

XGOLD – PROOF OF RESERVES (PoR)

Version: [v1.0]

Date of Report: [DD Month YYYY]

Snapshot Date/Time (Cut-Off): [DD Month YYYY – 23:59 UTC]

Network: [Polygon PoS / other EVM]

1. Purpose of this Report

This Proof of Reserves (“**PoR**”) report has been prepared to demonstrate, in a clear and verifiable manner, that the total supply of **XGold** tokens in circulation is fully backed by an equivalent (or greater) quantity of physically vaulted gold held by or on behalf of the XGold ecosystem.

XGold is designed as a physically backed gold token where: **1 XGOLD = 0.01 fine troy ounce of gold** (≈ 0.311 grams) that meets international quality standards and is stored in professional vaults, with bar serial number, weight, purity and location recorded in a detailed inventory.

This document describes:

- The **definition and scope** of reserves considered for XGold.
- The **methodology** used to reconcile on-chain supply and off-chain reserves.
- The **reserve composition and collateralization ratio** at the snapshot date.
- The **governance, custody, audit and on-chain transparency mechanisms** that support the XGold PoR framework.

Important: This PoR is **not** a full financial statement. It is a focused assurance document regarding the backing of XGold tokens by physical gold and related eligible assets.

2. Overview of XGold

2.1 Token Definition

According to the XGold design:

- **Token Name:** XGold
- **Ticker:** XGOLD
- **Token Standard:** [ERC-20 (or equivalent on Polygon / other EVM)]
- **Decimals:** [18]
- **Smart Contract Address:** [0x...XGOLD_CONTRACT_ADDRESS]
- **Peg:**

- 1 XGOLD = **0.01 fine troy ounce** of gold
- Purity: typically $\geq 995/1000$ (**London Good Delivery standard or equivalent**)
- **Redemption Right:**
 - Token holders have an economic right over a proportional fraction of the underlying gold inventory.
 - Physical redemption is available above an operational minimum (e.g. **100 g**) and subject to fees and timelines defined in the **Redemption Policy**.

2.2 Legal & Regulatory Framework

The XGold structure is aligned with the Brazilian legal framework for virtual assets (Lei 14.478/22) and relevant capital markets and mining regulations (CVM, ANM) through:

- **Segregation of Assets:**
 - A dedicated issuing entity (**Issuer SPE**) and a regulated custodian are used to ensure segregation between operating entities and the vaulted assets.
 - **No Promise of Yield:**
 - XGold does **not** promise fixed or variable returns; it is structured as a **tokenized representation of gold ownership / economic exposure**, not a collective investment contract.
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3. Scope and Methodology

3.1 Scope

This PoR covers:

1. **XGold Tokens in Circulation**
 - Total token supply minus tokens owned by the Issuer and its affiliates (treasury, unissued / locked supply).
2. **Physical Gold Reserves**
 - Allocated gold bars that meet LBMA or equivalent standards, held in professional vaults on behalf of XGold token holders.
3. **Eligible Complementary Assets (if any)**
 - Short-term cash or cash equivalents related to settlement processes or minimal operational buffers, where applicable and disclosed separately.

It does **not** cover:

- Other tokens in the X-Mineral roadmap (XSilver, XCU, XNI, etc.).
- Future index products such as XMINERAL.

3.2 Data Sources

The reconciliation is performed by combining:

- The **on-chain ledger** from the XGold smart contract.
- The **vault inventory records** issued by the gold custodians (bar lists, weight, purity, serial numbers, location).
- The **Issuer's internal records**, ensuring consistency between token issuance/redemption events and changes in the physical gold inventory.
- Independent **price oracles** (e.g. Chainlink, CME/LBMA price feeds) for informational calculation of the market value of reserves.

3.3 Reconciliation Methodology

1. On-Chain Supply Extraction

- At the snapshot time, the total supply of XGold is read from the smart contract at address [0x...XGOLD_CONTRACT_ADDRESS].
- Tokens held by the Issuer and affiliated addresses (treasury, technical reserves) are excluded to obtain **circulating supply**.

2. Physical Inventory Verification

- The custodian provides a **bar-by-bar inventory report**, including:
 - Bar serial number
 - Refiner
 - Gross weight
 - Fine gold content
 - Purity
 - Vault location
- Total **fine troy ounces** of gold are calculated and converted to **grams**.

