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White Paper: PETRODOLLARS (“PDX”), a new cryptocurrency.

A Globally Compliant Digital Reserve Currency

www.PetroDollars.io

CONTACT: info@signalcapitalmanagement.co

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EXECUTIVE SUMMARY:

PetroDollars (“PDX”) is a newly created and legally compliant digital currency supported by independently certified proved recoverable oil and gas reserves. PetroDollars enables individuals and organizations to utilize a transparent digital currency backed by independently certified crude oil and natural gas reserves in the ground, and either in production, or ready for development. Each of the total number of PetroDollars tokens created represents the net recovered value of at least one reserve barrel of crude oil or its natural gas equivalent, and will be backed by oil and gas assets and interests in oil producing properties with an aggregate initial value approximating or exceeding the aggregate value of all PetroDollars tokens in circulation. PetroDollars has been created and structured so as to become a leading safe-harbor tokenized store of value. PetroDollars’ value inherent in a transferable digital token will enable holders to store and preserve wealth, and engage in commercial and consumer transactions. PetroDollars will be subject to the relevant laws in all applicable jurisdictions. Financial statements related to PetroDollars and its oil reserves will be prepared in accordance with U.S. generally accepted accounting principles or similar standards as may apply in other jurisdictions, and may be subject to independent audits. Holders of PetroDollars are expected to be taxed only upon any gains (or losses) from their sale of PetroDollars. PetroDollars will initially be based upon Ethereum-enabled blockchain technology in order to provide a robust and decentralized method of verification, tracking and exchange. The Ethereum blockchain is expected to provide an auditable and cryptographically secured global ledger and will facilitate transactions with other familiar currencies and assets. PetroDollars is being designed to represent the seamless electronic transferability of the value inherent in its underlying physical assets. PetroDollars’ specific structure, independently certified underlying value, and potentially lower market volatility may provide economic advantages to its holders. In particular (i) PetroDollars will be a reliable store of value, medium of exchange and unit of account, (ii) PetroDollars will enable holders of other digital or national currencies to lock in gains and/or protect against adverse declines in value due to inflation, volatility or currency devaluation. These characteristics, together with a focus on transparency and regulatory compliance, position PetroDollars to be a top safe haven digital currency capable of appealing to investors and consumers worldwide, regardless of size or sophistication.

PetroDollars tokens will be nominally hard-capped at 500 million tokens. There can theoretically never be more than this amount on issue, subject to certain algorithmically-dictated conditions or limitations as elsewhere defined herein. Of these, 476 million tokens are expected to be retained for future issuances and sales for either of cash, cash equivalents, and or hard assets with clearly verifiable values (i.e. real estate), including but not limited to in exchange for additional proved and probable oil and gas reserves. Approximately 15 million will be or have already been issued to an affiliated oil and gas company, which will sell tokens in both the PCP and ICO to raise money for the development of the oil and gas reserves backing

PetroDollars, as well as for possible future issuances to acquire additional producing or developmental but proved oil and gas assets.

1. PetroDollars Description

PetroDollars will trade and be known and identified as both “Petrodollars”, its formal name, and as “PDX”, its three-letter symbol, and may be referred to herein under either designation.

1.1 PetroDollars will be Supported by Substantial Underlying Value

Most fiat and digital currencies lack the backing of underlying tangible assets. PetroDollars is a digital de facto interest in physical reserves of crude oil and natural gas. PetroDollars offers all of the advantages of blockchain-enabled digital currencies while providing a verifiable asset base to protect its value, stability and security as a medium of exchange. By originating one of the first compliant, petroleum-supported digital currencies, PetroDollars will open the use of digital currencies to a significant portion of the global trade and financial markets that have previously shied away from full-scale adoption. PetroDollars fully supports the use of a public blockchain as a means to facilitate private exchange and fundamentally believes that blockchain technology will permeate the transfer of data and value over the coming years and decades. PetroDollars is committed to working with domestic and global governmental agencies, financial institutions, traders and users of commodities to develop protocols to help facilitate PetroDollars’ adoption as a leading digital reserve currency.

1.2 PetroDollars is Fully Transparent and Committed to Legal Compliance

1.2.1 Many existing digital currencies have been designed, built and managed by an individual or small team, and leading digital currencies are frequently transferred via exchanges or wallets. Ergo, there is a “trusted third party”. However, the principals behind those third parties and their motivations are often wholly or partly unknown, and in most instances have not been subject to governmental or private scrutiny. Cryptographic proof of existence and exchange provides assurances of existence and exchange, but nothing more. Rather than abide by the fiction that there is no trusted third party necessary to facilitate trade in digital currencies, *PetroDollars recognizes that current digital currencies could not exist without trusted third parties, and therefore*

will actively seek to foster that trust by providing transparent leadership and complying with applicable financial, tax, and currency regulations.

1.2.2 PetroDollars is committed to legal compliance for itself, the exchanges on which it trades and its holders, buyers and sellers.

1.2.3 While PetroDollars is committed to enabling the pseudonymous exchange of value, it will do so in compliance with all regulations governing such transfers. PetroDollars will be positioned to become a global leader in setting the standards for transparency and disclosure for digital currencies, thereby facilitating its use in global trade and commerce.

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

Estimates of global wealth exceed USD400 trillion. The migration of some interests in these assets into digital currency through blockchain-enabled applications represents an enormous opportunity for early supporters of PetroDollars to help create, develop and profit from the development of what is intended to become a preeminent globally accepted digital currency. Various governments are supporting adoption of blockchain enabled peer-to-peer transfers by enacting legislation designed to facilitate trade in select digital currencies. Ongoing developments to create personal accountability and investor and consumer protections will ultimately expand the universe of potential holders of digital currencies. As the universe of digital currencies has evolved, numerous digital currency exchanges also evolved to allow users to convert digital currencies into fiat currency, other digital currencies, gold or other assets. PetroDollars significantly expands upon these developments by linking a digital token to the value of underlying oil reserves and other assets. While all financial institutions and commercial vendors accept fiat currency as payment for assets and services, many have refused or are unable to engage in transactions involving digital currencies. As a preeminent and globally highly liquid asset, oil serves as a valid commodity to which a successful digital currency can be linked.

3. Initial Technical Considerations

PetroDollars will be issued as a digital token on the Ethereum blockchain via the ERC20 protocol. Each PetroDollars token issued into circulation will be supported initially by independently certified oil and gas reserves, or oil equivalent. PetroDollars will partner with leading globally recognized institutions (audit, and petroleum engineering) in order to cost-effectively and securely build, audit, and monitor the pool of oil reserves benefiting all PetroDollars holders. Once a PetroDollars token has been issued, it can be

held, transferred or exchanged, subject to applicable law, either in whole or in part, in the same manner as Bitcoin, Ether or other digital currencies. At any given time in its first 10 years, PetroDollars' underlying reserve barrels of oil will approximate not less than the number of PetroDollars tokens in circulation. This simple configuration most easily supports a reliable audit of oil and gas reserves; a process which is fundamental to maintaining the price parity between PetroDollars in circulation and the underlying hydrocarbon reserves. As this information is expected to be publicly reported, and PetroDollars will be supported by verified commodity reserves, PetroDollars will present a far more reliable store of value than other digital currencies where proof of coins is limited to exchange and wallet audits. Following the initial Private Coin Placement ("PCP"), the follow-on Initial Coin Offering ("ICO") of PetroDollars will allow users to purchase PetroDollars directly from www.PetroDollars.io (our dedicated site and web-wallet) in addition to certain exchange platforms. Users can also transact and store PetroDollars with any ERC20-enabled wallet. PetroDollars will promote and encourage integration into other exchanges, wallets and merchants and will encourage them to collaborate to integrate PetroDollars as a surrogate for traditional fiat payment methods. Because the entities carrying out the PetroDollars enterprise will act as a custodian of reserve oil assets, the operation and maintenance of PetroDollars (like many other digital currencies) is not completely decentralized. PetroDollars' commitment to regulatory compliance, maintenance of asset reserves and price stability sets the cornerstone for building future innovations that will create a robust platform for new products and services, and support the growth and utility of PetroDollars over the long run. Institutions and individuals who wish to maintain their digital currency holdings in digital form but also seek the most reputable, stable and secure digital currency will see PetroDollars as the most viable alternative. As an emerging digital currency, PetroDollars seeks to be easy to buy, sell, use and hold. In particular (i) PetroDollars will at the time of the ICO exist on the Ethereum blockchain (or globally acceptable equivalent), and avoids the limitations of operating within a less developed blockchain or within closed-source software running on a centralized, private database, (ii) PetroDollars may be used in the same manner as other digital currencies, held as a store of value or transferred from peer-to-peer in a pseudonymous, decentralized, cryptographically secure environment, (iii) PetroDollars can be easily integrated with merchants, exchanges and wallets, (iv) PetroDollars inherits the properties of the ERC20 protocol which include decentralized exchange; clearly defined and auditable smart contract structures; browser-based, open-source, wallet encryption; and blockchain-based transparency, accountability, multi-party security and reporting functions, and (v) each of the *total* 500 million PetroDollars tokens will be supported by a minimum of one reserve barrel of oil and oil equivalent, making its value proposition straight forward and easily understood.

