



Baikalika
baikalika.io

White Paper

Blockchain technology for the extraction and
distribution of Baikal drinking water

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Executive summary

BAIKALIKA – is the first authenticated and blockchain based etalon-quality drinking water

We extract drinking water of ideal composition from a unique relict source, a 'lens' of Lake Baikal, at a depth of 400 meters, three kilometers away from the shore.

Blockchain technology ensures 100% protection against a counterfeit product, and water safety and quality control due to confirmation of the place of origin and a transparent chain of supply to the end-user.

BAIKALIKA tokens (BKL) represent your personal stockpile of Baikal's best drinking water produced and supplied to token holders and to the world's most promising markets. A token acts as an EXW contract for free water supply to the warehouse. Tokens functionality allows for flexible management possibility.

An Issue of Water Counterfeit

According to ChinaDialogue¹, up to 60% of bottled water in China is fabricated and sold under fake brands. Multiple illegal factories are engaged in the bottling and selling of unsafe tap water disguised as products manufactured by popular trademarks. This is a challenging issue for the entire global market of bottled water.

Meanwhile, China is the largest market for bottled water consumption with over 35 billion liters consumed annually.

Baikal drinking water is one of the most recognizable brands that is currently increasingly used for selling artesian water or purified tap water instead, which have nothing in common with the relic deep water of Baikal.

¹ Source: <https://www.chinadialogue.net/article/show/single/en/7152-China-s-bottled-water-the-next-health-crisis->

It is essential for our customers to have a safe and easy tool protecting against buying fake water, and to know the water source and its specification.

Other bottled water manufacturers nowadays try to protect their product by using bottles of complex shape, some specific caps, holograms or digital codes for online verification, spending lots of resources and offering comprehensive solutions to their customers.

Blockchain technology is where we have found the most efficient solution for BAIKALIKA water authenticity verification and shipment control.

Solution

We are currently developing a proprietary system designed to maintain and verify information pertaining to every single water bottle we have extracted and shipped, thus allowing customers to be assured of the veracity of our water and to obtain additional information as to its origin.

Our solution provides a 100% guarantee of water safety, eliminates any risk of getting a fake product, or a risk of shelf life expiry date violation. This creates additional benefits in the minds of customers. Blockchain is what allows us to control a chain of supplies on a real time basis. It also enables us to elaborate the project by generating a new and unique bonus programs for partners.

Here is how blockchain is helpful, providing us with:

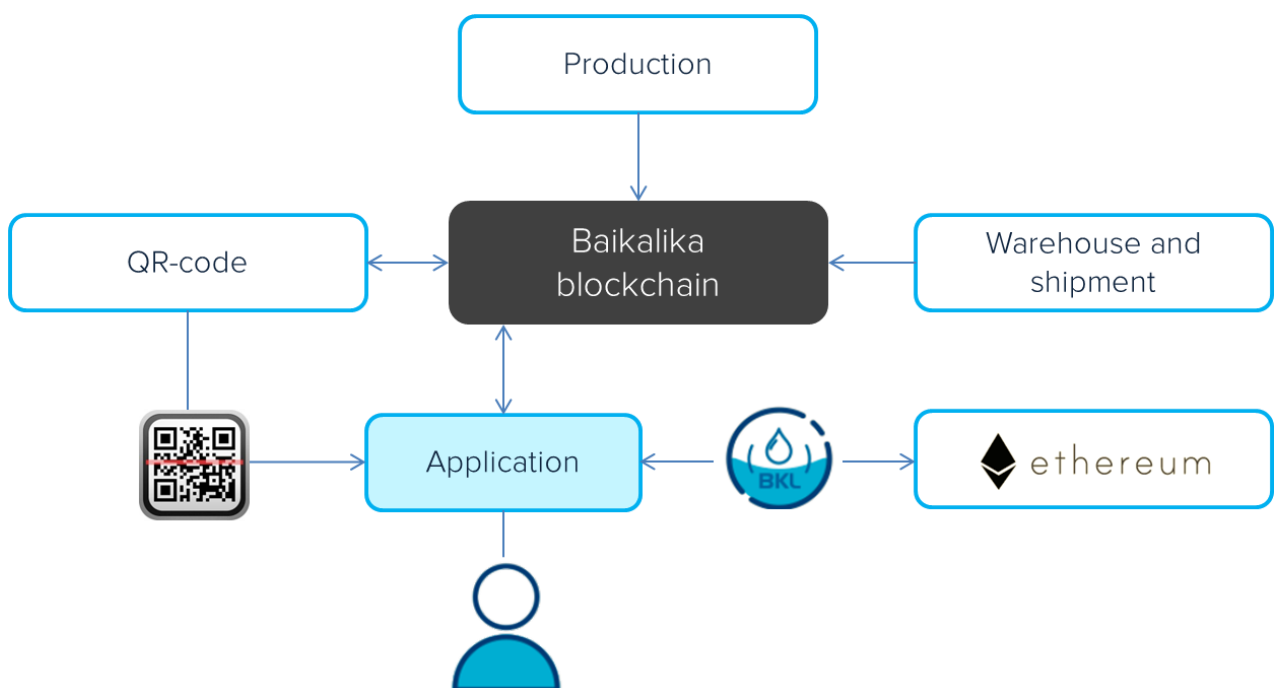
- 1) efficient system of our products protection;
- 2) the utmost transparency of the product; rewarding our customers via bonus programs;
- 3) control over supply chain and sales information on a real time basis;
- 4) a unique system of their water management for BKL token holders;
- 5) possibility to develop the project by selling BKL tokens.

Blockchain of BAIKALIKA

How the System is Designed

The system consists of the following components:

- 1) Private blockchain-driven database for storage of information about each particular bottle of water.
- 2) User app for merchandise authenticity verification via QR coding.
- 3) Automation tools and software for blockchain integration at BAIKALIKA's factory and at warehouses located in target countries.
- 4) BAIKALIKA tokens (BKL) under ERC20 standard realized on Ethereum-based blockchain.
- 5) Token holders interface for the app-based management of and transactions with water and BKL tokens.



From the production and storage units, automation tools and software are used to input the data into the blockchain. QR code placed on a bottle allows the retrieving and inputting of data into the blockchain system.

BAIKALIKA's Blockchain Infrastructure

Blockchain stores the following:

- Information about the extraction and shipment date and location
- Product description
- Intended region of sales
- History of the product movement
- Key for the confirmation of purchase and allocation of bonuses.

To ensure speed and the provisional 'simplicity' of implementation, we consider the possibility to launch a private blockchain on the izzz.io platform. The platform uses the LCPoA block generation algorithm which doesn't require large calculation resources.

The network safety and consensus are ensured by a 'limited confidence area' mechanism with the automatic generation of test points, and by block generation time synchronization against the general network time. The platform safety is ensured by a selected consensus, using digital signatures. We are going to use digital signatures based on ECDSA-SHA256 which is also employed by Telegram.

For token holders' convenience, the blockchain system will be integrated with BKL tokens which are released on Ethereum platform and conform to ERC20 standard.

The choice of the izzz.io platform is explained by certain advantages in a number of properties when compared to alternative options:

- High network speed: supports over 25 000 transactions per second in a specially configured environment (versus transaction confirmation in Ethereum which can take up to 10 hours)
- Free transactions
- Free data storage
- LCPoA block generation algorithm tied to the world time secures the network against spam and fake transactions without imposing strict requirements on computational resources.

Proof of Water Authenticity

Each batch of bottled water is labeled with a unique QR code generated based on the blockchain data. Whenever water is shipped from the warehouse, it will be registered in the system, with the tracking information entered into the blockchain.

Upon arrival at a destination point, the tracking information will be re-registered in the system. From that moment, the water is considered to be located at the warehouse and can be used by token holders.



The labeling bottles with a unique QR code used along with the blockchain enables water verification and makes it possible to quickly prove BAIKALIKA's authenticity to anyone and anywhere in the world.

We are creating a new open marketplace of genuine natural water, where anyone can become an owner of a piece of Baikal's deep drinking water. Token holders won't have to assure others that the water is genuine. Blockchain will do this job.

User Interface

Functionality will be implemented via an app interface connected to the blockchain system. Here's what the app allows:

- QR code scanning to promptly verify authenticity of any particular water bottle.
- Getting additional information about the merchandise: the intended region of sale, production date, article description.
- Scanning a secret code under the cap (a unique purchase code) for the purchase registration and a bonus allocation.
- Managing your own BKL tokens and flow of free water provided to token holders.

Customer Incentives

By purchasing BAIKALIKA water in a store, a customer will be partially refunded by a cryptocurrency bonus or by other digital products from partners. A bonus will be allocated in the app user's personal account after secret (under cap) code scanning.

