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Introduction

Golix is a cryptocurrency exchange. Unlike other exchanges that are primarily designed for day traders, Golix differentiates itself as an outfit focused on the African market and its challenges.

It is designed to facilitate remittances and payments while acting as a reliable access point for cryptocurrencies. The full extent of the challenges that Golix is addressing by doing this is best explained by real life stories drawn from Africa.

The problem

The African remittances story

Dalitso is a Malawian migrant worker who has been living in Cape Town, South Africa for three years. He joined 3.3 million other migrants¹ from the SADC region who work in the regional hub.

His new home - the "Mother City" - has taken him in, providing a string of informal jobs. Despite their low wages, these hard-to-get and never more than semi-permanent gigs have allowed him to take care of himself and provide financial support to his grandmother and ten year old sister. They stay in rural Malawi and are the only family Dalitso knows. He is the proverbial man of the house, which is why he sends money home every month.

To do this he explores a number of options² that are used to service the 11.2 billion Rand (US\$928 million) per annum South Africa-to-SADC remittances market.

One alternative is the bus drivers option. These provide unofficial courier services and through third and fourth parties in the destination country, they will have the money dropped off at an agreed point that's accessible to the recipient.

The bus drivers option has worked for Dalitso on several occasions, but he has been hesitant to always rely on this method because other people have complained about money that's sent but not delivered in full.

That's not the only complication either. In one instance all the money was delivered but his ailing grandmother had to travel close to 10 km just to collect it from the person who had received from the driver. She also struggles to get a fair exchange rate from the people who get the money from the drivers to pass on to her. These middlemen often take advantage of her limited knowledge of foreign currency exchange rates.

Another alternative for Dalitso is to send someone - the odd friend or acquaintance travelling back home - with the money. This overcomes trust issues but the method has its own challenges. The last time Dalitso used it, the friend making the delivery was delayed at the border and the money,

¹ Finmark Trust : Remittances from South Africa to SADC Fact Sheet - Accessed 4 May 2018
<https://www.finmark.org.za/wp-content/uploads/2016/07/remittances-from-south-africa-to-sadc.pdf>

² DFID: Informal Remittance Systems in Africa, Caribbean and Pacific (ACP) Countries - Accessed 4 May 2018
<https://assets.publishing.service.gov.uk/media/57a08c54e5274a31e0001146/InformalRemittanceSummary.pdf>

which was also supposed to pay for his little sister's education, only got to its destination a week after schools had opened.

The last option is to use money transfer agents (MTAs), entities that are supposed to be the best for this sort of thing. Since Dalitso is an undocumented migrant³ he cannot use these agents who need to see his papers before handling his money. He has to find someone who he can trust to do this on his behalf.

He also has to factor in a 10% charge⁴ which seems small for a great service but can mean an extra week of food for his family. His calculations have shown him that the money he would spend on such charges in a year would be enough to pay for an entire month's remittances.

There's also the challenge with the collection of the money from the agents' collection points, an errand that is difficult to complete for his frail grandmother.

Africa's payments challenge

Starting a fashion store was always Thandie's dream. After losing her job in a mass retrenchment exercise, she setup a small boutique store in Zimbabwe's second largest city, Bulawayo.

Like other businesses in Zimbabwe's import based economy, Thandie's store relies on inventory that is bought from a foreign market - specifically Abu Dhabi.

On the surface, her business process is fairly simple. When her stock is running low, Thandie makes a trip to Abu Dhabi carrying US dollars to buy whatever she needs. After securing her merchandise she flies back to Zimbabwe with it where she sells it for a profit.

Since Zimbabwe is a multi-currency environment where US dollars are the base currency for most transactions, this is supposed to be straightforward. Lately though, there have been complications because of a serious cash and foreign currency shortage⁵ in Zimbabwe. It has meant that most of her customers are paying for clothes using bank cards and local currency deposits instead of the US dollar.

Thandie can't withdraw the money in her account to take to Abu Dhabi or use her MasterCard card outside the country like she used to. Her bank, which used to allow her to withdraw the cash she needed or easily clear all her payments has been struggling to guarantee this.

Bank officials have asked her to apply for foreign currency clearance for every purchase she needs to make, throwing her into a process that takes weeks and even months to get partially approved.

To keep business going Thandie has had to buy foreign currency from the thriving, illegal parallel market in Zimbabwe, always at a significant premium. She then passes this extra charge onto her customers through increased prices which negatively affects sales.