4. Internal Monetary Policy

So as to underwrite intrinsic value, each of the aggregate number of PetroDollars tokens created will, for the foreseeable future (expected to be at least 10 years), seek to maintain a minimum one-to-one ratio with a single reserve barrel of oil, or oil equivalent, across all reserve categories (proven, probable, and possible). This equilibrium will be achieved through the management and development of oil and gas reserves, and the number of PetroDollars in circulation, which will be hard-capped subject to certain protective provisions. Should demand for PetroDollars cause the price of a single PetroDollars token to rise above the spot price of a barrel of oil on global markets, additional PetroDollars may be issued in private or open market transactions and the proceeds will be invested in additional oil reserves, or hard assets of equivalent value. This method of issuing PetroDollars and the corresponding investment in or development and gradual liquidation of hydrocarbon reserves may provide stability to the market price of PetroDollars relative to the spot price of a barrel of crude oil, or oil equivalents, and may provide assurances that the *in-situ* value of underlying recoverable oil reserves, and other assets, will reasonably approximate the aggregate value of all issued PetroDollars. While maintaining price stability of digital currencies through algorithmic purchase and sale may be appropriate in certain circumstances, and while it is possible as a technical matter to link such an algorithm to a programmed purchase and sale of oil assets, such an approach would be likely to result in (i) the decoupling of the number of PetroDollars in circulation from an approximately equivalent number of reserve barrels of oil, and (ii) a highly volatile stock of oil reserve assets adding unnecessary and avoidable transaction costs which would reduce the value of PetroDollars' supporting oil reserve assets. Accordingly, repurchases and new sales of PetroDollars and oil reserves to support price stability may be made on a periodic basis as the price of PetroDollars and the price of a single barrel of oil diverge by more than a specified margin. Stability and Liquidity are twin bedrocks of PetroDollars, alongside the token adoption base.

5. PetroDollars' Use in Commercial and Consumer Transactions

PetroDollars will be capable of widespread utility and adoption for use in cross-border commercial transactions in oil and oil related assets, among many other and more general uses. At present, ordinary consumer transactions in digital currencies have had significant appeal but limited adoption. This is due to a variety of factors, the most significant of which is the absence of a practical and ubiquitous solution which enables a

consumer to pay for goods and services in digital currency and allow a vendor to receive immediate and guaranteed payment for a fixed amount of local fiat currency.

PetroDollars will develop a partial but workable and highly effective solution to this problem through the use of branded debit cards supported by PetroDollars' valuable petroleum reserve assets, *and issued through PetroDollars' internally-owned licensed offshore banking entity(ies)*. Under the PetroDollars debit card program a holder of PetroDollars may reserve a portion of their PetroDollars to support their card issuance and use. From the vantage point of a PetroDollars debit card holder, their holdings of PetroDollars will be reduced as they make purchases. From the vantage point of the vendor, they receive immediate payment in full in local currency without making any modification to their ordinary business practices.

6. Overview of Global Cryptocurrency Market

6.1 Benefits of Cryptocurrencies

PetroDollars-based transactions, like other digital currencies, will be recorded in a blockchain distributed ledger. As a result, transactions in PetroDollars will be trustless, censorship-resistant, permissionless, and private. Unlike other forms of asset control or money transfer, once a transaction in PetroDollars is confirmed by the blockchain network, it will become irreversible. PetroDollars will utilize best available protocols for digital currencies and will help promote the ongoing change in the way global financial transactions occur by removing artificial barriers caused by legacy financial institutions, enabling:

- True anonymous digital payments anywhere in the world
- Very transaction fees and processing times compared to traditional methods
- Payments between anonymous parties, ensuring privacy

6.2 Volatility and Dominance of Leading Cryptocurrencies

The volatility displayed by leading digital currencies as they compete for global dominance has given markets and investors a way to speculate, as new digital currencies continue to emerge. The market role of a digital currency like PetroDollars - which is fully digital and blockchain supported but is also directly linked to and supported by tangible asset values – can be expected to be an increasingly important one in future years.

6.3 Market Position of PetroDollars

PetroDollars' *Pre-ICO* market capitalization based on all 500 million tokens including those created and reserved and held by SCM and PetroDollar AG for future issuance is US\$7.5 billion, making it the 14th. largest cryptocurrency out of more than 1,500 in existence, and based on market prices as at January 24, 2018.

PetroDollars' projected *gross* market capitalization on completion of the ICO is US\$17.5 billion, which will place it among the world's largest cryptocurrencies based on market prices for all nearly 1,500 cryptocurrencies in existence as at January 24, 2018.

CRYPTOCURRENCY MARKET RISKS, AND VOLATILITY:

While it's clear digital currency has advantages over government-issued legal tender, wise investors should be aware there are risks involved in the investment and use of cryptocurrency.

For example, digital currency is used just like traditional bill-and-coin currency for purchases and online payments, but it's also considered a commodity, just like silver or gold. That means it's just as vulnerable to market fluctuations as any other commodity or stock would be. We aren't pointing this out to warn people away from making cryptocurrency investments, but to make it clear the market can move up and down—and, as is the nature of a young and active commodity—it can sometimes do so quite wildly. It's best to take a longer “big picture” view of your investment, as opposed to letting a momentary drop in value send you into a panic.

Digital currency coins are encrypted to keep them secure—but there's a potential drawback there. This coding identifies the currency itself, but not its owner. Whoever holds the coin's encryption code *becomes* its owner, and there's nothing in the coin's coding that says it belongs specifically to you—or to anyone else. This built-in anonymity feature means when a coin is stolen, it's *gone*—and you have little to no recourse in getting it back.

Cryptocurrency can, in theory, become worthless; [Bitcoin](#) admits as much on their FAQ page. Investor interest could drop off, the overall effects of world economies could become so severe as to affect cryptocurrency value—even with safeguards in place, extreme factors could have an effect. Just as you should be aware of the market risks we listed above, you should also know other risks can affect digital currency—just as they can any financial tool. Again, it's not a reason to give up and walk away—but you should go into the situation with your eyes wide open.

The investor will have noticed the massive increase in attention, demand, and volatility in the world of cryptocurrency.

While many people are jumping into digital currencies like Bitcoin, and trying to make money off a quick trade, the business of accepting and paying with digital currency is on the rise. However, with such volatility in this space, one might wonder how they can successfully run a business when accepting digital currencies when it's price can heavily fluctuate in a short period of time.

One of the most popular and shared stories on such a topic is the [guy who paid for a pizza in Bitcoin](#) back in 2010. If he had saved those Bitcoin instead of buying that pizza, today they would be worth roughly \$20 million.

This is a rare scenario and one that doesn't happen as often today, as individuals and businesses who now accept Bitcoin and other cryptocurrencies as a form of payment have since realized how to make such transactions legitimate and make sense for both sides of the party. However, the true value of digital currency is still up in the air.

Today we are going to highlight a few examples on what's working best in the crazy world of cryptocurrency and how businesses are trying to figure out how to best use it.

While Bitcoin and Ethereum are two of the most popular and volatile cryptocurrencies on the market today, new crypto coins are being created every day. It's not just about adding a new cryptocurrency to the market, it's also about having more control in the process.

A perfect example of this can be seen with the online peer-to-peer marketplace, [CanYa](#), which has recently gone through the process of releasing its own digital currency in the process. With both buyers and sellers on their platform, there needs to be a level playing field for how much money is going in and out at all times. At the same time, with digital currency now being more in demand, online marketplaces and businesses aren't just accepting Bitcoin or Ethereum, they are actually coming out with coins of their own as well.

In the case of CanYa, when someone joins their network they can pay with a credit card which will then be transferred into CanYa Coins — which then again can be transferred to any other payment method of choice when making a withdrawal. This method and process are in place through a hedged escrow contract solution, which helps eliminate fluctuation in daily action and volatility in cryptocurrency price.

How to Put a Price on a Digital Currency

For digital currency to have its place in the world and for more businesses and customers to implement it into their daily lives, they also need to have an understanding of what it's actually worth. This is something that is still up in the air, as the value in Bitcoin and other cryptocurrencies are changing daily based on demand and its volatile tech environment.

In a recent article by [Christopher Georgen](#), he discusses the many important factors of cryptocurrency pricing and what elements and factors come into play. As noted in his article, Christopher says:

“To put it bluntly, in order for cryptocurrencies to achieve broader adoption, they must be at least as good as those currencies against which they are competing.”

To back up this statement, he also gives examples of how this can be done:

- **Medium of Exchange** – A community uses beaver pelts as a medium to trade for other goods.
- **Unit of Account** – Housing prices in Japan can be compared using the yen as a unit of account.
- **Store of Value** – An ounce of gold could buy a toga in Roman times, yet it can still buy a nice suit today.

As you can see, there have been many forms of currency over history — all of which have fluctuated in value over time. The difference is that there was a perceived value for each at its time. The same is currently in the works with cryptocurrencies as well.

