepts a duty to retain sufficient security measures, and CaskCoin Ltd. will maintain appropriate insurance cover (subject to exclusions) against such an eventuality.

### Legal Disclosure

PLEASE READ THIS SECTION CAREFULLY. YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX, AND OTHER PROFESSIONAL ADVISOR(S) BEFORE TAKING ANY ACTION IN CONNECTION WITH THIS WHITE PAPER.

This White Paper is intended to present relevant information to potential purchasers (Purchasers) in connection with the proposed offering by CaskCoin Ltd. of the CaskCoin Token (Token Launch), including information about the CaskCoin ERC20 smart contract (CaskCoin Smart Contract). The information contained in this White Paper is not intended to be exhaustive and the statements included in this White Paper are not intended to create a contractual relationship. Nothing in this White Paper shall be deemed to constitute a prospectus of any sort, a solicitation for investment or investment advice nor does it in any way pertain to an offering or a solicitation of an offer to buy any securities in any jurisdiction. This White Paper is not composed in accordance with, and is not subject to, laws or regulations of any jurisdiction which are designed to protect investors. To the maximum amount permitted by applicable law, each of CaskCoin Ltd. team expressly disclaim and shall not be liable for any and all responsibility for any direct or any indirect, special, incidental, consequential or other losses of any kind, in tort, contract or otherwise (including but not limited to loss of revenue, income or profits, and loss of use or data), arising out of or in connection with (i) Purchaser's acceptance of or reliance on any information contained in this White Paper, (ii) any error, omission or inaccuracy in any such information or (iii) any action resulting therefrom.

CaskCoin fall outside the defined scope of formal financial services regulation in the UK. You accept that the use of the word investment anywhere within the context of the CaskCoin white paper is made with respect to the general meaning of seeking to grow the worth of your property, and not with regard to the specific and narrower meaning given in the Financial Service Act 2012.

The general provisions for investor protection which apply through the Financial Conduct Authority [FCA] - for example the compensation

fund - do not apply for CaskCoin. Protection of the property is provided through specific insurance arrangements, which do not cover all risks.

All statements, estimates and financial information contained in this White Paper, made in any press releases or in any place accessible by the public and oral statements that may be made by CaskCoin Ltd. that are not statements of historical fact, constitute "forward-looking statements".

Nothing contained in this White Paper is or may be relied upon as a promise, representation or undertaking as to the future performance or policies of the CaskCoin.

Further, the CaskCoin Ltd. disclaims any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances, even if new information becomes available or other events occur in the future.

CaskCoin Ltd. is regulated under Scottish Law, and will be approved by HMRC as an owner of excise goods stored in the distillers' warehouses.

#### **Accuracy of information, no consent of parties referenced in white paper**

Save for the CaskCoin Ltd. and its respective directors, executive officers and employees, no person has provided his or her consent to the inclusion of his or her name and/or other information attributed or perceived to be attributed to such person in connection therewith in this White Paper and no representation, warranty or undertaking is or purported to be provided as to the accuracy or completeness of such information by such person and such persons shall not be obliged to provide any updates on the same.

CaskCoin Ltd. has not conducted any independent review of the information extracted from third party sources, verified the accuracy or completeness of such information or ascertained the underlying economic assumptions relied upon therein. Consequently, neither CaskCoin Ltd. nor its directors, executive officers and employees acting on its behalf makes any representation or warranty as to the accuracy or completeness of such information and shall not be obliged to provide any updates on the same.

#### **Forward looking statements**

All statements, estimates and financial information contained in this White Paper, made in any press releases or in any place accessible by the public and oral statements that may be made by CaskCoin Ltd. that are not statements of historical fact, constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms such as "aim", "target", "anticipate", "believe", "could", "estimate", "expect", "if", "intend", "may", "plan", "possible", "probable", "project", "should", "would", "will" or other similar terms. However, these terms are not the exclusive means of identifying forward-looking statements. All statements regarding the CaskCoin's financial position, business strategies, plans and prospects and the future prospects of the industry which the CaskCoin is in are forward-looking statements. These forward-looking statements, including but not limited to statements as to the CaskCoin's revenue and profitability, prospects, future plans, other expected industry trends and other matters discussed in this White Paper regarding CaskCoin are matters that are not historic facts, but only predictions.

Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual events or results, performance or achievements to differ materially from the estimates or the results implied or expressed in such forward-looking statements. These factors include, amongst others:

- a) changes in political, social, economic and stock or cryptocurrency market conditions, and the regulatory environment in the countries in which the CaskCoin conducts its respective businesses and operations;
- b) the risk that the CaskCoin may be unable or execute or implement their respective business strategies and future plans;
- c) changes in interest rates and exchange rates of fiat currencies and cryptocurrencies;
- d) changes in the anticipated growth strategies and expected internal growth of the CaskCoin;
- e) changes in competitive conditions under which the CaskCoin operate, and the ability of the CaskCoin to compete under such conditions;

- f) war or acts of international or domestic terrorism;
- g) occurrences of catastrophic events, natural disasters and acts of God that affect the businesses and/or operations of the CaskCoin;
- h) other factors beyond the control of the CaskCoin; and any risk and uncertainties associated with the CaskCoin and its business and operations, the CaskCoin, the Launch and the underlying assets (each as referred to in the White Paper);
- i) Nothing contained in this White Paper is or may be relied upon as a promise, representation or undertaking as to the future performance or policies of the CaskCoin.

#### **Restrictions on distribution and dissemination of White Paper**

The distribution or dissemination of this White Paper or any part thereof may be prohibited or restricted by the laws, regulatory requirements and rules of any jurisdiction. In the case where any restriction applies, you are to inform yourself about, and to observe, any restrictions which are applicable to your possession of this White Paper or such part thereof (as the case may be) at your own expense and without liability to the CaskCoin.

Persons to whom a copy of this White Paper has been distributed or disseminated, provided access to or who otherwise have the White Paper in their possession shall not circulate it to any other persons, reproduce or otherwise distribute this White Paper or any information contained herein for any purpose whatsoever nor permit or cause the same to occur.

#### **Nature of CaskCoin**

Except as explicitly set out in the White Paper, CaskCoin do not have any rights, uses, purpose, attributes, functionalities or features, express or implied, including, without limitation, any uses, purpose, attributes, functionalities or features on the arc-net Platform.

The purchase of CaskCoin does not provide Purchaser with rights of any form with respect to the CaskCoin Ltd. or its revenues or assets, including, but not limited to, any voting (other than in connection with the whisky assets), distribution, redemption, liquidation, proprietary (including all forms of intellectual property), or

other financial or legal rights; is not a loan to CaskCoin Ltd.; and does not provide Purchaser with any ownership or other interest in CaskCoin Ltd.

#### **Non-investment purposes**

Purchaser acknowledges and agrees that Purchaser is not purchasing CaskCoin for purposes of investment, speculation, as some type of arbitrage strategy, for immediate resale or other financial purposes.

#### **CaskCoin may have no value**

The CaskCoin may have no value and there is no guarantee or representation of liquidity for CaskCoin. CaskCoin Ltd. is not and shall not be responsible for or liable for the market value of the CaskCoin, the transferability and/or liquidity of the CaskCoin and/or the availability of any market for CaskCoin through third parties or otherwise.

#### **Lack of development of market for CaskCoin**

There are no warranties that CaskCoin will be listed or made available for exchange for other cryptocurrency and/or fiat money. It shall be explicitly cautioned that if CaskCoin are made available on an exchange, such exchange, if any, may not be subject to regulatory oversight, and the CaskCoin does not give any warranties in relation to any exchange services providers. As there has been no prior public trading market for CaskCoin and the underlying whisky assets will not be traded to create liquidity, the Launch may not result in an active or liquid market for CaskCoin, and the price of CaskCoin may be volatile. CaskCoin holders may not be able to dispose of CaskCoin easily and where no secondary market develops, a CaskCoin holder may not be able to liquidate at all.

#### **Risk of unfavorable regulatory action in one or more Jurisdictions**

The regulatory status of cryptographic, digital assets, and blockchain technology is undeveloped, varies significantly among jurisdictions and is subject to significant uncertainty.

It is possible that certain jurisdictions may adopt laws, regulations, policies or rules directly or indirectly affecting the Bitcoin and Ethereum network, or restricting the right to acquire, own,

hold, sell, convert, trade, or use CaskCoin. Developments in laws, regulations, policies or rules may alter the nature of the operation of the blockchain network upon which the CaskCoin are dependent.

There can be no assurance that governmental authorities will not examine the operations of CaskCoin Ltd. Parties and/or pursue enforcement actions against CaskCoin Ltd. All of this may subject CaskCoin Ltd. to judgments, settlements, fines or penalties all of which could harm CaskCoin Ltd. reputation or lead to higher operational costs, which may, in turn, have a material adverse effect on the CaskCoin.

