

Volcano Bond Proposals

Financial Infrastructure for the Future



Blockstream



The benefits of tokenized sovereign debt



Issuer

Lower cost of capital

Reduce cost of capital to 4% from the current weighted average of ~7.6%

Leverage BTC price appreciation

The note could be structured to leverage BTC's trend of price appreciation to generate more investment capital

Attract HNW immigration

By providing a low friction path to citizenship, El Salvador positions itself to attract nomadic and entrepreneurial high net worth individuals

Build new industries

This issuance not only offers El Salvador the opportunity to become the Singapore of digital capital markets, but also paves the way to build a robust BTC mining industry while upgrading the national energy infrastructure



Investors

Low volatility, low friction

Offers investors an alternative to low volatility, low friction assets like USD or Gold backed tokens

Investment citizenship

Participants who invest 3 BTC or more in the primary issuance could be offered an option on citizenship application

Less risk

The majority of Bitcoin yield products and platforms are unregulated, lack transparency and offer investors minimal recourse

Attractive economics

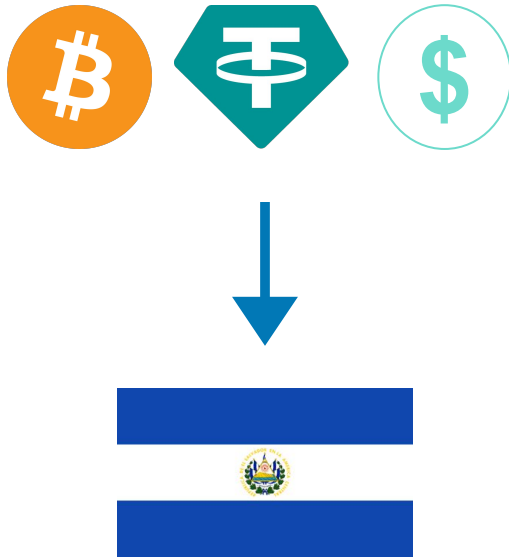
The note could be structured in away to allow investors exposure to Bitcoin price appreciation



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Required infrastructure



Trading Venue

Secondary trading platforms provide liquidity and allow for price discovery. The STO exchange ecosystem remains small.



Distribution Platform

Allows investors to execute investments via facilitation of BTC and L-USD transactions



Regulatory Framework

Defines the rights and obligations of investors and the issuer, essential to building a broader Bitcoin backed capital market



Custody

Secure storage and management of Bitcoin and digital assets

Low volatility, low friction

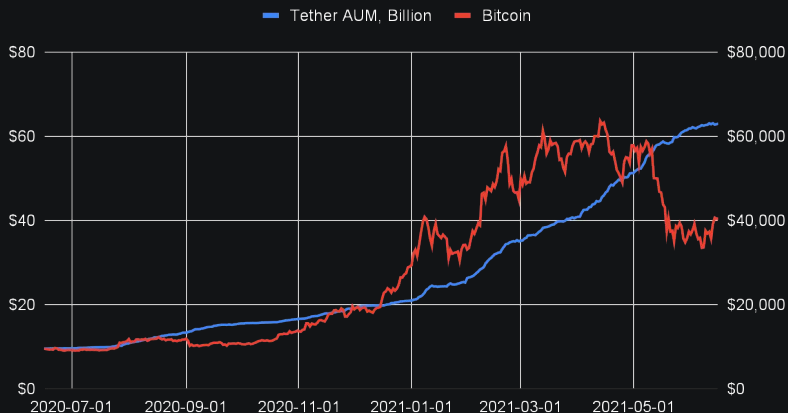
USD and gold backed tokens have seen impressive AUM growth

The market cap of major gold backed tokens has increased to \$434M over the past 12 months while the market cap of Tether has increased to more than \$62B.

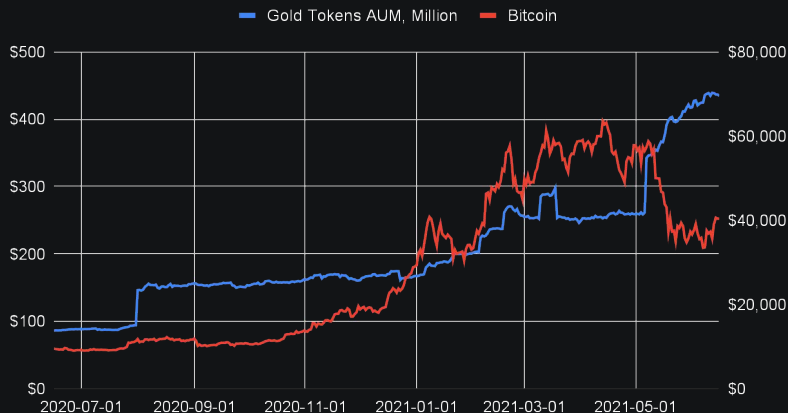
Demand for low volatility, low friction, liquid assets is strong and growing.