More Stability as More Players Adapt Crypto

One of the best ways we can continue to see less volatility in the world of digital currency is with the adoption of more businesses and individuals using it. While finding merchants and brands who accept Bitcoin or other cryptocurrencies is still rare, it's a number that is continuing to grow on a daily basis. As more businesses continue to move into the space, digital currencies will become more commonplace as a form of global payments. We can look back to an article in [Bitcoin Magazine from 2014](#), in which they said:

"Like any currency, insufficient market demand could render such a system unstable. If enough people want to sell, the price will have to fall. It might be ideal to program the currency to maintain slight deflation, to make for a safer alternative investment to other cryptocurrencies."

With this in mind, here we are in 2017 and adaptation towards cryptocurrency has significantly been on the rise since 2014. It's no longer a question of if market demand will accept this form of payment, it's simply a matter of how fast and how soon it will happen globally.

Cryptocurrencies Are Here to Stay

Even with all of the volatility in the cryptocurrency market today, it's safe to say that it's technology and influence in the world of business and transactions is here to stay.

As more individuals and [businesses continue to adapt with these changing times](#), cryptocurrency and digital payments will soon become a part of our everyday lives. With each element and pricing factor coming together more daily, we will start to see less volatility in this space while seeing more activity in usage in the process.

PetroDollars implied volatility

For the reasons addressed in detail in the Overview section of this paper (pages 4 to 14) PetroDollars is expected to have a much lower implied volatility as it is backed by proven hydrocarbon reserves in the ground, and at least half of those are in the US, a politically stable country. Investors should understand that, notwithstanding this, any significant dislocation between the PetroDollars token market price and the market prices for hydrocarbons will lead to higher implied volatility, and that this could occur. For example, if the price of a PetroDollars rose to US\$250 due to overall popularity, usage, and demand, while the price of crude oil was \$60 per barrel of oil equivalent, this would generate a dislocation event with higher attendant risk of volatility.

LIQUIDITY ISSUES IN GENERAL, AND SPECIFICALLY TO PETRODOLLARS:

The total market capitalization of cryptocurrencies was \$570 billion, as at January 24, 2018, up from \$16 billion at the beginning of 2017.

But before the world can conduct a significant amount of its transactions via cryptocurrency markets, the problem of liquidity must be addressed.

Liquidity refers to the extent to which a market allows assets to be bought and sold at stable prices. Lower liquidity tends to result in a more volatile market (especially when large orders are placed), and it causes prices to change more drastically; whereas higher liquidity creates a less volatile market, and prices do not fluctuate as significantly.

Today, cash is the most liquid asset. If a transaction of \$1 million takes place, the market is able to absorb that transaction easily without the value of the dollar drastically changing. Costs associated with the transaction, and the value of the currency at the time of the transaction, are also known beforehand.

However, the same transaction in bitcoin, or any other cryptocurrency, has a much greater effect on the cryptocurrency's value.

This is because of the market's lack of liquidity. The amount of cryptocurrency available on a specific trading platform can run out, requiring the buyer to complete the transaction at 1–10 percent more than expected.

To complete the same transaction of \$1 million, it could end up costing between \$10,000 and \$100,000 more than the original price to make the trade.

Decentralized trading platforms

Until now, the cryptocurrency space has been dominated by centralized exchanges that help facilitate transaction from government currencies to cryptocurrencies.

Centralized exchanges, like Coinbase, are easy to access and easy to use. However, as many have failed to adequately secure their customers' funds, [decentralized exchanges](#) are becoming a popular concept.

Centralized exchanges have been simply unprepared for the recent influx of users, causing major system failures and attracting the [attention of hackers](#). While some centralized exchanges are more secure than others, there's still been a number of security failures, like last

year's [Bitfinex](#) hack, which resulted in thousands of users losing their savings (until it was later repaid).

Decentralized trading platforms offer an alternative, and perhaps even more valuable service, by promising greater security and transparency. They do not rely on third-party services to hold customer funds. Instead, peer-to-peer transactions are possible through an automated process.

The benefit of using a decentralized exchange is that there is no need to put any trust in the exchange platform itself, as the funds are held by the user in a personal wallet, rather than with a third party. Decentralized exchanges can also provide more privacy, while reducing the risk of server downtime, if only for those who are more tech-savvy.

Unfortunately, decentralized trading platforms still lack the commodity, easy of use, and overall "user support" to attract a mainstream user base. Therefore, the liquidity and market depth of these exchanges is still quite low.

Addressing the liquidity challenge

Improving the liquidity in decentralizing trading platforms is one way to help encourage mainstream adoption. Of course, many factors contribute to the liquidity of an asset. But, if the ways in which consumers make monetary transactions using cryptocurrencies could be simplified, then it's not difficult to imagine that the demand for such assets would increase.

There's little doubt that trading cryptocurrencies will continue to take place on different kinds of exchanges for the foreseeable future without a single, more stable asset emerging to keep their value in check. This means that overcoming market fragmentation and liquidity problems will require a unique solution.

One approach to solving the challenges that exist in decentralized exchanges is to [reduce the cost of the switch](#) for cryptocurrency traders. If an on-chain platform can tap into multiple reserves, and lower the barriers of switching from one exchange to another by working with various wallet providers, then users can log into their wallets and execute a token conversion without ever leaving their wallets.

This allows receipts to access payments from any token that a decentralized platform supports.

Token-to-token convertibility is not the only approach to solving the liquidity challenge. There are many other unique ideas on how to help users execute cross-network transactions seamlessly and at reasonable rates – and these solutions are opening up entirely new ways for the greater public to participate in the cryptocurrency ecosystem.

Furthermore, liquidity is not the only factor in the adoption of the technology, but it stands to be a critical component in how the market matures. Promoting liquidity in the blockchain

ecosystem, and specifically in decentralized exchanges, will be key to improving the general public's perception of cryptocurrencies as a valuable way to trade currencies safely and securely.

At the PetroDollars / entity level

At an entity or token level, liquidity is also a function of (a) the specific features, utility, and advantages of the cryptocurrency product on offer, and (b) how widely adopted and held the cryptocurrency is in the marketplace. The more people and entities owning, trading, and using the token, and the more exchanges it is available on, then the better the liquidity. In this respect it is not unlike traded securities. Other factors can affect liquidity, such as whether or not there is the ability to trade and hedge PetroDollars in the derivatives markets, i.e. options and futures, and the ability to exchange it with other cryptocurrencies and fiat / sovereign currencies.

PetroDollars market liquidity will be minimal in the very short-term but can be expected to grow very substantially as the token is more widely adopted and known, and promoted, particularly following the ICO. The more widely adopted and known, the more will be its utility as a medium of exchange and payments, and the more readily convertible it will be into other currencies. *Perhaps unique to PetroDollars, for now at least, our post-ICO physical banking infrastructure and deposit base will greatly facilitate this feature.* We will ensure that PetroDollars will be traded on as many cryptocurrency exchanges as possible, globally, with fast transaction times and minimal transaction costs. Our goal is to have at least 500,000, PetroDollars token holders within 12 months.

While it isn't possible or practical to try to accurately predict how PetroDollars will trade in secondary markets post-ICO, some indications can be gleaned from looking at the daily performance and trading volumes of many other cryptocurrencies, through the coinmarketcap.com website. As will be seen from a review of daily trading activity covering almost 1500 cryptocurrencies listed on that site, it would not be unreasonable to assume that PetroDollars could or would see daily volume and liquidity equal to at least three (3) percent of the market value of its total issued and sold tokens. Therefore with at least 30 million tokens in circulation initially post-ICO (and 50 million to 60 million tokens in the 12 months following the ICO), we might expect to see an average 900,000 tokens traded per day, with a US dollar value of at least \$18 million based on the ICO price. Therefore PetroDollars can be seen to be a product with a potentially robust liquidity profile.

Similarly to Bitcoin and some other cryptocurrencies, PetroDollars can also be bought and sold in fractional interests of a token.

PETRODOLLARS STRUCTURAL AND ENTITY CONSIDERATIONS:

Signal Capital Management LLC (“SCM”) is a privately-held investment firm incorporated in Delaware, USA. SCM is evaluating, ahead of the full PetroDollars ICO, whether or not it should reincorporate in a tax-effective jurisdiction outside of the United States. Such a move would be for a combination of tax and regulatory reasons.

SCM is the principal shareholder in US-based OilCo Acquisition Holdings Inc. (“OilCo”), which is a roll-up entity for certain oil and gas assets in Texas, Oklahoma in the US, and in Colombia. OilCo’s two largest drilling and development projects are located in Zavala County, Texas, and in the northern part of Colombia. Both are large-scale shale oil & gas projects, and together are estimated by Ralph E. Davis Associates, a Houston-based independent petroleum engineering firm, to contain in excess of 680 million barrels of proved, probable, and possible recoverable reserves of crude oil and crude oil equivalents (natural gas, condensates, etc). This figure could increase substantially in line with changes and advances in drilling and production techniques. Original Oil in Place (“OOIP”) is in excess of 8 billion barrels, of which only the referenced 680 million barrels is estimated to be recoverable, using current drilling and production techniques, but which number could well increase over time, as production and drilling techniques in the oil and gas industry continue to evolve.

PetroDollars will have a nominal hard cap of 500 million tokens, but with a maximum expected 50 million to 60 million of these expected to be in general circulation following the completion of the ICO and in the 12 month period following the ICO. Each token, *of the total* 500 million tokens created, will be backed by an estimated 1.36 barrels of oil equivalent proved, probable, and possible recoverable reserves, and approximately 16 barrels of oil equivalent (BOE”) of OOIP.

