

MAGMA FOUNDATION

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1. INTRODUCTION

Recent crypto currency startups have succeeded in integrating physical gold into the block chain. Gold has always been a difficult asset to move. People would have to buy gold blocks and place them into a secure vault. The blockchain makes the process quicker and easier helping to protect your gold, reducing expenses, allowing the asset to be moved effortlessly across borders, all the while shielding your investment from theft and loss.

Gold's relative scarcity, its portability (you can carry small bars, coins or jewelry), and its great demand in industrial applications, make it a highly desired commodity. Cryptocurrency has adopted some of gold's benefits with the creation of a bitcoin that is uncommon. Through the introduction of a digital coin that can be easily and effortlessly transmitted and by the creation of a distributed, decentralized blockchain that aids business. Cryptocurrency also adds value by making one's transactions fast, secure and transparent.

1.1 WHY INVEST IN GOLD:

Magma Foundation is working with gold and cryptocurrency. They also possess the marketing, programming, logical, technical, and operational skills needed to accomplish this project. Gold helps you use your gold-backed investments as credible collateral. You'll be able to trade gold quickly and easily and gain higher returns from your gold funds as bullion prices rise.

By now miners have extracted more than 60,000 tons of gold from the earth, half of which finds its way into the pockets and accounts of ordinary people. Our idea is nothing short of revolutionary: we plan to convert this gold into blockchain-encrypted tokens to help owners

protect their valuables, to help investors move their gold rapidly and easily from one part of the world to another, and to help companies and individuals hedge their gold against market volatility. In this way, we predict that in five to seven years, gold will be stored in, traded, and invested by automated vending machines, and that our GOLD cryptoasset will become the trading unit for these operations.

2.ABOUT MAGMA FOUNDATION

2.1 WHAT IS MAGMA FOUNDATION

Magma foundation co-funded by Dubai's largest private multi-billion dollar company. The first Blockchain-based universe for decentralized trading, investing and education in financial markets, Magma Foundation runs on a blockchain ledger and works through a digitized cryptoasset called GOLD, whose cryptocurrency value is based on physical gold. The decentralized platform uses a special blockchain that helps gold owners trade, loan, invest in and, generally, use their commodities for profit...The company uses exchange-traded funds (ETF) or physical gold (of 999 quality) as its security. Magma gold reserves equal or exceed its mined amounts of GOLD.

Differences between Magma and other gold cryptocurrency blockchains include the following:

- Magma initially uses ERC20 Platform but will switch to its own blockchain.
- Magma uses its own Market place for the trading of precious metals like Gold Silver Platinum and in future the platform will trade in **Diamonds**.
- Magma is the first physically gold based cryptocurrency where the MAGMA holders can redeem their coin against customized physical Gold Coin anytime.
- 100% transparency of information about all Gold owned by Magma, disclosing the company's gold reserves.
- Magma uses the decentralized blockchain for smart contracts and for harboring its cryptoassets ! Magma uses ETF for liquidity and elasticity. ETF helps you trade gold much faster than physical gold does.

2.2 MAGMA OVER VIEW



2.3 WHAT MAGMA IS OFFERING

Key Products

Proof of Asset Card (POAC) consists of the below information permanently uploaded into the decentralized -



2.4 WHY PURCHASE MAGMA

Magma Tokens are premixed via an Ethereum Smart Contract. Each Magma token represents X amount of Gold Miligram of Gold. Moreover you can trade



MAGMA coin in our marketplace and can sell or buy Gold as per our smart Contract.

3. TARGET MARKET

3.1 CRYPTO TRADERS

These participants can use GOLD for hedging cryptocurrency volatility GOLD can also be used to convert cryptocurrency into fiat.

3.2 STANDARD INVESTORS

These investors may want to buy GOLD as cryptocurrency or as a type of security.