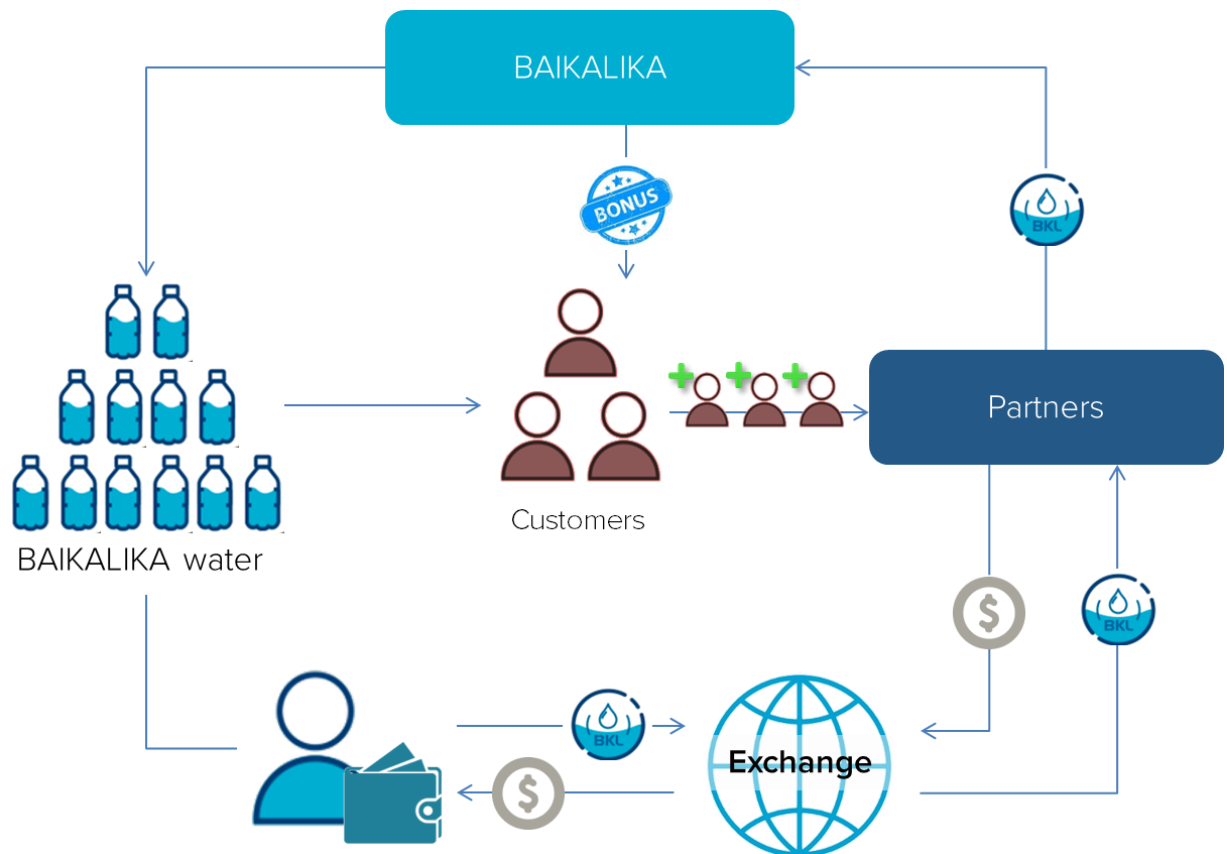
To claim bonuses, consumers may need to register in our partners' wallet and to transfer the bonus to the wallet address.

The reasons why partners from the crypto world are interested in collaboration:

- 1) By getting bonuses, customers become users of our partners' crypto products.
- 2) BAIKALIKA bottled water is a mass product with a target sales volume of 160 mln liters per year.
- 3) Customers are interested in bonuses and cash back
- 4) A bottle of water is the cheapest and the most efficient way of attracting your users

For the placement of their crypto bonuses on a bottle of BAIKALIKA, partners need to buy BKL tokens from token holders at a cryptocurrency

exchange. Then, BKL tokens are transferred to the BAIKALIKA project as a payment for the bonuses placement. We are planning to introduce a HOLD for tokens entering the team's wallet, lasting for at least 6 months from the date of their deposition.



We plan that bonuses could be issued in any cryptocurrencies or any tokens which became members of the partners' bonus program. It's a unique mechanism which allows us to create marketing advantages of the product and to implement cross-marketing arrangements with partners.

BAIKALIKA Tokens (BKL)

Baikal Water Personal Reserve

Each BAIKALIKA token (BKL) is your personal reserve of the best drinking water, extracted at a depth of 400 m from the so-called 'lens' of Baikal Lake, which we extract and supply to the world's best markets.

A BKL token acts as an EXW contract, under which, effective March 2019, we will supply bottled water on a daily basis.



The water will be handed out for free from BAIKALIKA's warehouse. The amount to be handed out starts from 1 batch. The water may be used by token holders at their discretion.



Token holders won't have to prove the quality of their commodity (BAIKALIKA water) to their buyers. All the proofs are securely saved and stored in the blockchain.

Water Generation by BKL Tokens




Each token generates of water per day, and this water (starting from one batch) is made available at a warehouse for free.

The water is bottled into 0.5-liter, 1.25-liter, and 5-liter PET bottles, and is packed into bathes of 12, 6 and 2 PET bottles correspondingly.

You are free to choose the most convenient package type. Here are the three simple steps needed for the generation:

1. Chose the warehouse for the intended delivery
2. Chose the bottle volume for the generation
3. Confirm that the above steps are correct

If you the owner of 10 000 BKL, a batch of water will be available for collection as early as after 4.5 days.

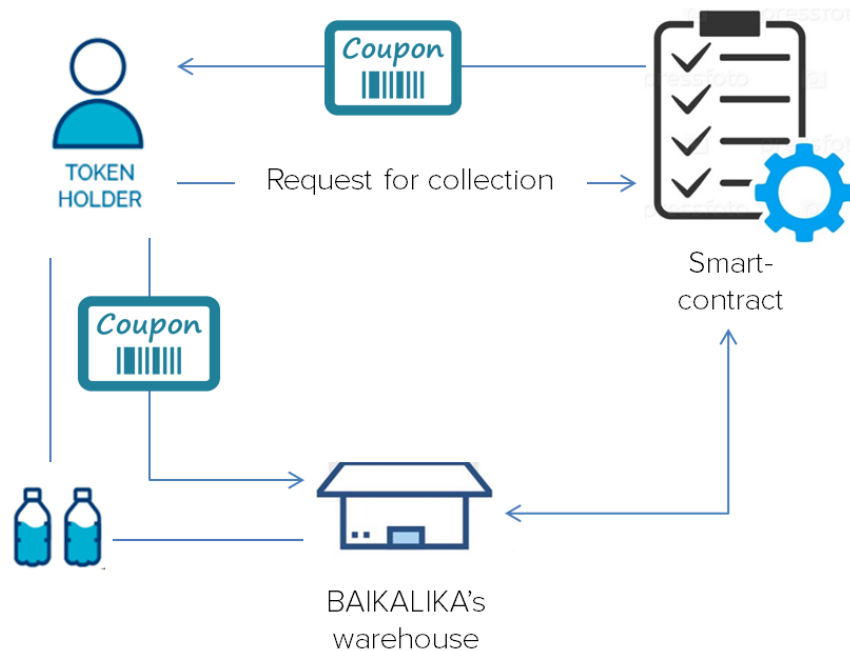
Water generation calculation 10 000 BKL			
			
PET bottle volume	0.5 liters	1.25 liters	5.0 liters
Number of PET bottles in a batch	12 PET bottles	6 PET bottles	2 PET bottles
Number of liters in the batch	6 liters	7.5 liters	10 liters
Period of generation	4.5 days	5.7 days	7.6 days

Each token is replenished daily with its maximum capacity being 0.02 liters. After a token has been filled, water generation will be stopped.

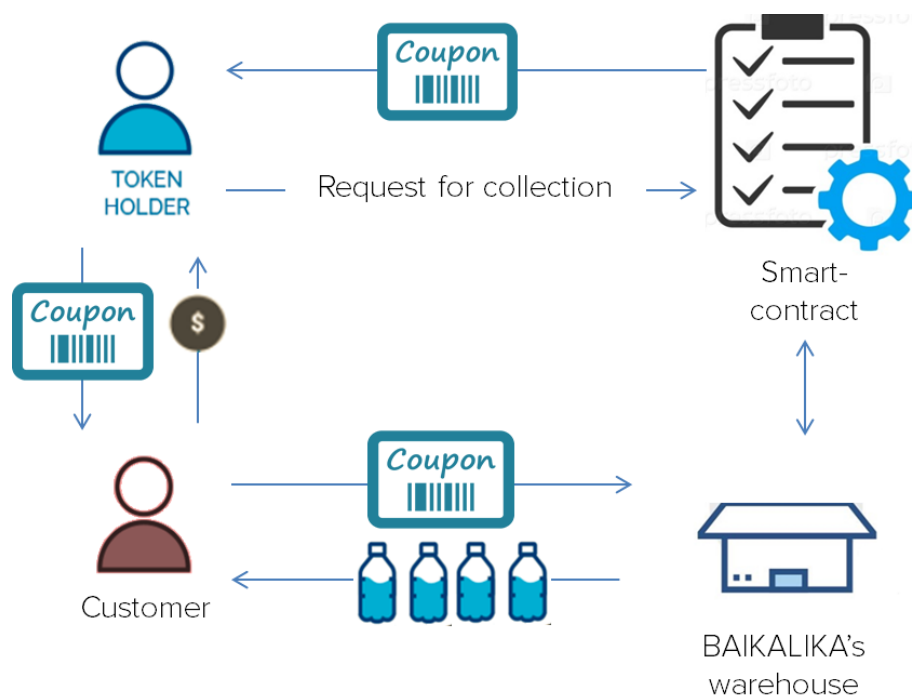
From that moment, token holders will have 7 days to take advantage of the water, otherwise the water will be repurchased automatically, with token holders being paid 30% of wholesale value of the batch.

Use of the Water

The minimum volume of water to be issued from a warehouse is 1 batch. After an order for water is formed, the accumulated water shall be 'transferred' to a smart contract and the token holder will receive a coupon for a free receipt of bottled water at a certain warehouse at a certain time.



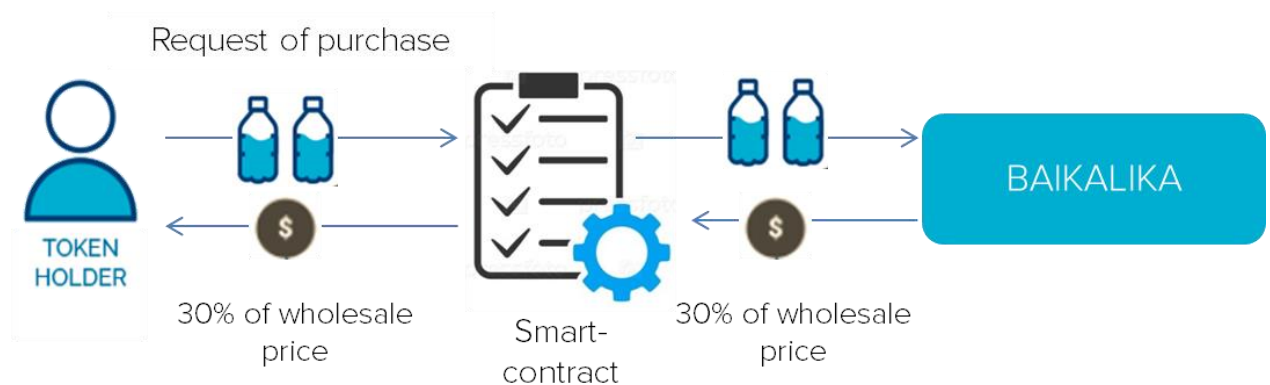
Any person can be a coupon bearer. Coupons can be sent to a logistics company to have it deliver water to a specific address, or can be sold to any retail or wholesale customers.