Notwithstanding the foregoing, each token expected to be *in general circulation* by the end of the 12 month period following the ICO (estimated at as many as 60 million tokens) will in fact be backed by an estimated 11.33 BOE in the proved, probable, and possible (“3P”) recoverable reserve categories (as those terms are defined by the American Society of Petroleum Engineers and by the Securities Exchange Commission), and more than 133 barrels of OOIP.

PetroDollars will be managed through a separate entity to be incorporated in Zug, Switzerland, and which will be named PetroDollar AG. All issuances and sales of, and administration of, PetroDollars beyond the first tokens issued will be conducted by and through PetroDollar AG. PetroDollar AG will initially be a wholly owned unit of SCM, or any offshore successor entity to SCM, though will later be merged into and be a principal operating unit of our regulated commercial and consumer banking group.

As discussed in this White Paper, PetroDollar AG will own and operate a fully licensed commercial and retail banking entity, with global correspondent banking relationships. The bank will further service the funds transfer, depository, custodial, and other payments needs of PetroDollars token holders. The banking unit will also design and issue debit cards to all customers, usable globally, and interchangeable with certain other cryptocurrencies and non-cryptocurrencies. **The banking entity will be licensed in all EU / EAA countries and can accept deposits globally. All deposit accounts are insured by the European Central Bank ("ECB") for EU100,000.**

SCM and PetroDollar AG will initially place up to 17.7 million PetroDollars tokens into OilCo, including the flo-through benefits from the sale of at least 2.7 million tokens in the pre-ICO private accredited round, for resale through the Private Coin Placement ("PCP") and follow-on Initial Coin Offering ("ICO") process. A substantial portion of these will be held back for later sale or for exchanges for additional oil and gas assets in the US and elsewhere. The remaining PetroDollars tokens will be held by and owned by SCM and PetroDollar AG, and certain related entities, in a cryptographically-secured escrow account for selective and discretionary future sale, where demand and market conditions warrant. SCM and PetroDollar AG shall have sole discretion to select which projects, assets, and acquisitions will be funded with PetroDollars tokens, and such projects, assets, and acquisitions may from time to time include projects, assets and acquisitions unrelated to the oil and gas industry, such as investments in or acquisitions of additional banking and financial services firms, and technology firms, most especially in the payments, AI, and quantum computing spaces, that will substantially benefit and enhance the PetroDollars corporate and token holder ecosystem. SCM and PetroDollar AG expect to hold back 476 million PetroDollars tokens for such future sales and exchanges. The term "General circulation" refers to all PetroDollars tokens that are issued, but not *directly* retained by SCM or PetroDollar AG, however it may include tokens held by OilCo and or other affiliates, including our banking and technology units, not yet sold, but held for planned sale in the near-term future.

TECHNOLOGY AND DEVELOPMENT:

A strong technology backbone is essential to the establishment and operational performance of any cryptocurrency. PetroDollars, in addition to its own in-house engineering and development team, will be further supported by the following platforms and service providers:

Blockchain

Blockchain is the foundational and core technology underlying all cryptocurrencies.

A detailed description of Blockchain may be found at <https://en.wikipedia.org/wiki/Blockchain>

Operational Platforms

Ethereum is a **decentralized platform that runs smart contracts**: applications that run exactly as programmed without any possibility of downtime, censorship, fraud or third-party interference.

These apps run on a custom built **blockchain, an enormously powerful shared global infrastructure that can move value around and represent the ownership of property.**

This enables developers to create markets, store registries of debts or promises, move funds in accordance with instructions given long in the past (like a will or a futures contract) and many other things that have not been invented yet, all without a middleman or counterparty risk.

The project was bootstrapped via an ether presale in August 2014 by fans all around the world. It is developed by the Ethereum Foundation, a Swiss non-profit, with contributions from great minds across the globe.

The **Ethereum Wallet** is a gateway to decentralized applications on the Ethereum blockchain. It allows you to hold and secure ether and other crypto-assets built on Ethereum, as well as write, deploy and use smart contracts. A **smart contract** is a computer protocol intended to digitally facilitate, verify, or enforce the negotiation or performance of a **contract**. **Smart contracts** allow the performance of credible transactions without third parties. These transactions are trackable and irreversible. PetroDollars will be built against and based on Ethereum's industry-standard ERC20 protocol.

View detailed description at: <https://blockonomi.com/erc-20-token-guide/>

Notwithstanding our adoption of the Ethereum ERC20 Protocol, the reader should be aware that by the end of 2018 a technically and functionally superior (to Ethereum) open source protocol is expected to go live, and be available. This advanced new protocol is being developed by the US firm "Dfinity" (www.dfinity.org), and promises a considerably more powerful and

faster version of Ethereum, with vastly more processing capacity. We may therefore in 2019 elect to switch PetroDollars across to the Dfinity protocol, with no operational dislocation.

Ripple (from Ripple Technologies, Inc.) is a real-time gross settlement system (RTGS), currency exchange and remittance network by Ripple. Also called the **Ripple Transaction Protocol (RTXP)** or **Ripple protocol**, it is built upon a distributed open source Internet protocol, consensus ledger and native cryptocurrency called **XRP** (ripples). Released in 2012, Ripple purports to enable "secure, instantly and nearly free global financial transactions of any size with no chargebacks." It supports tokens representing fiat currency, cryptocurrency, commodity or any other unit of value such as frequent flier miles or mobile minutes. At its core, Ripple is based around a shared, public database or ledger, which uses a consensus process that allows for payments, exchanges and remittance in a distributed process.

PetroDollars may license and utilize Ripple's proprietary "**XCurrent**" global inter-bank rapid messaging platform in order to effect global payments and transfers in rapid real-time, and cheaply. PetroDollars may also license and utilize Ripple's proprietary "**XRapid**" platform that may enable PetroDollars to more effectively be exchanged for fiat currencies cheaply, and rapidly in real time.

PETRODOLLARS TECHNICAL, ENGINEERING, AND DEVELOPMENT TEAM

We are building out an extensive blockchain, product development, and R&D team, over time, and presently have an initial team in place, based in California. We are internally developing our own blockchain platform and functions, including but not limited to apps for the mobile use of PetroDollars in transactions payments and global transfers and apps tied to our planned internally-owned and operated commercial and retail banking units. We are also placing a high emphasis on developing and incorporating artificial intelligence-driven apps into our product suite, as well as in the further strengthening of our token-holder security platform and features.

Head of Development: A current member of the Blockchain Council. A Manager/Supervisor and Strategic leader with extensive experience in Website and eCommerce Development, Digital Content & Digital Marketing, and Web Content Management, and technology entrepreneur.

Developer 1

Learned to code when he was 6. Previously spent 5 years as VP Engineering for .XYZ gtltd extension. Managed an email service sending 2M per day. Made the first Star Trek movie iPhone app.

Skills:

Amazon Web Services Business Development, Business Operations, E-Commerce Product Development, Email Engineering, SoftwareDesign Management, Internet Operations,

Entertainment, Architect Programming, Flash Education Science

Developer 2

Full-stack software engineer with more than 6 years' experience. Specialized in JavaScript and Ruby on Rails. Can build prototypes / MVPs very fast or maintain projects.

Skills:

Javascript, Entrepreneurship, Node.js, Software Architecture, Web Development, Mobile Development, Rapid Prototyping, Git, Linux System Administration, Heroku, Full Stack Development, Backend Development, Frontend Development, BDD/TDD, Responsive Design, Agile, Ubuntu Server, MVP Development, Ember.js, Ruby on Rails, Bitcoin, Express.js, Vagrant, Docker, Ionic Framework, Ethereum, Blockchain, Digital Ocean, Angular 2, Hapijs

Developer 3

Full-stack software engineer with 5 years' experience developing Blockchain

As indicated elsewhere in this White Paper, we will continue to incur substantial future expenditure commitments and investments in the continual development of our technology platform, in order to further enhance our payments processing and funds transfer capabilities, and deliver these services and others to our banking customers and token holders at high speed and lowest possible cost, in an ultra-secure manner.

These goals necessarily demand that we invest substantial and ongoing sums in the fields of Artificial Intelligence, and commercial quantum computing applications. The goals of these investments will include but not be limited to continually developing faster and cheaper transactions capability, as well as improving on current blockchain technology and security. In our view the present state of blockchain technology is quite primitive, and requires significant further development if it is to reach its true potential and core purpose, and better enable the use and functionality in, and trust of, cryptocurrencies generally. We regard quantum computing as an essential tool in the development and implementation of ultra-secure "hack-proof" cryptographic networks, and an impregnable blockchain.

LEGAL AND JURISDICTIONAL CONSIDERATIONS:

This White Paper assumes that PetroDollars' domicile and primary legal jurisdiction, and the location of its primary office, will be in Zug, Switzerland. We are also reviewing Singapore and the Cayman Islands as alternatives, given their cryptocurrency-friendly laws, tax issues, and level of regulatory, legal, and financial sophistication, and attendant infrastructure. The variety of links below will acquaint the reader more closely with the benefits and advantages, risks, and other issues in each of these top three preferred domiciles.