³ Finmark Trust : Remittances from South Africa to SADC Fact Sheet - Accessed 4 May 2018
<https://www.finmark.org.za/wp-content/uploads/2016/07/remittances-from-south-africa-to-sadc.pdf>

⁴ World Bank : Remittances Prices Worldwide - Accessed 4 May 2018
<https://remittanceprices.worldbank.org/en/corridor/South-Africa/Zimbabwe>

⁵ Financial Times : "Dollar shortage highlights Zimbabwe's deepening economic woes" - Accessed 4 May 2018
<https://www.ft.com/content/1226bfb6-3944-11e6-9a05-82a9b15a8ee7>

This currency problem is not unique to Zimbabwe though. In Abu Dhabi, Thandie has met importers from other African countries who also highlight this as one of their challenges⁶. Their home countries struggle with foreign currency shortages⁷ and payments made through the banks in their home countries also take long to be approved. A common option is often to turn to parallel markets to plug the gap.

Africa's new currency & infrastructure challenge

In the busy city of Dar es Salaam, everything is about playing catch up to the fast pace that's synonymous with one of Africa's hallmark cities.

Hami, a 27 year old bank teller working in the city has also embraced this culture, chasing opportunities that he hopes will improve his life prospects.

His latest fascination has been with cryptocurrencies - the "new digital money" that has been the subject of so much discussion among his peers. Since 2011 Hami has been closely following every development in the space, learning as much as he can and even going through the evangelical process of teaching people how Bitcoin, cryptocurrencies and the Blockchain work.

By working with his brother who is studying in Canada he was also one of the first people to figure out a way to buy cryptocurrencies from a foreign cryptocurrency exchange after realising that none had been set up in his own country.

He also joined a growing circle of traders⁸ in the coastal city who have been using similar workarounds as well as peer to peer channels to buy and sell cryptocurrency which has found its place within the sizeable import-export business sector.

All this cryptocurrency action is quite lucrative for Hami and as an enterprising person, he believes that there is a lot more that cryptocurrencies can contribute not only to his pocket but to Tanzanian financial services. He would like to explore these other opportunities and have them presented to other young Tanzanians.

However, he knows that the way things are this won't work. To start with only a limited amount of cryptocurrency makes its way into Tanzania, mainly because of the absence of visible exchanges (*this has also created a breeding ground for scam artists and justified the State regulator's reservations*).

⁶ CNN: "African economies struggle with dollar crunch" - Accessed 4 May 2018
<https://edition.cnn.com/2015/12/23/world/africa-currencies/index.html>

⁷ CNBC Africa: "Sub-Saharan Africa's foreign-currency shortages are subsiding but will take time to overcome" - Accessed 4 May 2018
<https://www.cnbc.com/news/financial/2017/05/22/sub-saharan-africas-foreign-currency-shortages-subsiding-will-take-time-overcome/>

⁸ Bitcoin.com: "Bitcoin Has Caught the Attention of Tanzania's Central Bank" - Accessed 4 May 2018
<https://news.bitcoin.com/bitcoin-has-caught-the-attention-of-tanzanias-central-bank/>

Like in several other African countries⁹, cryptocurrency mining isn't lucrative because of high electricity costs¹⁰, adding to this digital currency shortage¹¹.

For someone who works in the country's formal financial system, Hami feels a sense of déjà vu with these challenges - a limited infrastructure and currency shortages relegating him and other people in his country to a lower position in a global financial system.

Our Solution

Dalitso, Thandie and Hami's circumstances sum up three major challenges faced in Africa - the obstacles with **remittances**; difficulties in clearing **international payments** from any African country; and a **shortage of cryptocurrencies and their supporting facilities**.

Golix is already addressing these challenges through its active exchange in Zimbabwe. It now intends to apply these solutions to the rest of Africa by **setting up exchanges in multiple countries**. A new **token - the GOLIX token (GLX) - will be issued** to provide users on all these exchanges an additional means of value transfer between fiat and cryptocurrencies. It will give holders an opportunity to invest in cryptocurrency projects in Africa.

The three cases highlighted above will also be resolved through these exchanges.

Dalitso can buy bitcoin on a South African exchange and transfer it to a Golix account in Malawi. The bitcoin would be sold for Malawian kwacha on Golix and then transferred to his grandmother's mobile phone instantly.