The possibility to transfer coupons allows token holders to apply their own business model, incorporating both retail and wholesale customers, sanatorium resorts and hotels, and HORECA.

Token holders can sell their water directly from the BAIKALIKA warehouse, without having to bother about its storage or about transportation expenses.

Token holders are entitled to 7 days of free water storage at BAIKALIKA's warehouse. After this 7-day period of free storage, any unclaimed water will be repurchased automatically, with token holders being paid 30% of the wholesale value of the batch.



We plan the wholesale weighted average cost of 1 liter of water to be at about \$0.8. In this case token holders will be able to get \$0.25 from each liter. The retail price of a 0.5-liter PET bottle at shops will make \$0.75.

Water for 10 000 BKL, liters		Proceeds from water sale		
		Retail	Wholesale	Repurchase
Per week	1,3	\$2,0	\$1,1	\$0,3
Per month	39,5	\$59,2	\$31,6	\$9,9
Per year	480,0	\$720,0	\$384,0	\$120,0
Total water	24 000,0	\$36 000,0	\$19 200,0	\$6 000,0

The wholesale price will be determined individually for a warehouse to be chosen by a token holder at the beginning of water generation.

Repurchase of BKL Tokens

Starting from the 1st quarter of 2019, BAIKALIKA is launching a mechanism of token repurchase from token holders. The company will allocate \$0.05 from each shipped liter of water to purchase ETH to form the token buyback fund.

Token repurchase will take place over 5 years from the beginning of water supply to the Chinese market in 2019.

We plan to reach the production volume of 160 million liters per year. In this case, we will be allocating \$8 million a year to token repurchase.

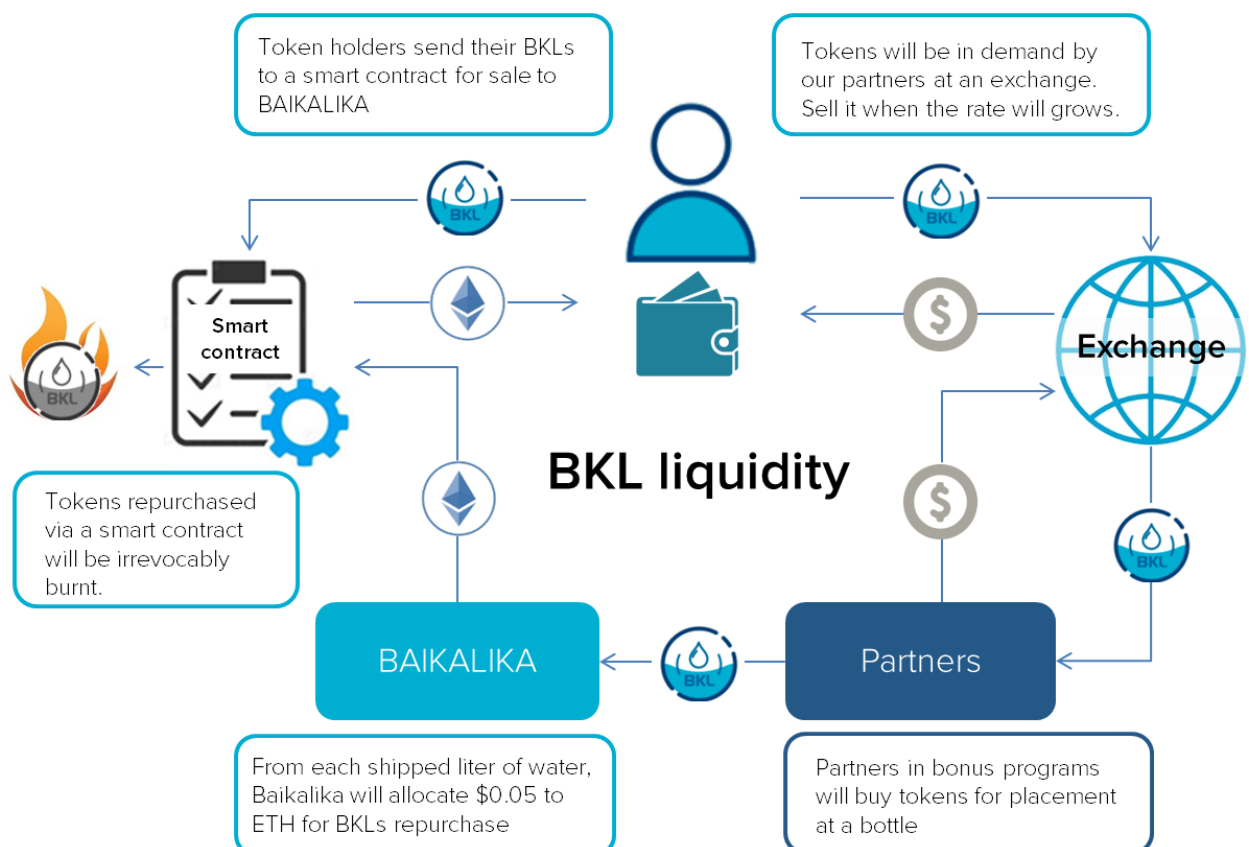
	2019	2020	2021	2022	2023
Shipped water, th. of liters	60 000	120 000	160 000	160 000	160 000
For BKL repurchase, th. of \$	3 000	6 000	8 000	8 000	8 000
Accumulated total, th. of \$	3 000	9 000	17 000	25 000	33 000

Repurchase will be carried out once a month via a smart contract according to the following pattern:

- Funds for token repurchase will be used to buy Ether (ETH) at a cryptocurrency exchange according to the current rate.
- Next day, ETH will be sent to a smart contract, a closure day is 5 calendar days later.
- An app will inform all the token holders that a contract for token sale is open.
- There is no fixed buy/sell rate for this contract.
- The token holders wishing to sell their tokens will send them to the smart contract.
- As more and more new tokens are being sent to the smart contract, the total amount of tokens will increase. Thus, an exchange rate being equal to $\#ETH/\#BKL$ is formed at any time. It is obvious, that the less tokens that are available at a contract, the more favorable exchange rate there is.

- Whenever any of the sellers are no longer satisfied with the exchange rate (because it's too low), such a seller may withdraw their tokens in full or in part, thus reducing the amount of the tokens involved and improving the exchange rate for any remaining members.
- Tokens can be sent and withdrawn until the closure date. After that date, the number of tokens and the members shall be registered, and ETHs will be sent to all of the members in proportion to the amount of tokens left at the contract.
- After the smart contract is closed, BKLs will be burnt, while ETHs will be distributed among BKL sellers.

The number of tokens is limited and will be further reduced as they get repurchased. Besides, demand for tokens is stimulated by partners within bonus programs.

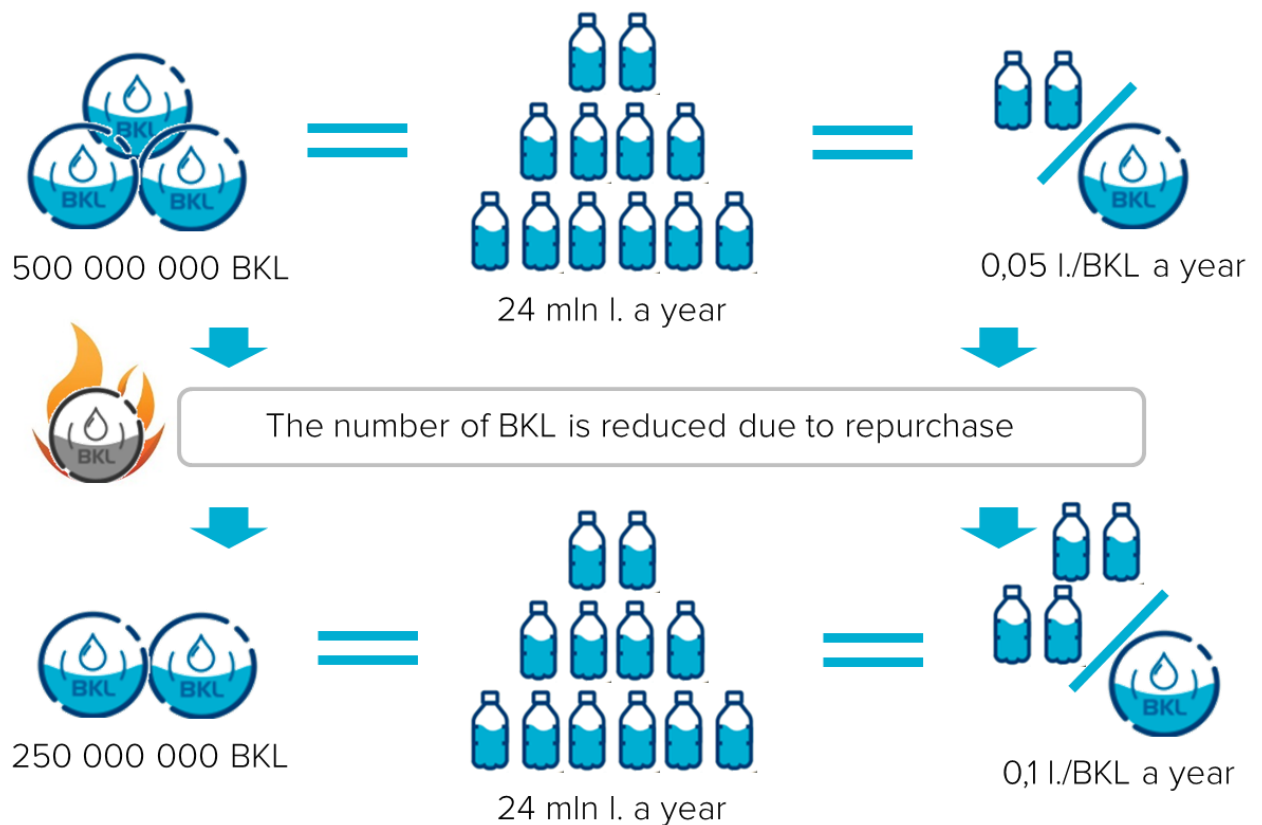


Token's Security by Increasing Water

Each token represents 2,4 liters of water which is generated gradually for 50 years.