A detailed analysis of the legal and tax issues, pertinent to the United States, related to cryptocurrencies may be found on Wikipedia, at:

https://en.wikipedia.org/wiki/Virtual_currency_law_in_the_United_States

For an analysis by the US corporate law firm Skadden Arps Slate Meagher and Flom LLP of the SEC's current guidance on cryptocurrency and ICO regulation, click:

<https://www.skadden.com/insights/publications/2017/08/secissuesguidanceonregof-initialcoinofferings>

A lengthy but concise article concerning global blockchain and cryptocurrency regulation and jurisdictional issues may be found at:

https://en.wikipedia.org/wiki/Virtual_currency_law_in_the_United_States

An informal article regarding the top 10 countries for cryptocurrencies may be found at:

<https://news.bitcoin.com/worlds-top-10-bitcoin-friendly-countries/>

PetroDollars' most likely governing and home jurisdiction is Zug Canton, in Switzerland:

<https://venturebeat.com/2017/09/10/what-switzerlands-crypto-valley-tells-us-about-the-state-of-blockchain/>

<https://www.reuters.com/article/us-swiss-fintech-cryptovalley/low-tax-zug-aims-to-become-switzerlands-crypto-valley-idUSKCN11E0L9>

For a discussion by a Swiss law firm regarding a Swiss legal perspective:

[http://www.wengervieli.ch/getattachment/3237d5af-0a8a-4b54-b7ef-cace021e9b22/Initial-Coin-Offering-\(ICO\)-Co-%E2%80%93-A-Swiss-Law-Persp.aspx](http://www.wengervieli.ch/getattachment/3237d5af-0a8a-4b54-b7ef-cace021e9b22/Initial-Coin-Offering-(ICO)-Co-%E2%80%93-A-Swiss-Law-Persp.aspx)

Swiss ICO regulatory discussion:

http://fintechnews.ch/blockchain_bitcoin/ico-switzerland/12918/

KPMG update article on Swiss ICO regulation:

<https://blog.kpmg.ch/tax-legal-news/thumbs-up-for-icos-in-switzerland/>

Guidance note from Switzerland's Financial Market Supervisory Authority ("FINMA"):

<https://www.finma.ch/en/news/2017/09/20170929-mm-ico/>

For articles on Singapore's current regulatory stance, see:

<https://news.bitcoin.com/singapore-to-regulate-cryptocurrency-based-businesses-not-cryptocurrency-itself/>

<https://www.bloomberg.com/news/articles/2017-10-24/singapore-won-t-regulate-cryptocurrencies-remains-alert-to-risk>

For a discussion on the legal and regulatory issues concerning blockchain, cryptocurrencies, and ICOs in the Cayman Islands, see:

<http://www.ogier.com/publications/building-blocks-for-icos-in-the-cayman-islands#>

<http://www.cayman.finance/2017/10/structuring-ico-cayman-islands/>

<http://www.caymanfinancialreview.com/2017/04/26/applying-the-cayman-approach-to-virtual-currency-a-disruptive-opportunity-waiting-to-happen/>

SELLING PROCESS, AND MARKETING:

1. Summary of the Distribution and Selling Plan

A majority of the proceeds from the PCP and follow-on ICO referenced below will be used to conduct drilling and development, and production operations, on the US and Colombian oil and gas assets underlying PetroDollars, in addition to providing and meeting general working capital needs within the oil and gas operations, and to support the management, technical, operational and administrative needs of PetroDollars, legal structure, and physical infrastructure, banking licensing structure and requirements and operations, PetroDollars marketing, etc.

1.1 PRIVATE COIN PLACEMENT (“PCP”)

Ahead of a larger Initial Coin Offering, PetroDollars will first launch a PCP “SAFT Offering” to a limited number of accredited private investors, in blocks of US\$10,000 and consisting of 1,000 underlying PetroDollars tokens at US\$10 each, and thereafter in multiples of US\$5,000. The number of underlying PetroDollars tokens expected to be sold in the SAFT PCP is 2,500,000, with provision for SCM Corporate to contribute additional tokens to raise funds for general operational purposes, and of which the majority, (77% of net sales proceeds), will be sold by, or the proceeds net of selling expenses of which will accrue to, OilCo Acquisition Holdings Inc. (“OilCo”), and the balance (23% of net sales proceeds) allocated entirely to PetroDollars technology, legal, operational and marketing expenses. We also reserve the right to sell up to an *additional* 1,000,000 PetroDollars tokens in the PCP at \$10 each, should demand warrant it, and we reserve the right to upwardly reprice the PCP offering for remaining unsold tokens at any time during its course. The PCP is expected to provide an initial PetroDollars adoption base of several thousand holders of record, and raise in the order of US\$30 million gross, before selling expenses and oversubscriptions. PetroDollars may be purchased in the PCP using either of, or any combination of, US\$, Euros, GBP, Yen, Bitcoin, Litecoin, Ripple XRP, or Ether.

Investors in the PCP Offering will have the right to exchange into the future units of PetroDollars (the “Token” or “PetroDollars”) pursuant to a ***Simple Agreement for Future Tokens*** (each a “SAFT” and together the “SAFTs”) issued to investors (each, an “Investor”). Each Investor: (a) if in the United States, or a U.S. Person (as defined in Regulation S under U.S. Securities Act of 1933, as amended (the “Securities Act”)), must be an accredited investor, as defined in Regulation D under the Securities Act or (b) if in Canada, such Investor must be an

accredited investor as defined under applicable Canadian securities laws, or (c) if outside of the United States, must be a non-U.S. Person who is not purchasing for the account or benefit of a U.S. Person as defined under Regulation S under the Securities Act Form of Payment for SAFT: U.S. dollars, Euro, Yen, GBP, Bitcoin, Ether, Litecoin, or Ripple. The SAFTs shall be deemed in U.S. dollars, and payments in other cryptocurrencies as referenced above shall be valued in U.S. dollars at an exchange ratio equivalent to the volume-weighted average hourly price of those cryptocurrencies across exchanges in the one hour preceding the entry into this SAFT; provided, however, that in the event that such exchanges experience technical issues in such period that affect the accuracy of the volume-weighted average price, the Company will use its reasonable best efforts to determine the volume-weighted average price of the said cryptocurrencies for such period.

Use of Proceeds: A significant and majority portion of the net proceeds of the Offering will be used by the Company to achieve the Minimum Viable Product and subsequently to build out a decentralized storage network, powered by a blockchain and the PetroDollars protocol token.

Automatic Conversion: The bona fide public release of the PetroDollars Block and a fully functioning and secure PetroDollars blockchain running a client that conforms to the PetroDollars Protocol as ratified by SCM and PetroDollars AG.

1.2 INITIAL COIN OFFERING (“ICO”)

Immediately following the closing out of the limited distribution PCP, PetroDollars will launch a global ICO of up to 20 million PetroDollars tokens at a projected US\$35 each, to raise *up to* US\$700 million. There is no minimum target amount, and the ICO will remain open until fully subscribed. The ICO is expected to increase PetroDollars’ adoption base to at least 500,000 + holders.

PetroDollars may be purchased in the ICO using either of, or any combination of, US\$, Euros, Yen, GBP, Bitcoin, Litecoin, Ripple XRP, or Ether. We reserve the right to sell additional PetroDollars tokens in the ICO at \$35 each, should demand warrant it, in order to fund additional investment in our technology R&D needs, banking group needs, and administrative / corporate needs. The majority of PetroDollars ICO proceeds will be used within the group’s oil and gas operations for drilling and development purposes, for additional acquisitions of US production assets and or further drilling and development assets, and for acquisitions of banking and wealth management businesses.

1.3 INSTITUTIONAL DISTRIBUTION AND FOLLOW-ON OFFERINGS OR PLACEMENTS

An ICO or pre-ICO round will often have an institutional component, where certain institutional investors will have bought into the offering in a private placement ahead of the ICO (similar to our PCP funding round). Our firm

preference is to introduce an institutional element only *after* our ICO is concluded and we already have large-scale retail token adoption, and PetroDollars is actively trading through exchanges. In this way institutional investors are buying in on terms more favorable to PetroDollars and its existing holders. Ultimately our target is to have 25 to 30 percent ownership by institutions, funds, and corporate holders, which will lead to increased user and market validation and pricing stability. Institutional and corporate money would come in either through one or more private placements, or through a Follow-on Coin Offering.

2. MARKETING AND PROMOTION

PetroDollars will market its PCP and ICO token offerings in the normal course of business and through a variety of media and promotional initiatives, including but not limited to extensive social media, press releases, advertisements online and in print, interviews and news items, events, etc. PetroDollars on an ongoing basis post-ICO will also continuously promote its full range of underlying banking and financial products and services, and benefits, via the aforesaid channels. We have engaged Foxtail Marketing, a premier world-wide advertising and marketing firm, to lead our global marketing and promotional activities.

EXCHANGES AND TRADING:

There are a wide variety of cryptocurrency exchanges throughout the world.

PetroDollars will seek to list on those with the highest operational and legal / compliance standards, in order to meet the needs of a large and rising adoption base. This in turn will enhance liquidity, PetroDollars utility, and underlying value.