This option has the lowest fees that Dalitso would ever pay for sending money and he can send very small amounts of money since cryptocurrency transfers allow for micropayments.

Rather than break her country's foreign exchange laws by buying foreign currency on the illegal parallel market, Thandie can buy cryptocurrency on Golix using her local bank account. She can then sell the bitcoin on an exchange in Abu Dhabi and use the fiat currency to buy her merchandise.

As a citizen of a country with a history of financial challenges¹² and an economy that almost ground to a halt, Thandie can also use cryptocurrency as a store of value, buying cryptocurrency with any bit of extra income she can put together. This currency is actually acceptable all over the world, literally enables international banking and it is how she can buy her inventory, things her bank cannot help her with.

⁹ Bitcoin.com: "Bitcoin is Trading at a 40% Premium in Africa – Here's Why" - Accessed 4 May 2018
<https://news.bitcoin.com/bitcoin-trading-40-premium-africa-heres/>

¹⁰ Powercompare.co.uk: "Bitcoin Mining Now Consuming More Electricity Than 159 Countries Including Ireland & Most Countries In Africa" - <https://powercompare.co.uk/bitcoin/> - Accessed 4 May 2018

¹¹ Bitcoin is Trading at a 40% Premium in Africa – Here's Why - Accessed 4 May 2018
<https://news.bitcoin.com/bitcoin-trading-40-premium-africa-heres/>

¹² The Sunday Mail : "Failed banks owe US\$200m" <http://www.sundaymail.co.zw/failed-banks-owe-us200m/> - Accessed 4 May 2018

Hami can increase his trading activity by relying on an open and transparent platform that a local Golix exchange would provide. He would have access to a potentially larger pool of traders and through the central nature of a reliable exchange he would be able to access a larger amount of cryptocurrency.

He would also be using a service provider that's directly integrated with fiat to cryptocurrency solutions, opening up several opportunities for secondary businesses in the growing Tanzanian cryptocurrency space.

Why Africa?

The least developed areas possess the greatest potential for development. Likewise Africa, the greater part of the continent has that potential.

Africa's economic growth rate has outpaced the global average in the past few years¹³. With 60% of Africa's population being under the age of 25 (*productive age*)¹⁴, this trend is expected to hold over the next few decades.

Africans still face challenges in carrying out basic financial services such as making international payments, remitting and accessing basic banking services. Two out of every three people do not have bank accounts¹⁵ which translates to two-thirds of the **1.274 billion people¹⁶ in Africa** not being a part of the local and global financial system.

Cryptocurrencies are a viable solution to these unique financial challenges.

Despite the level of underdevelopment in Africa, access to technology (*which is the core building block for the fourth industrial revolution*) is increasing rapidly.

Case in point; access to devices such as mobile phones has rapidly increased. Over 45% of the population now uses mobile phones and accesses information, products and/or services digitally¹⁷.

Not only has mobile penetration increased, but access to internet has rapidly increased as well. In 2011, only 13.5% of the African population had access to some form of broadband connection. Six years later, the number had more than doubled. 2017 reports indicate that now 31% of the people in Africa have access to some form of broadband connection.

¹³ "Global Economic Winners: African Economy Booms | Popular Science."

<https://www.popsci.com/science/article/2012-11/global-economy-african-countries-growth> -Accessed 4 May 2018

¹⁴ "World population projected to reach 9.8 billion in 2050, and 11.2" Accessed January 30, 2018.

<https://www.un.org/development/desa/en/news/population/world-population-prospects-2017.html>.

¹⁵ "Africa: The unbanked continent | Elixirr." 9 Jun. 2017, Accessed 4 May 2018

<https://www.elixirr.com/2017/06/africa-the-unbanked-continent/>

¹⁶ Population of Africa (2018) - Worldometers

<http://www.worldometers.info/world-population/africa-population/> - Accessed 4 May 2018

¹⁷ Number of mobile phone users worldwide 2013-2019 | Statista." Accessed 30 January, 2018.

<https://www.statista.com/statistics/274774/forecast-of-mobile-phone-users-worldwide/>

Both these indicators point to the huge promise carried by a continent that continues to position itself for global integration.

Admittedly, the potential for Africa is not only promising in the here and now but also in the future. It is projected that by 2050, Africa's population will account for more than half of the world's population growth¹⁸. Therefore, this is expected to escalate the continent's development as it will have the "advantage of the masses".