The ultimate amount we plan to issue for sale is 500 000 000 BKL. The volume of water supply in respect of such an amount of BKL tokens makes at least 24 million liters a year.

BKL repurchase will result in reducing the number of tokens in circulation. Still, we are also going to keep supplying at least 24 million liters of water a year.



Hence, for any tokens remaining in circulation, their security by water will grow, thus increasing its value for token holders.

BAIKALIKA project

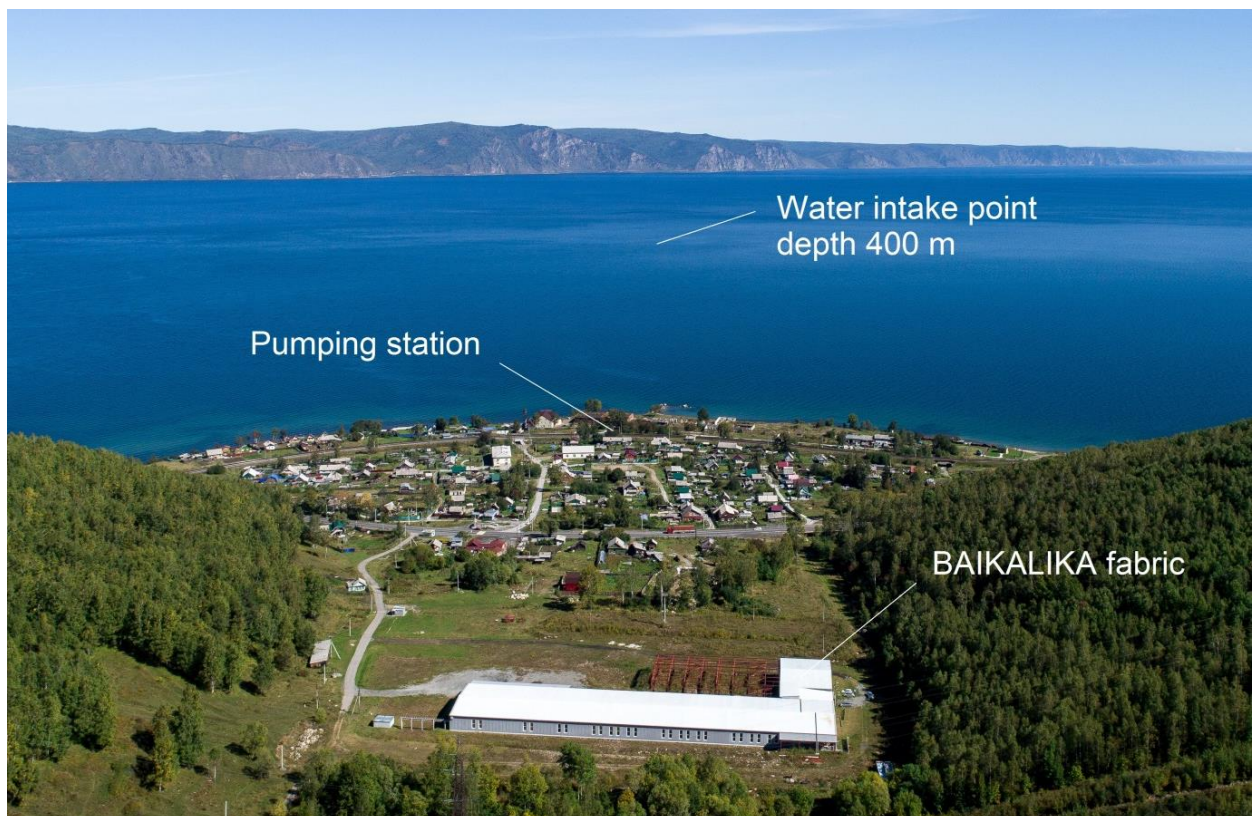
Factory

The water extraction and bottling factory is located on the shore of Lake Baikal in an environmentally pristine area with unique atmosphere and primeval nature.

Production location: Russia, Irkutsk Region, Sludyanka.

Find us on the map: <https://goo.gl/maps/WfYKiU5bp1o>

We extract drinking water of ideal composition from a unique relic source, a 'lens' of Lake Baikal, at a depth of 400 meters, three kilometers away from the shore.



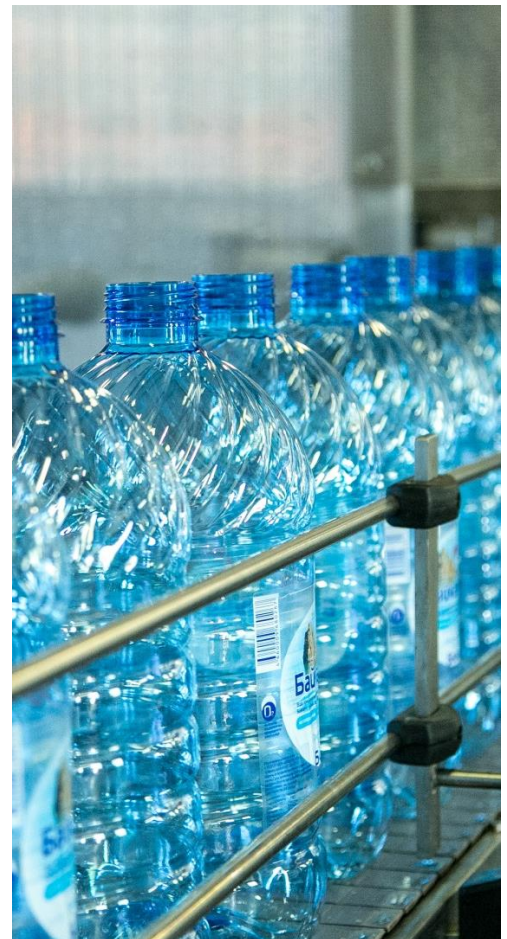
Our deep-water intake point is built under a proprietary patented technology.

For 3 years, laboratory observations have been carried out into the quality of the water from a selected water intake point. The high quality of BAIKALIKA's water is attested to by experts and confirmed by conformity

certificates. The water production is certified in accordance with ISO international system.

The capacity of our pumping equipment, along with the diameter of pipes, allow us to pump 1 billion liters of water per year, which is enough to provide drinking water to more than 2.5 million people. However, actual production volumes are limited by the capacity of our bottling line: 8.5 million liters of water per year.

Baikal's deep water extraction and bottling is a unique right granted to BAIKALIKA's factory as a quota for water extraction. Currently, BAIKALIKA supplies water to the Russian market. Our trade mark has been registered in China, Korea, Japan, and Mongolia.



Our plan is to enlarge the production and to increase the volume of bottling up to 160 million liters for the supply of the world's best drinking water to China, Southeast Asia and the Middle East.

Environmental Responsibility

Baikal Lake has been considered a source of life since the time of its inception. Nowadays, not only is it a natural monument, but it is also the world's largest reserve of pure drinking water. We seek to make Baikal not only a source of better water for the world's population, but also a real treasure, a point of ecological self-awareness.

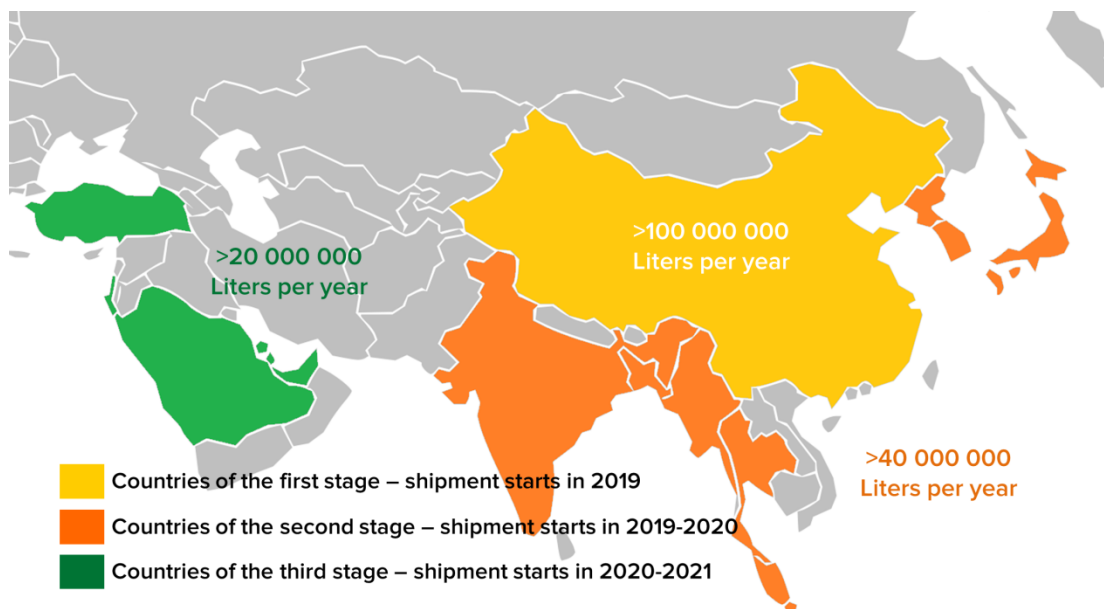
BAIKALIKA production is environmentally sound, which is confirmed by the relevant findings and certificates.

Along with some other public and environmental organizations, BAIKALIKA assumes responsibility for the preservation of Baikal's ecosystem. Our plan is to support scientific institutions, conservancy areas, and both public and governmental projects.