PetroDollars will commence multiple exchange listing application processes during the PCP offering phase. PetroDollars will seek listing on exchanges across Europe, Asia, the US, and Latin America and expects no barrier to full compliance, including in respect to anti-money laundering regulations, in all listing jurisdictions.

Useful articles include the following, from exchanges, and other parties:

<https://howtotoken.com/explained/get-started-cryptocurrency-exchange/>

<https://coss.io/cryptocurrency-listing>

<https://support.bittrex.com/hc/en-us/articles/202583854-Submitting-a-Coin-to-Bittrex>

For a general discussion on 7 of the best exchanges:

<https://coinsutra.com/best-cryptocurrency-exchanges/>

BANKING AND PAYMENTS SERVICES:

PetroDollars, alongside its own internal platform development project, intends to enter into licensing and other agreements with San Francisco-based Ripple (www.ripple.com) in respect to use and adoption by PetroDollars of its payments and funds transfer platforms.

[https://en.wikipedia.org/wiki/Ripple_\(payment_protocol\)](https://en.wikipedia.org/wiki/Ripple_(payment_protocol))

Ripple is a real-time gross settlement system (RTGS), currency exchange and remittance network by Ripple. Also called the **Ripple Transaction Protocol (RTXP)** or **Ripple protocol**, it is built upon a distributed open source Internet protocol, consensus ledger and native cryptocurrency called **XRP** (ripples). Released in 2012, Ripple purports to enable "secure, instantly and nearly free global financial transactions of any size with no chargebacks." It supports tokens representing fiat currency, cryptocurrency, commodity or any other unit of value such as frequent flier miles or mobile minutes. At its core, Ripple is based around a shared, public database or ledger, which uses a consensus process that allows for payments, exchanges and remittance in a distributed process.

The network can operate without the Ripple company. Among validators are companies, internet service providers, and the Massachusetts Institute of Technology.

Used by companies such as UniCredit, UBS and Santander, Ripple has been increasingly adopted by banks and payment networks.

SCM and PetroDollar AG will, through acquisitions as well as internal development, build out a full-service licensed banking services, wealth and asset management platform, and payments infrastructure to support the day to day needs of retail PetroDollars token holders, as well as corporate and institutional customers. We expect to begin this initiative by immediately registering a new specialized banking entity in the EU, licensed and regulated by the European Central Bank, as well as by acquiring existing operational banks and asset management firms in Switzerland and elsewhere in Europe, in addition to acquiring a fully licensed Class A banking entity in either Panama or Belize, and establishing official branches and or representative offices in the UAE, US and Canada, and certain Asian countries. The banking services unit will also provide full treasury management services and monetary policy advice and monitoring to PetroDollars internally, as well as to third party corporate and institutional customers. The banking unit will be fully compliant with all banking laws and regulations across all jurisdictions in which it operates or does business. Our Global banking group management team will hold primary day to day operational responsibility and oversight for PetroDollars tokens, post-ICO.

As early as possible, PetroDollars will offer debit and possibly credit cards to all retail and corporate PetroDollars token holders, on a Visa platform, and will develop ancillary products and services to make it easier for holders to pay for goods and services with PetroDollars, as well as more easily exchange PetroDollars for major fiat currencies such as the US dollar, Pound Sterling, Euro, and Yen, etc.

DESCRIPTION OF THE OIL AND GAS ASSETS UNDERLYING PETRODOLLARS:

1. PROJECT DESCRIPTIONS

SCM's OilCo unit operates or will operate a number of oil and gas development and production projects in the United States, as well as a large drilling and development project in Colombia. This White Paper presents a brief summary of the two largest projects, being the 54,000 acre "Pryor Ranch" shale oil project in Zavala County, Texas, and the "Bolivar" shale project, in northern Colombia's Magdalena Basin. In respect to both these projects, we can upon request provide copies of the engineering and reserves reports, which were done by Houston-based Ralph E. Davis Associates, an industry-leading petroleum engineering firm. We can also, upon request, provide very detailed financial and operational models for each of these two projects individually, as well as on a consolidated basis. These models were developed on our behalf by the US investment banking firm, Oppenheimer & Co. The following 12 slides describing the two projects were taken from OilCo's internal corporate presentation, dated December 2017. SCM and OilCo also maintain a very extensive technical and legal due diligence data room, electronically.

Further, we may elect to publicly list a minority interest in the energy business on a US stock exchange in order to have greatly enhanced operational transparency by virtue of audited financial statements and quarterly and annual SEC reporting, as well as the filing of regular updated reserves and engineering reports, in addition to exposure to independent institutional securities analysts and reports.



DEVELOPMENT PROJECT, ZAVALA COUNTY, TX

- 53,800 acres
- Multi-stacked reservoir play – 3 main targets / 161,000 effective acres
- Drilled and tested Buda Limestone; Eagle Ford, and Austin Chalk formations
- +336 Buda horizontal well locations at 160 acre spacing
- **Estimated 299.4 million gross recoverable barrels of oil equivalent (net to OilCo of 224.5 million BOE) according to independent engineering and reserves report by Ralph E. Davis Associates, September 2015.**
- 15-20 year development program
- Very long life project
- OilCo 100% working interest and 75% net revenue interest across the 3 main formations
- 100% working interest in the shallow rights including +150 existing gas wells to be restored
- Average well cost projected at \$3mm, with 11 month payback at \$40 oil
- Low production and operating expense – LESS THAN \$8 PER BARREL
- Very robust economics and high IRR
- Initial Buda wells flowed over 700 barrels per day each but our economics based on average 500 BOPD IP
- CAPITAL RECOVERY POINT AT 24 MONTHS, THEN SELF-FUNDING GOING FORWARD

Property Location: Zavala County, Texas



Basca producing property



ZAVALA COUNTY, TX. MULTI-STACKED DEEP RESERVOIR OIL PLAY

OilCo will acquire a 100% working interest (75% Net Revenue Interest) in a high-impact / low risk drilling and development project, more fully described in the following slides, in Zavala County, Texas.

The project covers some 53,800 acres and will ultimately see the drilling of over 900 wells over the course of the development program. At a \$40 average oil price, the wells are each expected pay out in around 11 months, on a rolling basis.

The immediate region has been the subject of a tremendous amount of drilling and production activity in recent years, with very high drilling success rates, and has attracted a variety of larger companies. This project is break-even with oil priced around \$30 per barrel.

We are taking a 75% NRI, for an investment of \$41 million, as our contribution to an overall initial capital expenditure investment, with other partners. This initial investment will drill and complete at least the next five horizontal *Buda and Eagle Ford* wells at an estimated \$3.5 million each, excluding three already drilled, and pay for acreage-related costs, engineering and permits, etc.

A full presentation for the project as well as a full set of production and economic projections are available separately, and are uploaded to the OilCo Dropbox data room.

At May 2015, this project tested initial production, increasing its value, and indicating at least 299.4 million gross 3P barrels of recoverable crude oil equivalent across the 53,800 acres lease position (224.5 mmboe net to OilCo). First 2 wells tested IP rate 700 BOEPD each. Third well, a vertical, tested over 300 BOEPD, and 4th well results are pending

Zavala Shallow Rights Gas Play Redevelopment



- Positioned to deliver compelling near-term , and long term, dynamic growth.
- Geologic Diversity – Oil producing property in prolific oil region of Texas with multiple producing reservoirs...minimizing risk
- Company to pursue opportunistic low risk, "low hanging fruit" on property. Production projected to increase to 361 bopd within 4 years
- 50% + net WI in all shallow wells and increased rights in all depths.
- The deepest producing well at 6500 ft with 99% of wells reaching a maximum of 3000 ft.
- Large Inventory (over 150 wells) of shallow, gas and oil wells with multiple objectives, requiring revitalization to increase production.
- Long Life Reserves with R/P Ratio of >20 years.
- Project with <48 month pay-out with tremendous growth potential going forward.
- Implementing Innovative technology to enhance production when applicable
- Cost effective operator with significant operating experience in conventional and resource plays.
- Covering 21,300 acres and a further 1800 deep rights acres
- Est. +60 million original BOE and +3 million BOE recoverable
- Full 3-D seismic surveys done



Zavala County Buda Horizontal Underbalanced Drilling Program Primary Target – Cretaceous Buda Lime