GOLIX Token

- The GOLIX token will be a standard ERC20 token based on the Ethereum blockchain
- A total of 1,274,240,097 tokens will be issued
- A total of 637,120,049 tokens (50%) will be sold through the Token Sale
- The balance of 637,120,048 tokens (50%) is allocated for marketing, current shareholders and future employees
- GLX token to be listed and tradeable on golix.com exchange one week after tokens are dispersed

Token Issuing Model

10% Marketing

15% Investors and shareholders

25% Team

50% Crowd Sale

Token Value

- All GLX trading pairs will be zero-rated for transaction fees for a period of two-years.
- GLX token holders of 100,000 tokens or more will receive zero-transaction on trades on the exchange
- Golix will use 20% of its gross revenue generated to buy back GOLIX tokens every quarter to a maximum of 50% of the tokens minted. These tokens will be used to invest in projects that increase the adoption of cryptocurrency in Africa as well as the usage of the GLX token.
- The Golix Token is therefore designed to be deflationary because:
 - Buying back tokens creates scarcity thus increasing price and,
 - Investing in projects that promote the token creates awareness, which will subsequently bring in more people, fueling demand of the token.
- ICO Tokens wanting to list on the Golix exchange and having passed [our selection criteria](#), will be charged in GLX tokens.

Token Sale

- GOLIX tokens will be sold for bitcoin (BTC), ethereum (ETH) and Stellar (XLM).
- 1 GOLIX token will be pegged against USD and each token will be priced at \$0.05612.
- All African passport holders will be given a 10% discount over and above any other discounts given.

¹⁸ "World population projected to reach 9.8 billion in 2050, and 11.2" Accessed January 30, 2018. <https://www.un.org/development/desa/en/news/population/world-population-prospects-2017.html>

- Unsold tokens will be distributed equally amongst contributors pro-rata. However, these unsold tokens will be distributed over a 4 year vesting schedule, in 4 equal payments and with the first payment being made exactly one year after the Tokensale.
- The Public Token Sale will start on **14 May 2018**, 10:00 GMT time and run for 54 days until **6 July 2018**, 10:00 GMT or when all tokens are sold out, whichever is sooner.

Token Lock-up Period for Team

- After the closing of the Tokensale, the tokens will be distributed according to the token issuance model mention above. However, the tokens reserved for the founding team and for future employees will be distributed over a 4 year vesting schedule, in 4 equal payments and with the first payment being made exactly one year after the Tokensale. Holders of these tokens will not be able to sell them until the respective vesting dates.

Token Buy Back

- 50% of tokens issued will be bought back: 637,243,107 tokens¹⁹
- Golix will use 20% of quarterly gross revenue to buy back GOLIX tokens
- Tokens bought back will be used to fund both cryptocurrency projects developing new tokens that could be listed and traded on Golix as well as projects that will increase the uptake and usage of the GOLIX token.
- At the end of each quarter, Golix shall announce the amount of revenue accumulated over the quarter and how much will be spent on buying back tokens
- No mention will be made as to when exactly tokens are bought back, but on or before the end of the next quarter Golix shall notify the public when the tokens were bought.
- Part of the problem we are solving at Golix is that there is generally not enough cryptocurrency liquidity on the African continent²⁰ and yet Africa is where cryptocurrency will have the biggest impact. Creating a fund that invests in cryptocurrency-related projects tackles this problem directly.

¹⁹https://docs.google.com/spreadsheets/d/1OfvhCdWT_zgyVbJd7ITsOYsgrLHx5pW2KTW0FbzYUkg/edit#gid=2091150507

²⁰<http://blog.golix.com/price-bitcoin-africa-significantly-higher-international-exchanges/>

Why Golix?

Team

Our biggest competitive advantage is our people. We have a dynamic lineup of individuals eager to provide a game-changing solution to some of Africa's problems which they have experienced personally. You can view the profiles of our team members here: <https://docs.google.com/document/d/1l1MeUhgAmKYjAhOHawNlorBTll7Rvb8yPvoQumNBWeg/edit?usp=sharing>

Traction

Golix is a profitable and fast growing company. We processed our first transaction on 16 September 2016.