3.3 E-COMMERCE AND SELF-EMPLOYED INDIVIDUALS

GOLD can be used to pay than for goods and services. Its low volatility as an asset and its predictability make it an invaluable form of currency.

3.4 BANKS

GOLD cryptoassets give banks new opportunities. There is free liquidity and extra earning potential from trading gold into fiat and vice versa. The use of cryptocurrency has become a major industry. Banks can profit from earning standard commissions on gold storage, and from using the Magma cash Today, overall cryptocurrency circulation has exceeded \$700 billion a year and the commissions for deposit and withdrawal are more 5%. In case the bank sets lower commissions for GOLD buy/sell for a client, Most transactions (cryptocurrency deposit and withdrawal) will switch from underground exchanges to the banks. At the same time, the integration with GOLD only is necessary, while all the other crypto currencies can be purchased on a crypto exchange directly. Banks also have revenues from cash management and commissions charged for stored gold owned by Magma Foundation. Another source of income for banks is revenue from the partner program which includes adding GOLD digital assets to the product line of the bank's department of wealth management.

4. MAGMA PROOF OF ASSET PARTICIPANTS (BLOCKCHAIN ORACLE ENTITIES)

4.1 ASSET VENDOR

ValueMax Singapore, a publicly listed company, supplies London Bullion Market Association (LBMA) certified gold bullion bars through the MAGMA Marketplace. Established in 1988, they provide pawnbroking services, retail and trading of pre-owned jewellery, gold and luxury time pieces.

4.2 INDEPENDENT AUDITOR

Bureau Veritas Inspectorate will carry out quarterly checks on the quality and quantity at our custodian vault to ensure accounting is upheld. They are a multinational group with capabilities in an extensive range of commodities, providing independent inspection, sampling and testing services of precious metals.

Every gold bullion is rigorously tested with precision instruments at Audit. We perform such measurements using Ultrasonic Gauge Measurements (UTM) and densometers. UTM is a method of performing non-destructive measurement (gauging) of the local thickness of a solid element basing on the time taken by the ultrasound wave to return to the surface. Densometers are devices that measure the density of objects with water displacement.

4.3 PARTICIPATING CUSTODIAN VAULT

Malca-Amit's state of the art facility near Singapore Changi International Airport is located in the Le Freeport of Singapore, a 25,000 sqm high-security and climate-controlled facility featuring cutting edge security technologies enhanced by green building engineering.

4.4 MAGMA ETHEREUM IMPLEMENTATION

MAGMA is implemented as an ERC20 standard token This enables MAGMA to use smart-contracts for its mechanisms, and will enable the development of a user-friendly interface as DAPP on the Ethereum network.

4.5 LENDING AND MICROFINANCE

Dapps can utilize MAGMA Gold for peer to peer lending. A borrower can call for funding through a Dapp based on his risk profile and reputation and negotiate a rate of return on the borrowed funds. Interest / yield payments can be serviced at regular intervals with a penalty system in place for late payments. This has already been done with bitcoin , but due to the price volatility of cryptocurrencies, lenders may lose more of their asset value than what can be earned from the interest during the period of the loan. The price stability of MAGMA Gold Tokens can facilitate the adoption rate of such services.

4.6 DISHONEST ENTITIES AND COLLUSION IN THE CHAIN OF CUSTODY

MAGMA works with entities in jurisdictions that provide stringent regulatory oversight and corporate governance. The entities we have engaged with are either publicly listed or well known in the industry for providing their niche service. Each entity that we have engaged with performs a separate function to prevent cheating. For instance, the asset vendor for physical assets cannot also be the asset custodian. The interest in the service has to be independent of one another. While the risk of collusion is a real possibility, it is at the cost of severe reputational and legal damages to the colluding participants. As these entities provide similar other services to other customers and such reputational and legal damages to their core business would be detrimental to their business, we can make a fair assumption that they will act in a rational manner.