For these purposes, BAIKALIKA will transfer a portion of its profit to environmental and public organizations for conservation of

Water supply

Currently, BAIKALIKA is producing and supplying water to Russian consumers. We plan to expand our output up to 160 million liters per year and to arrange the water supply to the markets of Asia and the Middle East.



It is expected that token holders will be able to obtain their water at BAIKALIKA's warehouses as follows: since March of 2019 in China, since 2019-2020 in India and Asia, and since 2020-2021 in the Middle East.

For token holders, the water will be supplied under the terms of EXW contract (ExWarehouse). The water can be claimed at BAIKALIKA's warehouse and at our partner's warehouses. A warehouse can be chosen from the list of warehouses in the app.

Storage Infrastructure

The main logistics centers for the first stage are a production and warehousing facility in Sludyanka in Irkutsk Region of Russia, and warehouses in Manchuria in China. We plan to arrange a warehousing facility in Shanghai (China).

As the project is scheduled to evolve, we plan to set up warehouses in countries of the second and the third stages. The most probable location for warehousing facilities is areas with well-developed logistics infrastructure in the vicinity of large inhabited localities.

Product

Source of the Best Drinking Water

BAIKALIKA water is extracted three kilometers away from the shore at a 400-meter depth from Baikal's so-called 'core', or 'lens', where it is protected from external factors and maintains its temperature at a constant 3.6° C. This deep water of Baikal is unique in terms of its purity and composition, and is considered ideal drinking water.

Baikal is the world's oldest and deepest lake, containing almost 20% of the world's reserve of non-frozen fresh water.

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Baikal is included in the UNESCO World Heritage List and is a world-famous brand.

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Baikal's stratum is saturated with oxygen up to its lowest depth. At a depth of 400 meters and more, Baikal's water is absolutely pure. At the same time, active oxygen content is maintained at a very high level: 14.5 mg per liter.

The world's other fresh water reservoirs do not have this property; their waters contain dissolved oxygen only in the upper layers of water, up to 200-300 meters deep.

Baikal's deep drinking water belongs to the category of 'light' water saturated with free hydrogen atoms. In the molecules of 'heavy' water, hydrogen atoms are replaced by deuterium atoms whose structure includes an additional neutron.

Water containing deuterium is considered to be a delayed action poison affecting, in the first place, the reproductive functions of practically all living organisms.

Baikal water features the lowest deuterium content among all the world's fresh water reservoirs: 135-137ppm.

The 'light' water of Baikal contributes to improving cell membrane functions. In addition, it activates metabolism and detoxification processes, thus increasing energy reserves of the human body.

It also results in accelerating lipid and carbohydrate metabolism, which contributes to weight correction and the normalization of blood sugar level.

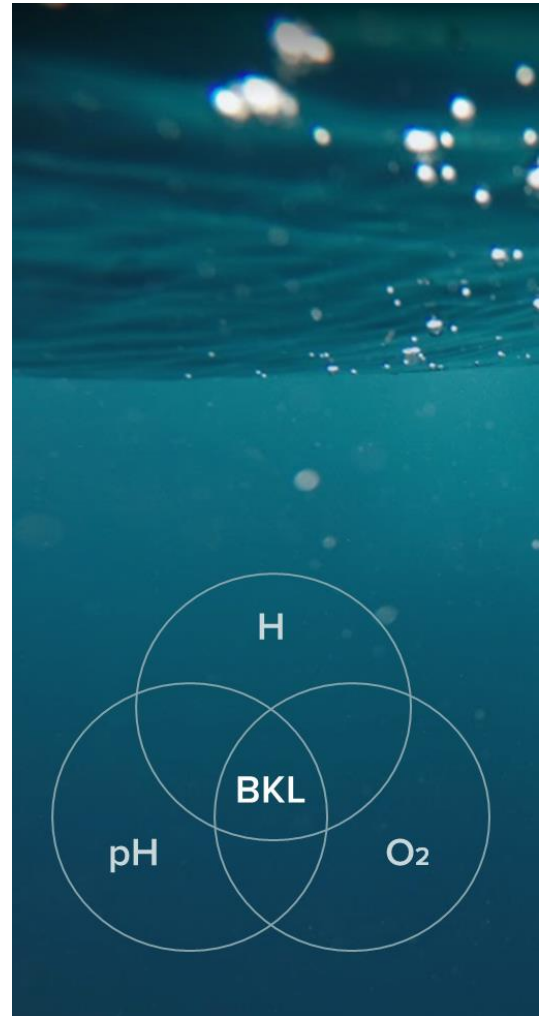
Unlike mineral waters, Baikal water has a low mineralization level, which makes it ideal for daily consumption.

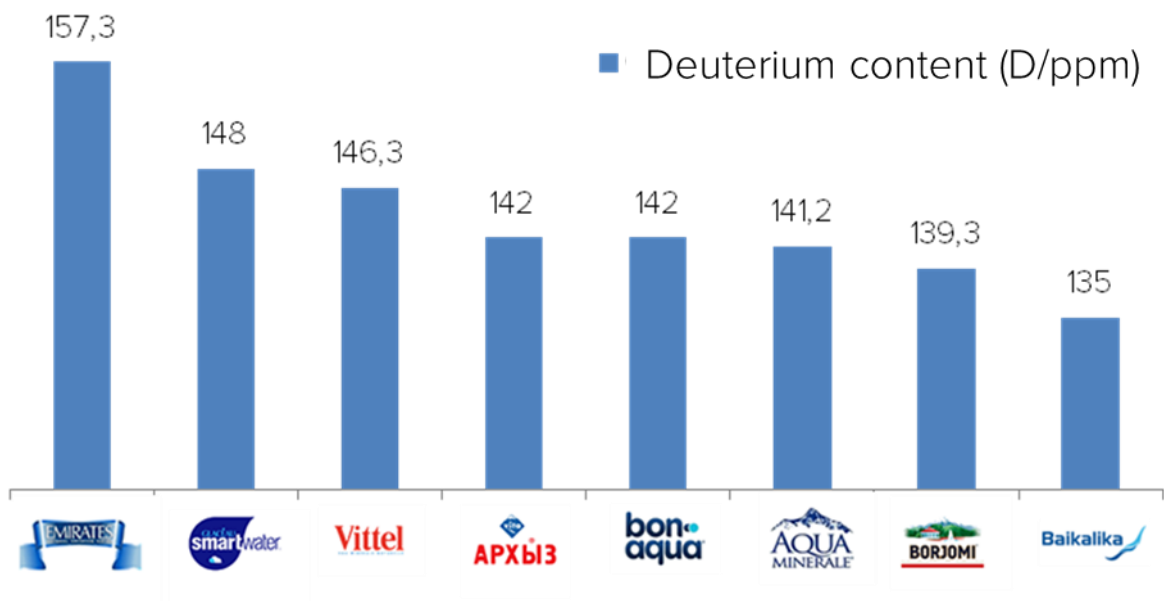
The acid-alkali balance of Baikal's deep water (pH of 7.45) is almost identical to that of human blood (pH of 7.42). This means that such water bears no irritants and is perfectly absorbed by the human body, including infants.

The magnificent taste and crystal purity of Baikal water, its unique mineral balance and unchanged composition, are all confirmed by many years of research.

Natural Drinking Water of BAIKALIKA

BAIKALIKA is **light drinking water** of the highest quality with the lowest deuterium content among all the natural water sources.





In terms of its composition, BAIKALIKA exceeds purified water and artesian water, while in terms of deuterium content it exceeds volcanic water, interstitial water and melt water.

Low deuterium content and high oxygen concentration have a unique influence on the human body as expressed in:

- Increased mental capacity
- Aging slowdown
- Increased human energy
- Advanced immune protection
- Advanced stress resistance
- Mood improvement

In pursuit of a new quality of life, drinking bottled water from the best sources on Earth is becoming a standard thing for millions of people all over the globe.

More information about BAIKALIKA water and about its influence on the human body, as well as quality certificates, can be found at baikalika.io.

Market Positioning

BAIKALIKA is the highest quality water intended for consumers of the medium and medium+ segment

We plan an aggressive marketing strategy based on distinguishing ourselves from our competitors due to technological effectiveness, genuineness of the product, and due to customers stimulation by cryptoproducts in the blockchain environment, which will draw additional attention to the product.

The water will be bottled and sold to customers as follows:

0.5-liters PET bottle	\$0.75
1.25-liters PET bottle	\$1.50
5.0-liters PET bottle	\$1.90

limited custom selection of products will be available to BKL token holders: a glass bottle of unique design and special benefits attached.

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The first ideal quality drinking water with a blockchain-based warranty of genuineness

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In May through July we plan to carry out the product rebranding and to start a large-scale marketing campaign.

Certificates and Reports

We have been researching Baikal's deep water since 2014. Both the quality of water and production quality are confirmed by the following examination results and certificates:

- Sanitary and epidemiological inspection report by the RF Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing
- Results of laboratory testing by the Hygiene and Epidemiology Centre of Irkutsk Oblast as of March 2, 2017.
- Certificate of ISO 22000:2005 - Food safety management pertaining to bottled water manufacture and sale

Project development

Development plan

February 2018		PreSale
May 2018		CrowdSale
June 2018		Tokens placement on cryptocurrency exchanges
July 2018		Design documentation development
August 2018		Automation system design development
August 2018		Products rebranding
September 2018		MVP apps and a running blockchain architecture
October 2018		Completion of construction
November 2018		Equipment supply
November 2018		Start of marketing campaign
December 2018		Automation system integration
January 2019		Launch of the app in 5 languages
February 2019		Increase of shipment volumes
March 2019		Start of water supply to BKL holders
October 2019		Start of marketing campaign in India and Asia
December 2019		Volume of supply to China will have reached 60 mln liters
January 2020		Start of supplies to India and countries of Southeast Asia
March 2020		BAIKALIKA rebranding for the Middle East
June 2020		Start of marketing campaign in the Middle East
September 2020		Start of supplies to countries the Middle East
December 2020		Volume of supply will have reached 120 mln liters per year
December 2021		Volume of supply will have reached 160 mln liters

The BAIKALIKA Company's Development Fund

Project development will be financed using funds raised from the issue of BKL tokens. Depending on the amount of funds raised, one of the rational scenarios for using the development fund will be implemented, taking into account the existing infrastructure.