	<u>Q1 2017</u>	<u>Q2 2017</u>	<u>Q3 2017</u>	<u>Q4 2017</u>
New User Signups	490	842	3,362	24,282
Trading Volume (USD)	\$6,000	\$150,000	\$509,000	\$5,300,000
Revenue (USD)	\$2,500	\$6,000	\$18,000	\$158,000

Our Strengths

- Young/agile
- Strong team - qualifications; best in class, top talent, thought leaders in their respective fields
- African native - understand local
- Made in Zimbabwe - can make it anywhere
- Technology focused
- Platform focused
- Bootstrapped but profitable (US\$63,000 investment only)
- We have experience from lessons learnt (with cryptocurrency technology)
- Unique brand
- Blockchain pioneers in Africa/Zimbabwe

Competition

Golix differentiates itself by being an exchange focused on addressing the challenges tied to remittances, payments and the unavailability of cryptocurrency on the African continent.

Keeping this in mind and maintaining our growth objectives aimed at replicating a working solution in other parts of Africa, we are mindful of other service providers that offer partial solutions to what we offer comprehensively.

These entities fall into specific categories and are explored in detail in the blog posts linked below.

1. <http://blog.golix.com/an-overview-of-africas-popular-cryptocurrency-exchanges/>
2. <http://blog.golix.com/the-pros-and-cons-of-traditional-african-remittances-and-payments-options/>

Risks

Running an exchange is difficult and it is not without risks. To be successful, it's not enough to just identify all the potential hazards we are faced with, we need a good mitigation strategy for each of them. The following are the biggest risks that we face and the mitigation strategies that we have in place:

- **Regulation**

Running an exchange is more challenging in a jurisdiction with bad regulation than in a jurisdiction with good regulation. This is tied to issues like how poorly regulated markets often repel smart talent and capital while well regulated markets tend to attract smarter talent and capital.

Cryptocurrency is generally not regulated yet in any African countries. We know that regulation is coming and we can anticipate what this regulation will look like when it does come. We are preparing for this by doing things such as introducing KYC/AML compliance features and hiring an experienced compliance officer. Even with such measures it is hard to be 100% sure.

However, after security, our most important value is compliance so whatever path the regulators in one of our markets decide, whether it's good regulation or bad regulation, we shall comply with those regulations. **We don't want to fight with regulators so we shall do everything we can do to comply with regulators.**

- **Security**

Golix is a centralised exchange and one important role that we have in this ecosystem is providing a wallet service to store the cryptocurrency funds of both the customers that want to trade on our platform as well as those customers who don't feel they can securely store their funds themselves. We know that this is a huge responsibility and this responsibility makes us a target for thieves and hackers. It's not enough for us to hire the best people in the space and to hold highest security standards and practices, we also need to make sure that our customers are taking sufficient steps to protect themselves so that no accounts are compromised.

- **Competition**

We are pioneers in the African cryptocurrency space, running a successful, profitable company but we know that new players are going to come because: For every Coke, there's a Pepsi; For every Mercedes Benz, there's a BMW & for every Gold, there's a Silver. First movers have a disadvantage because they incur significant costs in educating the market and proving the business model. Fortunately, Golix is a very sticky and a memorable brand. Plus our unfair advantage is that we have learnt so much about this business and this technology in the last 3+ years that we've been in business. And we're born and bred in Africa - we understand this market better than anyone.

- **Talent**

Attracting and retaining talent is core to our business. Not only will we scout for the best talent to tackle the unique challenges we face in Africa, but we will also create an

environment that attracts the best people. We will continually focus on attracting and hiring the smartest people we can find.

- We're aware that our biggest competitive advantage at Golix is our people and a big risk for any technology company is failing to recruit and/or retain talented people. We are mitigating this risk by:
 - Having a meaningful mission to "Give every person in Africa financial autonomy".
 - Paying 'top of the market' for top talent.
 - Making Golix a great place to work
- Many companies, even today in 2018, do not provide equal opportunities for women - this puts them at a disadvantage because they are only selecting employment candidates from just half of the population. Golix is an equal opportunity employer.

GOLIX Token Sale Roadmap

- **December 2014:** BitFinance incorporation
- **November 2015:** BitcoinFundi exchange launched
- **October 2017:** Profitable after only US\$63,000 Investment
- **May 2018:** Mauritius incorporation
- **June 2018:** Open Office in South Africa
- **14 May 2018:** Token Sale Launch
- **6 July 2018:** Token Sale End
- **27 July 2018 :** List GLX token on Golix.com for trading
- **Q4 2018:** Launch exchange in new country
- **Q4 2018:** Launch Golix mobile application
- **Q4 2018:** Launch API for third party integration
- **Q2 2019:** Launch exchange in 4 new markets