3. Equivalence Check

- Required gold to fully back circulating supply:
 - Required fine oz=XGOLD circulating×0.01 fine oz
- A collateralization ratio is computed:
 - Collateralization Ratio= Total fine oz in vault/ Required fine oz ×100%

4. On-Chain Proof (Hash of Inventory)

- The full bar list (inventory) is exported in a canonical CSV/JSON format, sorted by bar serial number.
- A **SHA-256** hash of this inventory snapshot is computed and published on-chain in a dedicated **XGold Proof Registry** contract or in the XGold token contract itself.

- Anyone can download the inventory file, compute its hash locally and verify it matches the on-chain hash.

3.4 Frequency and Assurance

- **Frequency of PoR Reports:**

- Target: **Monthly PoR** publications, with a more detailed quarterly review.

- **Independent Audit:**

- XGold aims to appoint an independent audit or assurance firm to periodically review the reserves and methodology, following standards similar to **ISAE 3000** or equivalent voluntary disclosures similar to leading gold tokens.

4. Reserves Summary (Template)

Note: Values below are placeholders. Replace all values in brackets before publication.

4.1 Reserve Composition at Snapshot Date

Snapshot Date/Time: [DD Month YYYY – 23:59 UTC]

Category	Fine Troy Ounces	Kilograms	% of Total Reserves
Allocated physical gold – Vault A	[X,XXX.XXXX]	[XX.XXX]	[YY.Y%]
Allocated physical gold – Vault B	[XXX.XXXX]	[X.XXX]	[Z.Z%]
Cash / cash equivalents (if any)	–	–	[0–5%]
Other eligible reserve assets (if any)	–	–	[0–5%]
Total Reserves	[T,TTT.TTTT]	[TTT.T]	100%

All gold held as reserves for XGold is:

- In **allocated form**, identified by serial number, refiner, purity and bar weight.
- Stored in **professional vaults** under custody agreements that separate the custodian's own assets from the XGold reserves.
- Comprised only of bars that meet or exceed **LBMA Good Delivery** or equivalent standards.

4.2 XGold Tokens in Circulation

Metric	Value
Total XGold token supply	[S,SSS,SSS.SSSSSSSS]

XGold held by Issuer / Treasury	[T,TTT,TTT.TTTTTTTTT]
XGold in technical / operational reserves	[O,000,000.000000000]
XGold circulating supply	[C,CCC,CCC.CCCCCCCC]

Required gold for full backing:

- Required fine troy ounces = $[C,CCC,CCC.CCCCCCCC] \times 0.01 = [R,RRR.RRRR]$ fine oz

4.3 Collateralization Ratio

Metric	Value
Total fine ounces of gold in reserves	[T,TTT.TTTT] fine oz
Required fine ounces	[R,RRR.RRRR] fine oz
Collateralization Ratio	[XXX.X%]

XGold's target policy is to maintain:

- A **minimum 100% collateralization** at all times;
- A **small positive buffer** (e.g. 100.5–102%) to absorb minor operational variations (settlement timing, fees, etc.).

5. Custody, Segregation and Insurance

5.1 Custody Model

Reserves backing XGold are held with one or more **professional bullion custodians** ("Custodian(s)") under legally binding custody agreements.

Key principles:

- Custodians hold gold **on behalf of XGold token holders**, not as proprietary assets.
- Custodians maintain **separate accounts and records** for XGold reserves (segregated accounts).
- Custodians may use their own vaults or third-party high-security vault providers, subject to strict due diligence.

5.2 Segregation and Legal Title

The legal structure is designed to ensure:

- Segregation of balance sheets** between:
 - The Issuer SPE;
 - The Custodian(s);
 - Other group entities and service providers.
- Clear contractual language** that reserves are held for the benefit of XGold users.

5.3 Insurance

The XGold framework targets full or partial insurance coverage for:

- Physical loss, theft or damage of bullion stored in vaults;
- Transportation risks (where applicable, e.g. during bar transfers between vaults).

The exact insurance coverage, limits and providers will be disclosed in separate **Insurance Disclosures** and may vary over time.

6. Governance, Compliance and Conflict-of-Interest Policies

Based on the institutional design for mineral tokenization, XGold follows a governance framework that emphasizes transparency and conflict-of-interest mitigation:

- **Advisory / Oversight Committee** (where applicable) including:
 - Representatives of relevant stakeholders (e.g. public entities in specific projects, independent members, investors).
- **Public Reporting:**
 - Monthly PoR;
 - Quarterly high-level reserve and governance reports;
 - Real-time or near real-time **AUM dashboard** displaying total tokens outstanding and indicative market value of reserves.
- **Conflict-of-Interest Policy:**
 - Implementation of internal “Chinese walls” between Issuer, Custodian, Market Maker and other entities;
 - Prohibition or strict control of proprietary trading in XGold by insiders, and transparency about related-party relationships.