Volume of output, thousands of liters per year	60 000.0	120 000.0	160 000.0
Production expansion, thousands of \$	\$6 000.0	\$11 600.0	\$25 900.0
Equipment acquisition and commissioning	\$4 200.0	\$7 900.0	\$17 900.0
Construction of production facilities	\$700.0	\$1 700.0	\$3 500.0
Warehouse construction	\$300.0	\$500.0	\$1 500.0
Construction of railway dead end siding	\$0.0	\$150.0	\$300.0
Road construction	\$0.0	\$250.0	\$700.0
Purchase of trucks	\$800.0	\$1 100.0	\$2 000.0
Marketing, thous. of \$	\$3 300.0	\$7 300.0	\$12 600.
Rebranding and product design	\$300.0	\$300.0	\$300.0
Carrying out a large-scale marketing campaign	\$3 000.0	\$7 000.0	\$12 300.0
Blockchain, thous. of \$	\$700.0	\$1 100.0	\$1 500.0
Integration of an extraction and bottling automatic accounting system	\$350.0	\$550.0	\$750.0
Development and integration of a decentralized storage, exchange and data access system	\$250.0	\$350.0	\$450.0
Development and integration of a QR-code based access system	\$100.0	\$200.0	\$300.0
Total, thous. of \$	\$10 000.0	\$20 000.0	\$40 000.0

The development fund will be formed by money facilities received from the BKL tokens sale.

Details of the Public BKL Tokens sale

- BKL tokens are based on Ethereum blockchain according to ERC20 standard.
- Maximum token emission: 500 000 000 BKL
- Benchmark price of tokens: \$0,08
- 93% of the issued tokens are intended for sale
- 7% of the issued tokens for paying for advisors

Stage	Private PreSale	Public PreSale	Public Crowdsale
Start	January 22, 2018	February 12, 2018	To be announced
End	March 19, 2018	April 30, 2018	To be announced
Soft cap	\$1 500,000.0	\$250 000.0	\$10 000 000.0
Hard cap	\$1 750 000.0	\$500 000.0	To be announced

At the PreSale stage, early investors will be offered the most lucrative terms for purchasing BKL tokens: a 40% discount on BKL purchase.

At a Crowdsale stage:

- 10% bonus: for buyers of the first 125 000 000 BKL
- All the subsequent tokens, until the hard cap is reached, will be sold without any additional benefits

To buy tokens, please visit Baikalika.io
or contact us at info@baikalika.io

How to Buy BKL Tokens

To buy tokens, go to your personal account with BAIKALIKA at sale.baikalika.io. You can also get to your personal account through the project's official web-page [Baikalika.io](https://baikalika.io)

To buy BKL tokens, you need to pay in either ETH or BTC. To do so, you may create your personal Ethereum or BTC wallet. Then make a payment in ETH or BTC to the BAIKALIKA wallet address specified in your personal account.

The system assigns unique ETH and BTC addresses to each user. So, whenever payment is received into either of them, we know it's yours. For this reason, we can accept payments from exchanges and from other non-personalized addresses.

To purchase from an exchange or from another service platform, when withdrawing or exchanging BTC or ETH, please specify the end ETH- or BTC-address from your personal account at BAIKALIKA. After the transaction is executed, the relevant number of tokens will be allocated to your personal account.

Upon payment processing, it may take a certain time for transaction completion, as well as for updating our internal system. Please note that transaction confirmation time in Bitcoin and Ethereum systems depends on the commission fixed for the transaction. All the purchased tokens are usually allocated to your personal account within several minutes after transaction confirmation. If you fail to see any allocated tokens in your personal account after a standard 24-hour time span, please contact our support directly.

Tokens will be issued after sales are closed. Any purchased tokens will be allocated to your personal account within 24 hours after the enquiry.

To find out more, please see the FAQ section at baikalika.io and at your personal account at sale.baikalika.io

Economics and Prospects of the Project

Current and Forward-Looking Figures

With its current test production equipment, the factory is currently able to implement only a minor part of its potential. Expansion of the factory and the purchase of modern equipment will make it possible to significantly increase the performance figures.

The table below shows comparative figures of before vs. after the project implementation:

Table 1. Current and Forward-Looking Figures

Description	Value in 2017	Value in 2021
Production volume, thous. of liters	8 500.0	160 000.0
Factory employees	21	121
Proceeds, thous. of \$	3 756.5	115 440.6
Net profit, thous. of \$	810.9	61 742.6
Net profit margin, %	21.6	53.4
Geographical area of supplies	Russia	China, India, Malaysia, Singapore, Japan, Korea, Thailand, Middle East, Russia

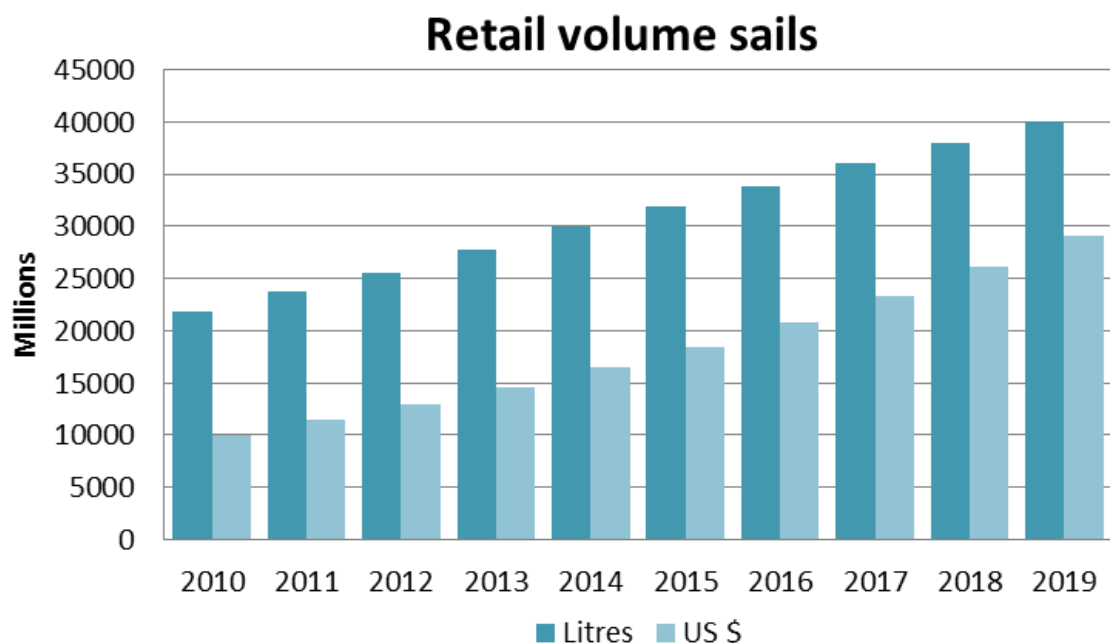
China, the key market for BAIKALIKA's water supply and sales, is the world's largest and most dynamic bottled water market.

Survey of Chinese Bottled Water Market

China is the largest bottled water consumer, and a key market for commercial supplies of BAIKALIKA.

It is among the most dynamically developing countries in the world, with the largest and fastest growing population which is expected to reach over 1.4 billion people by 2020.

In 2013, China outperformed the USA and became the largest market of bottled water. Two years later, Chinese market volume exceeded that of the USA by as much as \$2.8 billion, and totaled \$16.4 billion.



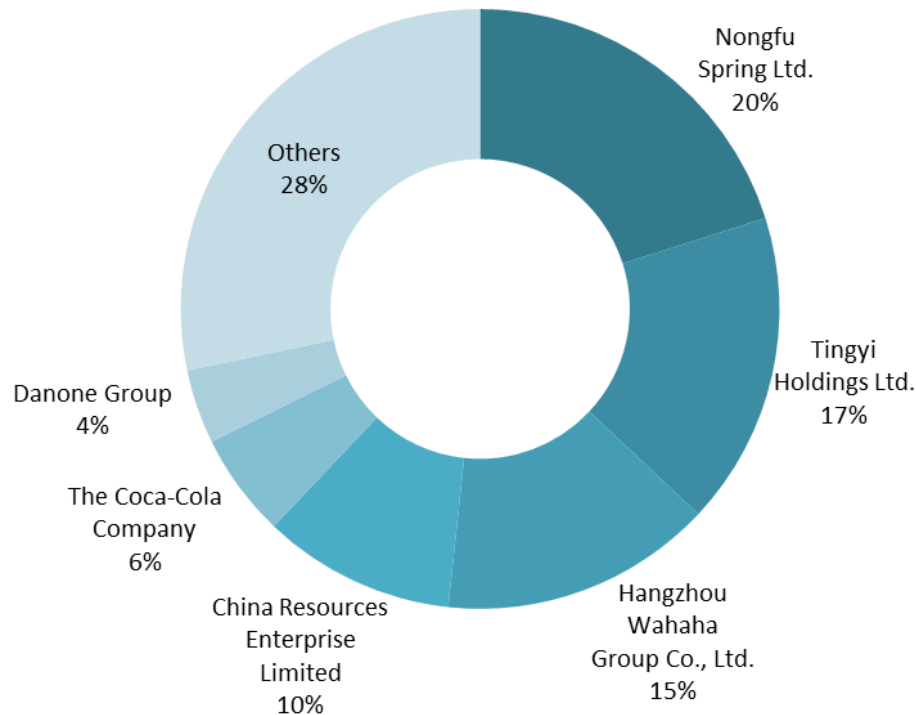
From 2010 to 2016, the market volume more than doubled, from 19 to 37 billion liters. The market outlook is even more magnificent: by 2020, according to China Daily's projection, it is about to reach 49 billion liters.