4.7 MULTI-PARTY TRUST MECHANISM

(a) Physical Assets

The MAGMA system relies on multiple independent participants to provide a transparent platform for the tokenization of physical assets. We can assume that miners in a Proof of Work based crypto-currency system will act rationally, that is, that they would act in a way to maximize and protect their long term profits by performing their role of transaction verification. We assume that a cartel of rational miners would not collude to perform double

spending attacks as such attacks would cause reputational damage to the entire system. We must therefore assume that in the MAGMA system which is the tri-party system consisting of asset providing vendors, the asset custodian in charge of storing and securing the asset from theft, and the auditor in charge of "LBMA - FAQs". The London Bullion Market Association.ensuring the authenticity of the reported assets in custody are all acting in a rational manner who are trying to maximize their profits from the fees that they collect for their service.Mitigating Potential Points of Failure with Real World Governance Dishonest Entities and collusion in the chain of custody MAGMA works with entities in jurisdictions that provide stringent regulatory oversight and corporate governance. The entities we have engaged with are either publicly listed or well known in the industry for providing their niche service. Each entity that we have engaged with performs a separate function to prevent cheating. For instance, the asset vendor for physical assets cannot also be the asset custodian. The interest in the service has to be independent of one another.While the risk of collusion is a real possibility, it is at the cost of severe reputational and legal damages to the colluding participants. As these entities provide similar other services to other customers and such reputational and legal damages to their core business would be detrimental to their business, we can make a fair assumption that they will act in a rational manner.

(b) public ledger

The blockchains combine the function of consensus with the function of public ledger, they are nonetheless distinct and could be separated in different systems. While consensus is used to prevent double-spending by linking new transactions to the history of all transactions, the function of the public ledger is to represent all transactions and distributions in currency, or rather to publicly represent objective information in general. Because the blockchain combines both functions, it requires synchronicity of the system and the whole of the past must be included in every full node.

5. MAGMA KEY BENEFITS

- No centralised database management of Crypto Asset records



- Secure Cold Storage of CryptoAssets Magma Vaults is a cold storage wallet custodial service for cryptoassets and crypto currencies on Ethereum Platform.
- All asset data is recorded on the blockchain and exists indefinitely. Even if MAGMA folds, every proof generated can be verified and are admissible in a court of law in the applicable jurisdiction.
- MAGMA Coin can provide a better and less volatile store of value for Escrow services on the blockchain.
- A Dapp can provide crowdfunding opportunities with cryptocurrencies and cryptoassets, or offer convertibility of cryptocurrencies to MAGMA Coin as a hedge to price volatility
- Cryptocurrencies can stake a portion of its value with MAGMA Coin and Gold Assets, backing its value with Gold.
- When exchanges integrate MAGMA Coin as a cryptocurrency pair, they will be able to offer a gold hedge to cryptocurrencies as part of their service offering. Wealth management services that adjusts your cryptocurrency / crypto asset holdings can be developed to manage an individual's crypto financial risk profile.
- Privately held assets can be safely and efficiently used as collateral without going through lengthy verification process to ascertain an asset's existence and authenticity

6. THE PROOF OF ASSET

An established auditor, Inspectorate Bureau Veritas, provides quarterly audits. They are a world leader in Testing and Inspections. The Proof of Asset process requires that regular quarterly or more frequent audits to be performed by a 3rd party auditor in MAGMA Foundation. Beuruveritus will perform the entire collection of gold assets held at the custodian vaults. The auditor performs a complete audit of each gold bar which includes verification of its authenticity, weight, and physical examination to detect anomalies or defects. The auditor submits a record on the Gold Registry contract for each and every single bar that has been audited, which contains an IPFS reference to a signed paper documentation, the auditor's Ethereum identity, and a pass or fail result. Magma receives its revenues through the collection of transaction fees paid in the form of MAGMA coin. These tokens are held in an escrow contract which can only release the tokens to a specified address after the successful completion of a 3rd party audit.