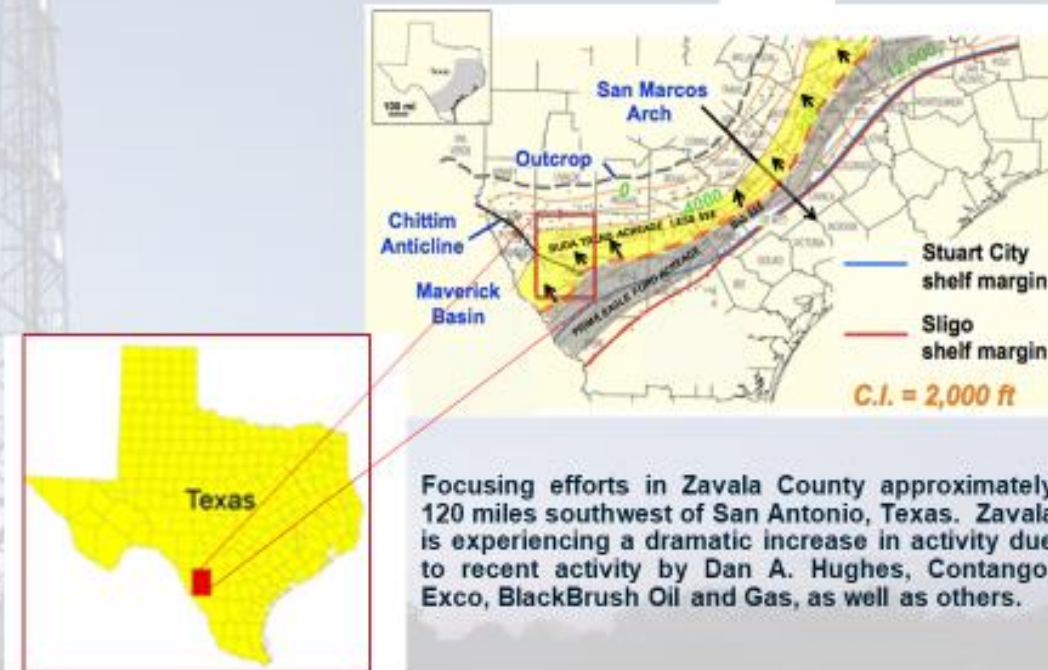
Drilling Objectives and Risk Mitigation

- The primary objective of the proposed drilling is the Cretaceous Buda Lime formation.
- The Buda Lime is found at depths between 4500 ft and 5500 ft in the Area of Interest.
- The regionally extensive Buda Lime formation immediately underlies the prolific Eagle Ford Shale formation and it is a naturally fractured carbonate rock. The extensive network of vertical fractures is in communication with a vuggy matrix porosity system. As such, the Buda Lime is capable of storing hydrocarbons within a dual porosity system (matrix porosity and fracture porosity) giving it excellent storage potential and rendering it an ideal candidate for horizontal underbalanced drilling.
- Oil entrapment in the Buda limestone is widespread throughout the trend and therefore it is difficult to understand actual trapping mechanisms. Commercial quantities of oil actually appear to be controlled where matrix porosity and fracture development coincide.
- In most cases, wells which have been successfully completed in the Buda Lime do not report significant amounts of water, if any, on test.
- Matrix porosity for the Buda Lime is usually measured by density log and typically the porosity is 3-4% throughout the trend. [NOTE: In our immediate area of interest however matrix porosity is 4-6% with several pikes of 9-12%. The upper 20 ft of the Buda Lime is 9-12% porosity. This elevated porosity could be an indication of extensive fracturing.]
- Early success will result in a large inventory of PUD wells for future drilling.

Reserves:

- Estimated recoverable BOE from the Buda Lime objective: 88.8 million barrels.
- Initial potential flow rates exceed 500 STBO/d per well and associated gas.
- Pay-out can be reached within 11 months at \$40 oil.

Zavala County Buda Horizontal Underbalanced Drilling Program Area of Interest – Zavala County, Texas





BOLIVAR PROJECT, COLOMBIA

KEY HIGHLIGHTS

- 20,300 acre project area
- Over \$70 million spent to date on infrastructure, drilling, initial development
- Estimated 7 billion barrels Original Oil in Place
- Estimated 380 million recoverable barrels of 3P reserves, according to Ralph E. Davis Associates
- Recoverable reserves could potentially double to 10-12 percent of OOIP, using Underbalanced Drilling techniques, already proven at this project location
- O&Co working interest 100% and effective NRI 75%
- 8 year, 200 + well development program
- Initial \$44 million projected equity investment to take project through to self-financing with 2 initial wells drilled internally and 10 more with third party funding
- Geologically very similar to the Eagle Ford Shale in the United States
- Production will ramp up over initial 6 years to a peak 108,500 BOPD net to O&Co
- Proved and probable reserve position already established
- More than 1.5 million barrels of oil already produced
- Mixture of 18 degree and 36 degree medium and light crude oil
- Rapid payout of investment projected, using new UBD drilling techniques
- Politically and economically stable operating environment



BOLIVAR PROJECT, COLOMBIA

A development project in Columbia with *Proven oil and gas reserves*. Bolivar is located in the Middle Magdalena Valley Basin (MMVB) region of Columbia. The concession currently under contract comprises approximately 20,300 acres.

There are five (5) known or potential oil and gas productive reservoirs above a total depth of 6,500 ft: The Rosa Blanco and the Salado limestones, and the La Luna, Tablazo, and the Simiti shales, all Cretaceous age reservoirs. Advanced drilling technology known as underbalanced drilling (UBD) in conjunction with horizontal drilling improves drilling efficiency and production maximization. This is proven to be especially true in this area of interest. The Rosa Blanco and the Salada limestone formations have current and past production history and are considered reserves with Proved, Probably, and Possible drilling locations. On a 3-day annular flowing test from the Rosa Blanco Limestone, through restricted surface facilities, a single well yielded 7,073 barrels of 36° API gravity oil per day and 11.5MMcf/d. The well produced a total cumulative of over 600,000 barrels of oil in 2 years from only a 1,230 ft lateral.

A second well drilled horizontally in the Salada Limestone, tested as high as 10,300 barrels of 18° API gravity oil per day. This second well ultimately produced 703,000 barrels of oil from a 6,000 ft horizontal lateral. A 3rd party economic reserve report provided by Ralph E. Davis indicates 19,758.2Mbbls of oil and 22,931.8MMcf of gas of proved recoverable reserves *not including* Probable (2P) and Possible (3P) reserves. Ralph E. Davis calculates the total amount of recoverable barrels of oil, including 2P and 3P, at 32,647.1Mbbls of oil and 26,670.6MMcf of gas recoverable. These are Proved, Probable and Possible reserves, not contingent.



BOLIVAR PROJECT, COLOMBIA

Magdalena River



Modular Pontoons





BOLIVAR PROJECT, COLOMBIA

LOCATION

The concession location, 150 miles north of Bogotá, Columbia, has a flat to gently rolling topography with low to moderate vegetation. Geographically, the area of interest is located in the narrowing northern end of the MMVB where the Western and the Eastern Cordillera converge creating a series of anticlines and highly fractured limestone.

The MMVB is a 13,000 mi² north-south trending intermontane located in central Columbia. The MMVB is Columbia's most explored conventional oil and gas producing basin, with more than 40 discovered oil fields that produce mainly from Tertiary sandstones. Although within the Andes Mountains region, with its complex tectonics including numerous thrust and extensional faults, the MMVB has relatively simple structures. The eastern side of the basin is structurally more complex with over-thrusting. Importantly, Columbia is an industry friendly country.



BOLIVAR PROJECT, COLOMBIA


PROJECT OPPORTUNITY

The original oil reserves in place and recoverable under the concession from five (5) reservoirs are significant: 7,329,028,277 bbls of oil in place and 380,755,562 bbls of oil recoverable.

The Cretaceous La Luna shale, a 1,000 ft thick, organically rich formation, is the principal source for the oil in place for the MMVB in Columbia and the Maracaibo Basin in Venezuela. The La Luna shale is considered one of the richest source rocks in the world. The La Luna shale has been identified as a "self-sourced" or "hybrid" interval, meaning it holds conventional porosity juxtaposed in direct contact with the source rock intervals. Such self-sourced rocks, similar to the Eagle Ford Shale in Texas, suggest higher recovery factors and superior economics when compared to simple source rocks.

The La Luna shale contains a kerogen (type II), which qualifies it as an oil producer. The La Luna shale has better net pay, higher TOC %, porosity, and permeability than the Eagle Ford Shale in the United States. The Middle Magdalena Resources Assessment (EIA – Energy Information Association report dated May 17, 2013) indicates the recoverable shale gas and oil shale resources in the combined Cretaceous La Luna and the Tablazo shales of the Middle Magdalena Valley Basin are estimated to be 18 Tcf and 4.6 billion barrels.

Because a portion (about 10%) of the oil reserves under the concession are classified as Proved, Probable (2P), and Possible (3P) reserves by Ralph E. Davis, Project Sponsor plans to drill its initial wells in close proximity to the two (2) wells that tested significant quantities of oil and gas. This development plan minimizes risk.



BOLIVAR PROJECT, COLOMBIA

INFRASTRUCTURE

We will take advantage of the fact that more than 1.5MMbbls of oil have already been recovered from the concession. That simply means that roads and drilling pad already have been built for future activity. There are surface and production facilities already installed to handle over 17,000 bbls of oil per day. Currently, 3 x 10,000 barrel storage tanks are constructed and ready for use. A 12" pipeline has been constructed from the drill site to the Barranca-Ayacucho Pipeline, but not connected, to deliver significant quantities of oil to the BA Pipeline.

A loading facility also has been constructed to handle up to 6 trucks simultaneously to transport oil by truck to the nearest pumping station at Ayacucho. Finally, if necessary, a third option is to transport oil by barges on the Magdalena River from the Gamarra Port which is 15 kms from Bogota. The oil would be trucked to Gamarra and barged to the Caribbean port of Barranquilla for export.

Several end users have been identified to purchase the oil at the port located at Barranquilla.