Growth in water consumption is based on three main factors:

1. Intensive economic development coupled with improvement of the well-being of the Chinese population
2. Poor quality of tap water along with health concerns
3. Population growth
4. Growth of the tourism industry

The Chinese bottled water market is very concentrated. National brands control most of the market in terms of volume (up to 62.1%) and sales value (up to 50.4%).

A significant part of the local water production is represented by fresh water purification companies. There are nearly no manufacturers of natural water in place.



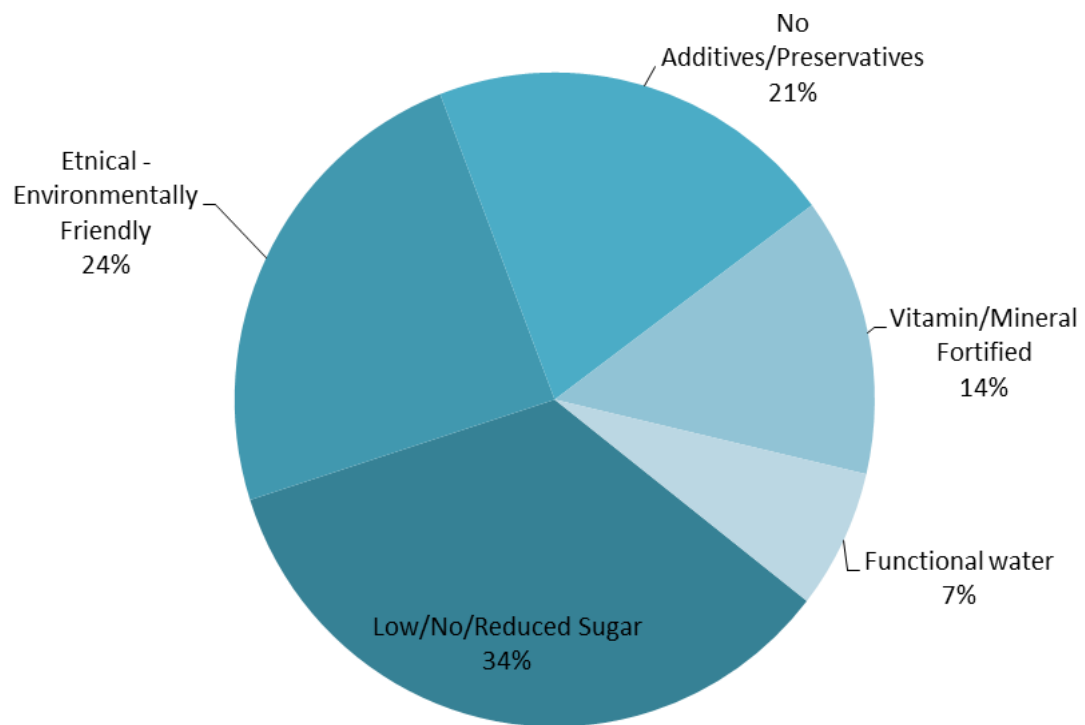
Chinese manufacturers are positioned primarily in the lower price segment. In the premium segment, most brands belong to foreign companies.

Those Chinese brands which actually do appear in the premium segment are represented mainly by water from Tibet, emphasizing that the water originates from an environmentally pure region, and using the rarity and uniqueness of water to explain its high price. However, there're no reliable evidence that a particular bottle of the premium product is not a forgery.

From 2011 to 2015, as much as 430 new products had been launched in the Chinese bottled water market, with 268 of them being absolutely new.

Products in the category of flavored low-sugar water were the most numerous among those that emerged in the market. The second most

numerous category was pure natural water with environmental and ethnic vibes, like water from Tibet.



Most often, new products have been offered in the middle- and low-price segments at \$0.46 per bottle of 0.35-0.5 liters. The lowest price segment features mainly local companies with purified water in PET bottles.

Here are some popular brands in the Chinese market:

Natural Drinking Water

- 5100 Ge Sang Quan Yin Yong Tian Ran Shui (Natural Drinking Water) is sourced from a glacier in Tibet. This product featuring the Wechat QR code.
- Company: Tibet Glacier Mineral Water
- Brand: 5100 Ge Sang Quan
- Date Published: October 2016
- Price: US\$0.48
- Pack Size: 550 ml

Natural Spring Water with Zinc

- Dong Ting Shan Zi Yi Tian Ran Quan Shui (Natural Spring Water with Zinc) is quality and safety certified..
- Company: Dong Ting Shan Natural Spring Water
- Brand: Dong Ting Shan
- Date Published: July 2016
- Price: US\$0.43
- Pack Size: 320 ml

Premium brands are positioned on consumers' desire to be rewarded with expensive goods as trophies of success, while middle-price brands, such as Coca-Cola and Nestle, focus on social responsibility, on the need to provide population with affordable drinking water, and on health-related fears and concerns.

Conclusion of the Survey

1. Short-term growth rate of the Chinese bottled water market is estimated at 12.5% per year.
2. Market volume in monetary terms is growing faster than the market physical volume due to the increase in the average price per 1 liter of water.
3. National brands control a major part of sales volume and value, and are positioned primarily in the low-price segment, thus creating severe competition.
4. The premium segment is represented by premium natural water, primarily manufactured by foreign brands.
5. Urban population growth and an overall increase in the prosperity of Chinese citizens contribute to an increase in demand for better products, such as natural drinking and mineral water.
6. Further expansion of the natural drinking and mineral water segment can be predicted.
7. China is the most promising market for BAIKALIKA supplies expansion in the nearest few years.

Sales Plan

BAIKALIKA's bottled water is going to compete with the world's best brands in the segment of natural water in the markets of Asia and the Middle East.

Our customers, unlike those of other manufacturers, are protected against buying fake water of unknown origin. Customers will be able to learn about the place and time of production of the water and its entire batch even before buying a bottle, while it's still displayed on the shelf in a store.

In addition, BAIKALIKA's consumers will get bonuses and benefits in the form of cryptocurrency and other digital assets of our blockchain partners, which is expected to draw additional attention to the product.

We plan an aggressive marketing strategy based on distinguishing ourselves from the competitors due to technological features, genuineness of water, and customers stimulation.

The target supply volume of 160 million liters makes only 0.5% of the target bottled water market in China. Keeping in mind the unique features of the product and a large number of our followers who are token holders, we are confident that the outlined plans are realistic and feasible.

The projected income is formed from selling wholesale of water in a commercial market. The trade markup to retail sales makes 44% of our wholesale price.

Based on our own experience in the sales of water and on market analytics, we expect that a 0.5-liter PET bottle will be much-in-demand.

Table 2. Wholesale Price and Structure

Article	Sale structure	Sale price, \$
0.5-liter PET bottle	65.0%	0.42
1.25-liter PET bottle	22.0%	0.84
5.0-liter PET bottle	13.0%	1.06

We plan to gradually increase the production and sales volume up to 160 million liters per year.

Table 3. Sales Volume and Sales Pattern, thous. of liters

Article	2019	2020	2021	2022
Total	60 000.0	120 000.0	160 000.0	160 000.0
0.5-liter PET bottle	39 000.0	78 000.0	104 000.0	104 000.0
1.25-liter PET bottle	13 200.0	26 400.0	35 200.0	35 200.0
5.0-liter PET bottle	7 800.0	15 600.0	20 800.0	20 800.0

Proceeds from the project are calculated based on wholesale prices.

Table 4. Proceeds from the Project, thous. of \$

Article	2019	2020	2021	2022
Total	43 290.2	86 580.5	115 440.6	115 440.6
0.5-liter PET bottle	32 760.0	65 520.0	87 360.0	87 360.0
1.25-liter PET bottle	8 870.4	17 740.8	23 654.4	23 654.4
5.0-liter PET bottle	1 659.8	3 319.7	4 426.2	4 426.2

Project Expenses

The project expenses consist of direct tangible costs for extraction and bottling, factory maintenance costs, water transportation and warehousing costs, and personnel expenses.

Table 5. Direct tangible costs

Article	Bottle	Liter
Consumption of material, 0.5-l PET bottle	0.058	0.116
Consumption of material, 1.25-liter PET bottle	0.075	0.060
Consumption of material, 5-liter PET bottle	0.280	0.056

Article	Bottle	Liter
Electric power for the extracting, \$/1000 liters	-	0.003

Logistics expenses are calculated for shipment by railway transportation to a warehouse located in Manchuria, China. The capacity of a railway car is 48 thousand liters at a cost of 3.2 thousand dollars.

Table 6. Logistics Expenses

Description	Value
Railway car capacity, liters	48 000.00
Cost of a car, \$	3 233.3
Customs declaration, \$	200.0
Total cost of shipment by railway car, \$	3 433.3
Water delivery by a railway car, \$/1000 liters	71.5
Cost of shipment by a railway car, \$/liter	0.072

In China, the product will be stored in rented warehouses. In addition to costs for renting a warehouse in China, fixed expenses also include maintenance of production facilities and a fleet of vehicles, and the maintenance of blockchain infrastructure.

Table 7. Fixed costs, thous. of \$

Description	2019	2020	2021	2022
Production facility maintenance	250.0	400.0	533.3	666.7
Vehicle fleet maintenance	75.0	133.3	266.7	400.0
Renting warehouse in China	100.0	266.7	400.0	533.3
Blockchain infrastructure	75.0	100.0	100.0	100.0

With further increases in production volumes, we plan a significant expansion of factory personnel.

Table 8. Personnel costs

Description	2019	2020	2021	2022
Total personnel, people during a year	46	68	95	121
Payroll, thous. of \$	463.5	902.0	1 251.0	1 583.0
Insurance contributions, thous. of \$	139.1	270.6	375.3	474.9

The new factory equipment will allow us to increase labor efficiency from 400 thousand to 1300 thousand liters per year per 1 employee.

Profit and Loss

The profit of the project is generated due to the wholesale of water. The project model covers all the expenses for the water extraction and supply for the token holders, and also allows us to maintain liquidity upon formation of the fund for tokens and water repurchase.