Tokenized sovereign debt could be an attractive third option for investors looking to park money or to take profit into.

Tether AUM vs Bitcoin Price



Gold Token AUM vs Bitcoin Price



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Dividends for modern capital markets



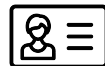
Daily or weekly dividends

Blockstream's Asset Management Platform allows for issuers to structure digital age assets, dividends can be streamed to investors reducing the risks associated with traditional annual or semi-annual payouts



Based on AMP IDs in Blockstream Green

Ownership can be monitored according to AMP IDs available to users in their Blockstream Green AMP Accounts.



Attach KYC and category information

Users can register for your token by providing an AMP ID. Submitted KYC data can then be attached to their account.



Record and stream dividends

Keep all dividend disbursement records together with all the other data on your token's users. Distribute on shorter payout schedules.



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Proposal 1

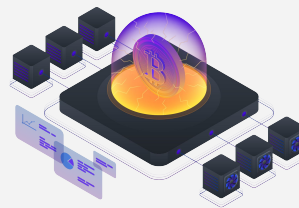
Bitcoin Buy and Build



Buy \$500M of Bitcoin

Use of Funds Acquire \$500M of Bitcoin

Special Dividend Special dividends triggered by staggered liquidation of Bitcoin after five years. This frees up capital for further investment as BTC moves higher and provides USD (or equivalent) investors with an attractive return on investment



Build with \$500M

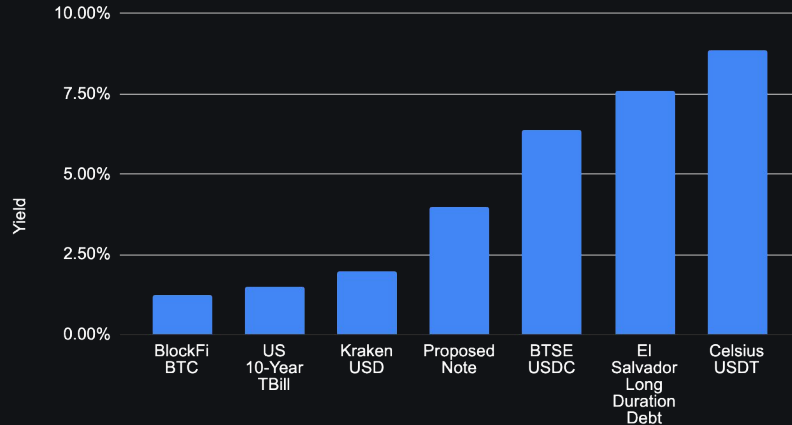
Use of Funds Build energy infrastructure for the development of Bitcoin mining

Term 10 years

Coupon Set at the 4%, half the weighted coupon of El Salvador's long duration sovereign debt

\$500M at 4% coupon

Yield vs. Asset



\$500M for energy infrastructure development and Bitcoin mining investment

\$1B 10 year notes issued at a 4% coupon. Roughly half the weighted average of El Salvador's long duration debt

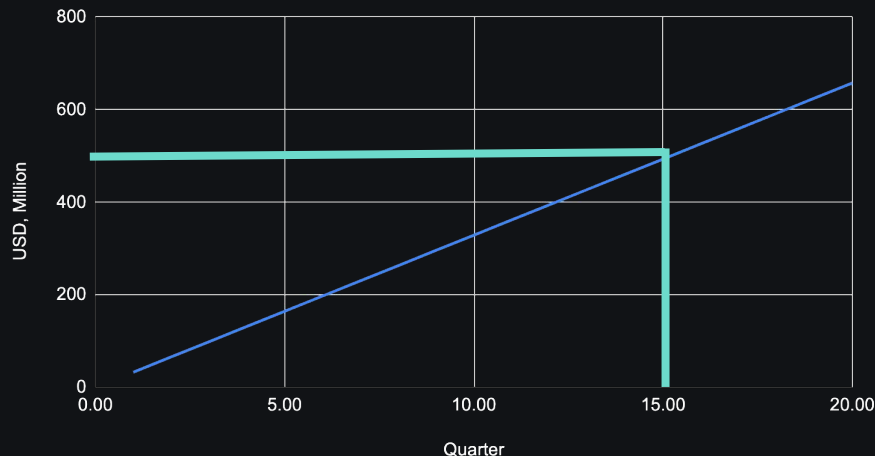
This note may be viewed as a lower risk alternative to products issued on unregulated platforms with less transparency and comparable yields

\$500M to leverage Bitcoin appreciation

Buy \$500M of Bitcoin

- By acquiring \$500M of Bitcoin and liquidating at it on a quarterly basis after five-years, the note could generate additional capital that could be used to fund financing costs and additional infrastructure development
- Assuming a 5-year volume weighted average price (VWAP) of \$50,000 the note could generate additional capital of \$160M
- Once the original \$500M had been monetized, half the additional gains could be returned to investors as a special dividend

Cumulative Monetization at \$50,000 VWAP



Proposal 2

Bitcoin Mining Future Flow



Geothermal Energy Tokenization

Source: Blockchain.com

Future flow securitization allows for the monetization of future cash flow or production rights.