The oil gravity is 34 – 38 degree API. The price received will be based on Brent Crude. Project Sponsor anticipates it can produce at sustained rates of 30,000 bbls of oil per day within 12 months of commencing operations, and 200,000 (net 155,000) bbls of oil per day by 2022.

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2. OILCO SENIOR MANAGEMENT AND BOARD MEMBERS

Bradley W. Fischer, CEO - Strong top-level industry background, and previously CEO of a multi-billion dollar global energy concern which was one of the top 50 US oil & gas companies. Excellent track record, commensurate with our needs, including strong operational experience in Wyoming and the Gulf region, across both exploration as well as producing properties. As CEO, built CMS Oil & Gas from \$325 million to \$1.75 billion in value in four years, with 211 million barrels of proved recoverable reserves, and readied it for a \$300 million IPO. He earned a Bachelor of Science degree in Mechanical Engineering from the University of Nebraska in 1972 and completed the Program for Management Development at Harvard Graduate School of Business in 1991. He has 40 years of experience in the oil industry. He has held executive management and operations assignments with Ashland Exploration, Inc., Mitchell Energy Corporation, Tenneco Oil Company and Texaco. He has both domestic and international operations experience, including management responsibility for Ashland's international operations. He is a member of the Society of Petroleum Engineers.

Paul A. Doyle, President and Chief Operating Officer – Highly accomplished executive with several decades of development, drilling, production and senior management experience domestically and globally, including South America and Africa.

Kenneth J. Stockel, Chief Financial Officer – Dynamic management career spanning over 30 years, building and leading high-performing accounting, operations, and administrative teams at diverse energy industry companies. Expert accounting qualifications combined with strong risk management, M&A, negotiation and leadership skills significantly contributed to bottom line results. Certified Public Accountant with Big-4 accounting background.

William H. Stinson – Senior Vice President - has over 30 years of US domestic and international experience as a geologist and geophysicist, including co-head of international joint venture exploration committees, with companies including Hunt Overseas Oil Co.; Atlantic Richfield in the US, Asia, and Africa; Perenco Oil & Gas (formerly CMS Oil & Gas) in the US and Africa; Chancellor Group (US domestic); and Chasel Energy (US domestic). Mr. Stinson is also president of privately-held North Pacific Oil and Gas Inc., which has exploration and production interests in the US and Africa. Mr. Stinson is also a published technical author.

Vice-Chairman, Shane Rodgers, Chairman, Chief Executive Officer, and Managing Member of Signal Capital Management LLC. Mr. Rodgers has more than 34 years experience in investment banking and corporate finance, as well as operations, in Australia and the United States. Prior to Signal, Mr. Rodgers served in a wide variety of positions, including as Chairman and Chief Executive Officer of the Chancellor Group, Inc., a publicly-traded oil & gas company, from 1997 to 2001, as Partner and Chairman of Capital General Partners from 1996 to 1998, and as a Partner in KKR Associates, an Australian investment partnership (unrelated to Kohlberg Kravis Roberts & Co.), from 1993 to 1995. Mr. Rodgers has invested in, and has raised both debt and equity capital for, companies across a diverse range of sectors, including media and communications, power generation, real estate, oil & gas, business and financial services, and biotechnology. Mr. Rodgers has also originated, or advised upon, a variety of reverse-merger transactions in the United States since 1985, and has structured and negotiated complex tax efficient debt and equity financings in the power generation sector.

Richard M. Bateman, Director, Independent, has forty years of worldwide experience with major oil companies in up-stream operations (Amoco) and with large independents (Bridas /

Pan American Energy and CGC) and with consulting, research and service sectors (Schlumberger, Halliburton & Gaffney, Cline & Associates) of the oil and gas industry. Proven credentials as an oil finder and leader / manager of technical teams developing and applying geosciences systems and software to finding and quantifying hydrocarbon reserves. At the forefront in establishing integrated, multi-disciplinary teams for reservoir characterization / reservoir description and reservoir management.

FUTURE PETRODOLLARS TOKEN ISSUANCES:

PetroDollars has a provisional hard-cap of 500 million tokens. This is the theoretical *maximum* that can ever be created and sold *based on our current oil reserve base*. This limit could at this time only *potentially* be increased in the event that recoverable oil and gas reserves grew by a significant percentage, either as a result of new drilling and production techniques and or as a result of further acquisitions of large development projects containing significant additional reserves, acquired and developed at very favorable prices and costs relative to incremental added reserves size and overall project economics.

The vast majority of PetroDollars tokens will be held and controlled by SCM and PetroDollar AG, and beyond the first 60 million tokens sold or exchanged into general circulation, would be sold very carefully and selectively over a long period of time, if at all, in exchange for hard assets, mostly oil and gas related, and certain corporate assets and businesses, and *particularly*, though not exclusively, other oil & gas companies, following careful evaluation and independent recommendations, or sold into the market with minimum floor prices for cash, to acquire such assets.

Any follow-on future sales or exchanges will not be undertaken if the intrinsic value of PetroDollars or their supply and demand were to be materially impacted or disrupted as a result of such transactions, and we expect such restrictions to be incorporated into our governance and compliance protocols, with external / third party monitoring.

We also intend to develop and implement certain formulae and algorithms within our day to day management and monetary policy oversight systems and controls that will, on a continual basis in real time more clearly calculate and define relationships between extant token issuance and proposed further token sales or exchanges, aggregate current and pro forma market value, and underlying asset and business values within the corporate ecosystem, so as to determine or predict the net true impact of planned actions on pro forma underlying token valuations and backing. Such algorithms may dictate the volume and pricing of any future issuances, and the prudential limits of same, and will also dictate any future increases in the hard cap. Conversely, such algorithms may from time to time dictate token repurchases and contractions in the aggregate number of extant tokens.

Approximately 17.7 million PetroDollars tokens are initially being issued to, or in connection with, the needs of, OilCo, which will, in the PCP and follow-on ICO, sell an estimated 9.7 million tokens, out of 17.7 million reserved for, in order to cover all or most near-term drilling and development costs and related expenditures. SCM and related parties may sell up to a further 8 million tokens, including but not limited in

order to fund certain developmental and infrastructure costs, establish, and acquire, full commercial banking operations, hire technical and administrative staffing, and fund marketing and other operational expenditures. OilCo will or may sell or exchange its remaining tokens, or token entitlements, over time in order to fund continued drilling and development expenses as well as to potentially acquire significant additional drilling and production assets so as to increase, and develop, its proved reserves base and extend the economic lifetime(s) of same.

WHAT HAPPENS AFTER THE ICO?

The real work for any new cryptocurrency offering, and especially for PetroDollars, begins after a successful ICO, and happens along many concurrent streams, such as

- Ongoing technology development and R&D, especially in respect to security through aggressive investments in AI and quantum computing / quantum cryptography, and in blockchain technology improvements
- Continual development and roll-out to the market of the product and service suite
- Marketing and Public Relations, and Investor relations
- Build-out and integration of the physical banking organization, including acquisitions of wealth management and corporate advisory firms, development of trade financing services and payments and processing services
- Building robust treasury management systems
- Ensuring the right corporate and management infrastructures are in place
- Continually developing relationships with merchants and vendors globally
- Developing and maintaining relationships with cryptocurrency exchanges as well as building out our internal exchange platform
- Developing and managing our portfolio of energy assets, and optimizing production, while exploring for new energy reserves in sometimes remote parts of the world, and adding to our portfolio and reserves constantly, through new acquisitions and partnerships

To meet the day to day operational needs and expenses of the above, while we develop new revenue models and streams, requires significant ongoing capital and staffing. The ICO includes a provision for capital reserves to ensure that our developmental, management, marketing and operational needs are covered for at least a 2-year period following the ICO.

Our goal is to, in tandem with other cryptocurrency issuers, reinvent and redefine the global banking, investment banking, and venture capital industries, redefining and overturning the ways in which retail consumers bank and pay for goods and services, and move money around, while at the same time redefining the way private and public businesses, especially technology startups, raise new money in the capital markets. We intend to bring new thinking and radical new funding and monetary concepts to both corporate and sovereign entities, while at the same time allowing millions of “unbanked” people around the world to have access to physical and virtual banking, depository, lending, and payments services on an ultra-secure, tamper-proof platform remote from government meddling and interference.

To be sure, the opportunities wrought by the advent of cryptocurrencies are not merely *disruptive* to the several-hundred year’s old traditional banking and capital markets worlds and their status quo, they represent a complete *revolution*. One that is far greater even than the advent of the computer, and the internet. And one that governments will struggle to control.

ADVISORY AND SUPPORT:

SCM and PetroDollars are assembling a world-class team of management, service providers, and advisors across the full spectrum of legal support, compliance, technology development and platforms, product development, audit, exchanges, marketing, and the ICO process, etc.

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| Legal, globally | (banking, corporate, energy, securities) |
| Audit | Deloitte or Ernst & Young (TBD) |
| Technology | Ethereum blockchain platfor Toptal (www.toptal.com) – R&D |
| Marketing and PR / IR | Foxtails Marketing Group, worldwide |
| Compliance | Investor accreditation: www.verifyinvestor.com |
| Product Development | Toptal |