Table 9. Profit of the Project, thous. of \$

Description	2019	2020	2021	2022
Proceeds	43 290.2	86 580.5	115 440.6	115 440.6
Cost of production	5 921.6	11 843.2	15 790.9	15 790.9
Personnel costs	602.6	1 172.6	1 626.3	2 057.9
Production facility maintenance	250.0	400.0	533.3	666.7
Vehicle fleet maintenance	75.0	133.3	266.7	400.0
Renting warehouse in China	100.0	266.7	400.0	533.3
Logistics Expenses	4 291.7	8 583.3	11 444.4	11 444.4
Depreciation	1 071.6	1 770.8	1 627.5	1 497.1
Blockchain infrastructure	75.0	100.0	100.0	100.0
Marketing and advertising	2 164.5	4 329.0	5 772.0	5 772.0

Description	2019	2020	2021	2022
Total expenses	14 551.9	28 598.9	37 561.2	38 262.4
Pre-tax profit	28 738.3	57 981.6	77 879.5	77 178.3
Profit tax	5 747.7	11 596.3	15 575.9	15 435.7
Interests	0.0	0.0	0.0	0.0
Net profit	22 990.6	46 385.2	62 303.6	61 742.6

As mentioned before, from each shipped liter of water, BAIKALIKA allocates \$0.05 to token repurchase, and buys water from token holders at an average of \$0.25 per liter.

The minimum scenario of sales volume of 60 million liters per year (0.15% of China's bottled water market) provides for token repurchasing of at least \$3 000 000.0.

Table 10. The Project Figures on Fulfillment of Obligations Against Token Holders.

Description	Year 1	Year 2	Year 3	Year 4
Water manufactured, thous. of liters	60 000,0	120 000,0	160 000,0	160 000,0
Water for tokens, thous. of liters	24 000,0	24 000,0	24 000,0	24 000,0
Net profit, thous. of \$	22 990,6	46 385,2	62 303,6	61 742,6
Fund for water repurchase, thous. of \$	6 000,0	6 000,0	6 000,0	6 000,0
Fund for tokens repurchase, thous. of \$	3 000,0	6 000,0	8 000,0	8 000,0

The above confirms that the project is justified and is able to meet its liabilities against token holders.

Project Performance

NPV is used to characterize an absolute result of investment activity, its final effect. It is calculated as a difference of cash inflow and outflow, taking into account the discount factor, which is 16%.

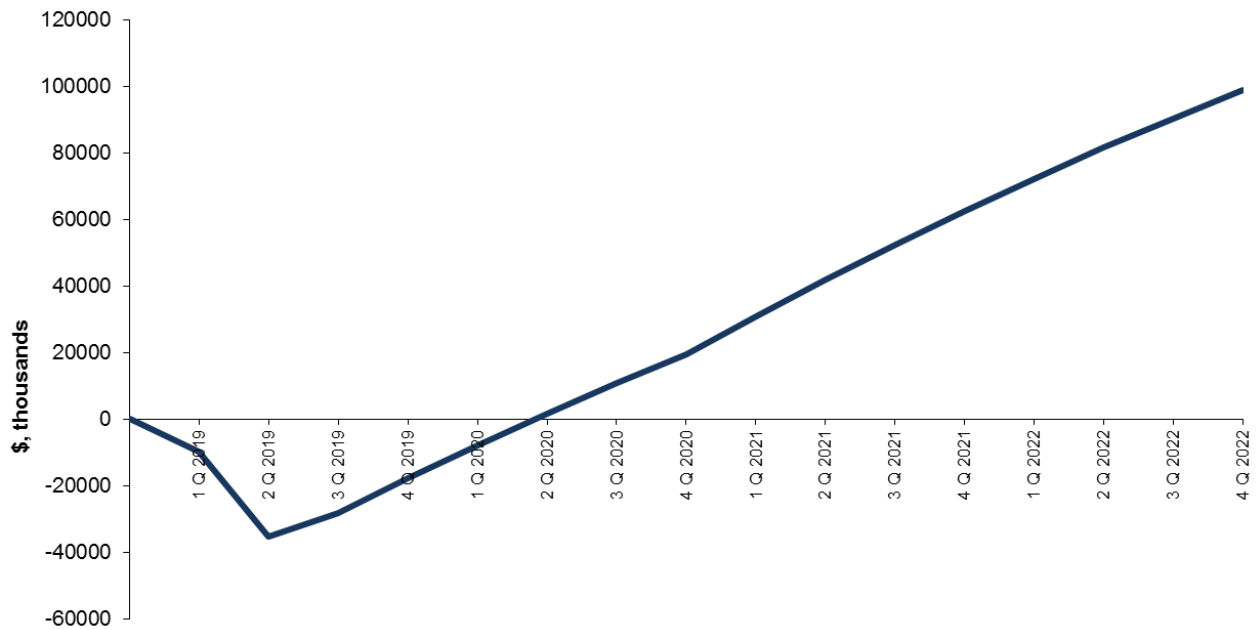


Диаграмма 1. График дисконтированного денежного потока

Diagram 1. Diagram of Discounted Cash Flow

Net present flow during 4 years, at a discount cash flow rate of 16% makes 98 920.2 thousand US dollars, which means high stability of performance indicators.

Payback time is a minimum time period beyond which the integral effect becomes and remains positive.

Considering the amount of initial investments of up to \$40 000 000, the **payback time of the project is 1.21 years.**

Team



Ilya Frolov

CEO

A professional manager with international work experience.

Ilya has unique practical experience in establishing direct sales, supply and distribution systems in various industries, including such companies as PEPSI, COCA-COLA, IKEA, CATERPILLAR, and a number of technological start-ups.

He has a wide network of professional contacts: the USA, Europe, Southeast Asia, Africa, and the Middle East, and is experienced in development and focus on implementation of blockchain technology in the real sector of economy.



Yan Glukhov

Co-founder

Head of a number of large and medium-sized manufacturing enterprises in the field of engineering and metallurgy.

Owner of the IZTM group of companies (<http://iztm.ru>).

Yan is a founder of a joint Russian-Chinese enterprise in partnership with QINYE HEAVY INDUSTRY CO., LTD.

He is a founder of Irkutsk City development project (<http://www.irkutskcity.ru>).



Dmitry Zuyev

Co-founder, CFO

17 years of experience in creating and promoting investment and banking services for the private sector. Developed network of contacts among middle and top managers in the key industries of the East Siberian region.

Dmitry holds positions at vertically integrated banking institutions, and has competence in creating banking products for the private sector, including retail industry.

He has competence in matters related to the state regulation of foreign economic activity.



Andrey Nedobylsky

CTO, Blockchain Development

Co-founder and CTO of izzz.io blockchain platform.

Over 10 years of experience in full stack development and high-loaded solutions in the field of IoT, and in management of development teams of such large companies as Kvib.rf, Artskills.ru, nettech.company, РыКупон.рф, UnMoment, Аукционмашин.рф, fitness-port.ru, justbenefit.ru, and many others.



Vyacheslav Kopaev

Commercial director

Vyacheslav is a professional manager with an intensive experience in the production of bottled beverages.

In the past, he was the head of marketing in Coca - Cola division, commercial Director of the water factory «Rodnik».

He has a unique sales experience as a regional representative of Samsung.



Ekaterina Tarasova

PR Director

Assistant to a deputy of the State Duma of the Federal Assembly of the Russian Federation of the seventh convocation. Ekaterina is responsible for public affairs, coordination with environmental funds and implementing environmental programs.

She is a graduate psychologist, and used to work in the HR department of a heavy engineering plant. Ms. Tarasova has extensive experience as a coach responsible for HR training and motivation in Moscow, and a 7-years managerial experience.



Svetlana Lepekhova

Ecology and Biology specialist

PhD in Biology.

Hirsch index of 15.

International researcher. Svetlana is an author of 35 inventions and projects in cell biology.

She is responsible for the biological balance of Baikalka's water and for the ecology of water extraction.

Advisors



Dean Karakitsos

Visionary innovator in disruptive technology development and business management with more than 20 years of experience bringing an industry-changing approach to designing and launching dynamic new technology products.

He is the founder of Bloqchain Science who builds secure decentralized systems using blockchain technology for identity solutions, tokenization, smart contracts, and lightning network applications. Bloqchain Science has become a standard for smart contract audits.

With his previous experience in telecoms, he signed more than 100 interconnection agreements with competitive carriers around the globe and managed a streaming traffic of over a billion mobile voice minutes.

He holds two patents on Fixed Mobile Convergence functionality and ranked in INC 500 list of the fastest growing companies in the States 3 years in a row.

Built his company Origin, from the ground up to provide market data services with a footprint of South Eastern Europe and he secured the #1 competitive position in the marketplace for local equities with 66% market share.

In e-commerce, Dean built multi-million dollar brands with best sellers positions in channels like Amazon and Shopify utilizing all the latest online marketing techniques like sales funnels and PPC.



Angelika Sheshunova

Co-founder and CEO of izzz.io blockchain-platform

Co-founded several projects based on blockchain technologies and business accelerator akselerator.ru. Consultant for the implementation of blockchain technologies and business development in bitcoen.io, sbsplatform.io and etc.

15 years of operational management in companies of various industries (crocus-exspo.ru, ostrovok.ru, Life-pay.ru, flatora.ru, flat.me, topexpert.pro, artskills.ru, justbefit.ru, enki.com).

Co-author of the patent: decentralized data storage based on blockchain-technologies.



Mark Jayasundara

Mark is a Chartered Tax advisor and a Registered Tax Agent of Australia with 12+ years of industry experience in Taxation, Accounting, Finance and Strategic Management.

With Business experience in Asian and European markets Mark specializes in helping companies and individuals overcome the barriers associated with international expansion and achieve competitive advantage using new technologies and smart business strategies.

Mark is the Principal of Progress Connect, a Melbourne based accounting firm and the Co-founder of Hong Kong based investment firm Finvest Australia Limited



Sergei Sergienko

Australian entrepreneur, CEO ChronoBank.io blockchain project, co-founder of ICOpromo.

Sergei is a winner of a number of business awards in Australia, including 'Hot 30 under 30' and 'Young gun in business'.

He represented Australia at the G-20 summit.