In addition, XGold may adopt **international best practices** for:

- **AML / CFT compliance**, leveraging guidance similar to FATF and other standard-setting bodies;
 - **Enterprise Risk Management (ERM)** and cybersecurity controls aligned with leading token issuers.
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7. On-Chain Transparency Architecture

7.1 Proof-of-Reserves Hash Registry

To provide cryptographic transparency, XGold maintains an on-chain PoR registry with the following fields:

- `snapshot_id` – incremental ID for each PoR.
- `timestamp` – UTC timestamp of the inventory snapshot.
- `inventory_hash` – SHA-256 hash of the canonical inventory file.
- `total_fine_oz` – total fine ounces in the inventory.
- `xgold_circulating` – circulating supply at snapshot.
- `collateralization_ratio_bps` – ratio in basis points.

This allows any third party to:

1. Download the public inventory file (CSV/JSON).
2. Verify that the SHA-256 hash matches the on-chain hash.
3. Confirm that the total fine ounces in the file are equal to or greater than the required amount.

7.2 Price Oracles and AUM Dashboard

The XGold ecosystem may integrate:

- **On-chain price oracles** (e.g. Chainlink feeds referencing LBMA/CME prices) to mark the gold price directly on-chain.
- A public **AUM dashboard** that shows, in real-time or near real-time:
 - Circulating XGold supply;
 - Implied fine ounces backing;
 - Market value of reserves in **USD** and **BRL** (informational only).

8. Process Controls and Smart Contract Assurance

8.1 Minting and Burning

The XGold smart contract follows strict operational controls:

- **Minting** of new XGold tokens occurs only after:
 - Confirmation that additional physical gold was deposited with the custodian; and
 - Update of the internal inventory and, when applicable, the PoR hash.
- **Burning** of XGold tokens occurs when:
 - Tokens are redeemed for physical gold; or
 - Tokens are permanently removed from circulation for other reasons defined in the Terms and Conditions.

8.2 Smart Contract Reviews

Inspired by market best practices:

- XGold's core smart contracts are subject to **independent security audits** prior to mainnet deployment and periodically thereafter.

- Internal procedures restrict **admin privileges** (mint, burn, pause, upgrade) to multi-signature or hardware-secured wallets, with clear policies and logging.
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9. Limitations and Disclaimers

1. **Information Basis**
 - This PoR is based on records provided by the Issuer, Custodian(s) and on-chain data at the snapshot time. It does not constitute an audit of the entire financial statements of any entity involved.
 2. **No Investment Advice**
 - This document does not constitute investment, legal, tax or accounting advice. Prospective holders of XGold should consult their own advisors.
 3. **Regulatory Evolution**
 - The legal and regulatory landscape for tokenized assets and virtual assets is evolving. XGold may adapt its structure, documentation and processes in order to remain compliant with applicable regulations in Brazil and other jurisdictions.
 4. **Jurisdiction-Specific Restrictions**
 - Access to XGold may be restricted in certain jurisdictions. Users are responsible for understanding and complying with local laws.
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10. Contact and Further Information

For questions related to this PoR report, reserve methodology, or the XGold product:

- **Issuer:** [XGold Issuer SPE Ltda.]
 - **Registered Address:** [Address]
 - **Website:** [<https://xgold.example/>]
 - **Email:** [compliance@xgold.example]
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Appendix A – How to Independently Verify the PoR (User Guide)

1. **Verify Contract Address**
 - Confirm that you are using the official XGold contract address published on the official website.
2. **Check Circulating Supply**
 - On a blockchain explorer, read the `totalSupply()` of the XGold contract.
 - Subtract known treasury/issuer addresses (listed on the official website) to get circulating supply.
3. **Download Inventory File**
 - From the official XGold site, download the latest “Inventory Snapshot” file (CSV/JSON).
4. **Compute SHA-256 Hash**

- Use any standard tool to compute the SHA-256 hash of the file.
- Confirm it matches the `inventory_hash` stored on the PoR registry contract for the same snapshot ID.

5. **Recalculate Reserves**

- Sum the fine troy ounces in the file and verify the total is \geq **required ounces** for circulating XGold.

If all steps above reconcile, you have independently confirmed the PoR for that snapshot.