### **Purchaser bears responsibility of legal categorisation**

There is a risk that CaskCoin might be considered a security in certain jurisdictions, or that they might be considered to be a security in the future. The CaskCoin does not provide any warranty or guarantee as to whether the CaskCoin will be a security in the jurisdiction of the Purchaser. Each Purchaser will bear all consequences of CaskCoin being considered a security in their respective jurisdiction. Every Purchaser is responsible to confirm if the acquisition and/or disposal of CaskCoin is legal in its relevant jurisdiction, and each Purchaser undertakes not to use CaskCoin in any jurisdiction where doing so would be unlawful. If a Purchaser establishes that the purchase or use of CaskCoin is not legal in its jurisdiction, it should not acquire CaskCoin and immediately stop using or possessing CaskCoin.

Acquiring CaskCoin in exchange for cryptocurrency could be scrutinized by various regulatory bodies around the world, which may impact the usage of CaskCoin. The legal ability of the CaskCoin to provide or support CaskCoin in some jurisdictions may be eliminated by future regulation or legal actions. In the event the CaskCoin Ltd. determines that the purchase or usage of CaskCoin is illegal in a certain jurisdiction, the CaskCoin Ltd. may cease operations in that jurisdiction, or adjust CaskCoin in a way to comply with applicable law.

## **General security risks**

### **Risk of theft and hacking**

generation events and initial coin offerings are often targeted by hackers and bad actors. Hackers may attempt to interfere with the Purchaser's digital wallet, the CaskCoin Smart Contract or the availability of CaskCoin in any number of ways, including without limitation denial of service attacks, Sybil attacks, spoofing, smurfing, malware attacks, or consensus-based attacks. Any such attack may result in theft of Purchaser's CaskCoin.

### **Private Keys**

CaskCoin purchased by Purchaser may be held by Purchaser in Purchaser's digital wallet or vault, which requires a private key, or a combination of private keys, for access. Accordingly, loss of requisite private key(s) associated with Purchaser's digital wallet or vault storing CaskCoin will result in loss of such CaskCoin. Moreover, any third party that gains access to such private key(s), including by gaining access to login credentials of a hosted wallet or vault service Purchaser uses, may be able to misappropriate Purchaser's CaskCoin. CaskCoin Ltd. is not responsible for any such losses.

### **Risk of incompatible wallet service**

The wallet or wallet service provider used for the acquisition and storage of the CaskCoin has to be technically compatible with the CaskCoin. The failure to assure this may result in the Purchaser not being able to gain access to CaskCoin.

### **Risks associated with the CaskCoin smart contract and Associated software and/or infrastructure.**

The CaskCoin Smart Contract is based on the Ethereum blockchain. As such, any malfunction, unintended function or unexpected functioning of the Ethereum protocol may cause CaskCoin to malfunction or function in an unexpected or unintended manner.

The Ethereum blockchain rests on open source software, and accordingly there is the risk that the CaskCoin Smart Contract may contain intentional or unintentional bugs or weaknesses which may negatively affect CaskCoin or result in the loss or theft of CaskCoin or the loss of ability to access or control CaskCoin. In the event of such a software bug or weakness, there may be no remedy and CaskCoin holders are not guaranteed any remedy, refund or compensation.

On the Ethereum blockchain timing of block production is determined by proof of work so block production can occur at random times. For example, Ether transferred to CaskCoin's recipient digital wallet address in the final seconds of a distribution period may not get included for that period. Purchaser acknowledges and understands that the Ethereum blockchain may not include the Purchaser's transaction at the time Purchaser expects and Purchaser may not receive CaskCoin the same day Purchaser sends Ether. The Ethereum blockchain is prone to periodic congestion during which transactions can be delayed or lost. Individuals may also intentionally spam the Ethereum network in an attempt to gain an advantage in purchasing cryptographic. The Purchaser acknowledges and understands that Ethereum block producers may not include Purchaser's transaction when Purchaser wants or Purchaser's transaction may not be included at all.

Ether, the native unit of account of the Ethereum may itself lose value in ways similar to CaskCoin,

and also other ways. More information about Ethereum is available at <http://www.ethereum.org>

#### **Risk of mining attacks**

As with other decentralized cryptocurrencies, Ethereum blockchain, which is used for the CaskCoin, is susceptible to mining attacks, including but not limited to double-spend attacks, majority mining power attacks, "selfish-mining" attacks, and race condition attacks.

Any successful attacks present a risk to the CaskCoin, expected proper execution and sequencing of CaskCoin, and expected proper execution and sequencing of Ethereum contract computations in general. Despite the efforts of the CaskCoin and Ethereum Foundation, the risk of known or novel mining attacks exists. Mining attacks, as described above, may also target other blockchain networks, with which the CaskCoin interact with and consequently the CaskCoin may be impacted also in that way to the extent described above.