The structure allows for lower financing costs by establishing an offshore special purpose vehicle that has first claim on inbound foreign remittances or payments.

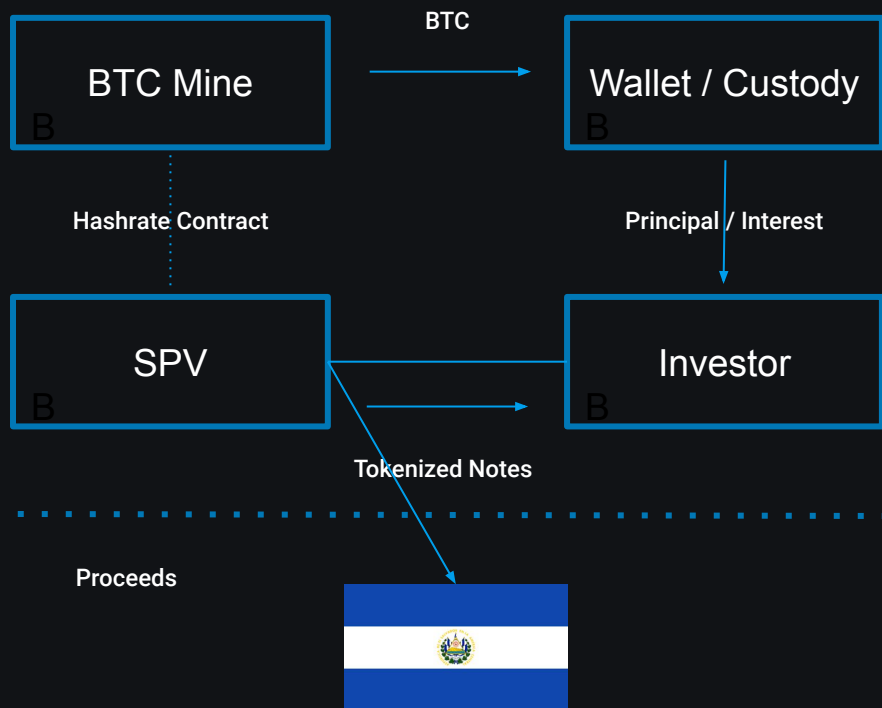
Blockstream can engineer technology to the same effect.



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Bitcoin Mining Future Flow Structure



Future Flow Tokenization

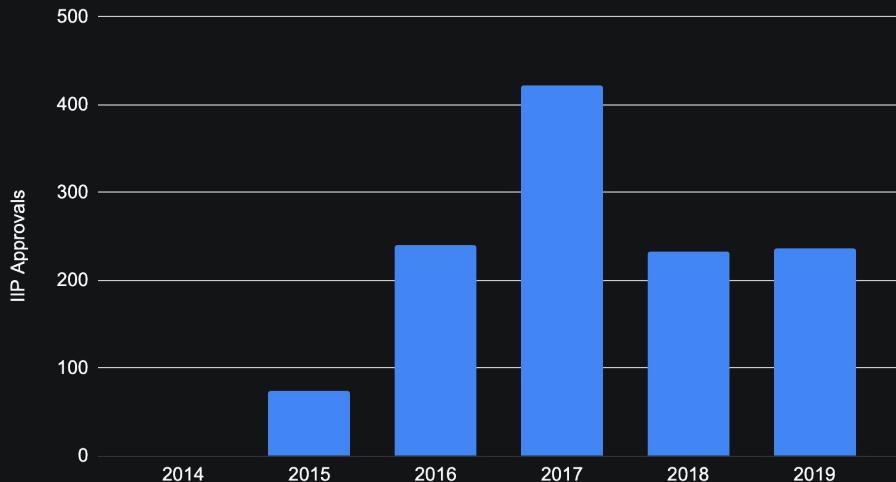
Wallet technology can be engineered to mitigate country risk and lower financing costs in a way similar to traditional future flow securitization structures.

This structure allows the issuer to tap a broader range of investors

Investment Immigration Program

Attract the world's best and brightest

IIP Approvals vs Year, Malta



Investment Immigration

In 2017 Malta announced a national strategy to promote Bitcoin and blockchain technology. This drove a surge in individual investor program applications and approvals that contributed more than \$400M in revenue and investment.

By making the investment criteria low friction and digital, El Salvador would position itself as extremely attractive to crypto high net worth investors.

Thank You!



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