



# AmmoCrypt

## *Cryptocurrency of a Higher Caliber™*

Ecosystem Whitepaper  
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Candidate for General Public Release

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## Confidentiality Statement and Intended Audience

This Whitepaper is a candidate for general public release and is intended to be made available on AmmoCrypt's website at [www.ammocrypt.io](http://www.ammocrypt.io) (the "Website"). Readers are encouraged to refer to the Website often for the most up to date version of AmmoCrypt's general release documents. This Whitepaper is intended only for those people meeting the Your Promises, Representations, and Warranties clause disclosed in the "Disclaimer" section at the end of this Whitepaper.

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## Abstract

AmmoCrypt™ is a blockchain-based cryptocurrency Ecosystem designed to tokenize the global trade of ammunition assets, providing a liquid and efficient marketplace for price discovery, enhanced supply chain dynamics, and reducing opportunities for illicit trade and transfer of sensitive ammunition assets. AmmoCrypt deploys a unique two-tier token system, consisting of the ammunition-specific "Kaliber" Token and a separate "YEET" Utility Token, allowing traders to organically trade either token, while only permitting certain users, who must pass extensive Ecosystem "know your customer" ("KYC") procedures and otherwise meet all applicable regulations in their jurisdiction of residence, to take actual physical delivery of the ammunition assets represented by the Kaliber Token.

This Whitepaper outlines the core components of the AmmoCrypt Ecosystem, including its blockchain infrastructure, token issuance, and detokenization (Physical Delivery) processes. AmmoCrypt focuses heavily upon compliance with both cryptocurrency as well as global arms trade and transfer regulations. AmmoCrypt's compliance measures and processes are therefore introduced and discussed within this Whitepaper.

# 1. Introduction

## 1.1. Background

AmmoCrypt aims to create a secure, transparent, and decentralized platform for the direct purchase and trade of tokenized small arms ammunition. AmmoCrypt seeks to provide a stable, liquid market for ammunition tokens, improve end-user availability, reduce industry price volatility, increase manufacturer margins and cash flows, and reduce illicit trade while offering a new, secure, and efficient means of peer-to-peer trade of tokenized ammunition in a transparent and legally compliant manner.

## 1.2. Advantages of Tokenized Ammunition

Ammunition availability is a constant problem and source of frustration for many firearms owners. AmmoCrypt's Kaliber tokens solve this ammunition availability problem through the Ecosystem's unique smart contract structure. Kaliber tokens are created when an authorized minter deposits the equivalent quantity of physical ammunition into AmmoCrypt's Physical Reserves. End-users will be able to elect to take physical delivery<sup>1</sup> through a simple and efficient detokenization process, with consumer-level deliveries to be made available in most US Locales.<sup>2</sup>

Until the introduction of AmmoCrypt, direct participation in the trade of small arms ammunition presented numerous barriers to entry and was not practical for most individuals. Typical challenges include extensive licensing, insurance, storage requirements, physical security, and burdensome regulations associated with each step of the process.

AmmoCrypt overcomes these substantial entry barriers through a tokenized solution that allows token holders to directly benefit from ammunition market price appreciation without the technical or regulatory complexity associated with trading of physical ammunition.

## 1.3. Objectives of the AmmoCrypt Ecosystem

AmmoCrypt seeks to accomplish the following objectives:

- Establish a decentralized and secure platform for ammunition asset tokenization.
- Ensure that Kaliber Token holders will have the option of Physical Delivery, irrespective of potentially extreme market supply and demand conditions.
- Ensure regulatory compliance and risk mitigation for the Ecosystem participants.

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<sup>1</sup> Physical delivery is future functionality that is intended to be made available in Q3 2024.

<sup>2</sup> US consumer level physical deliveries, upon commencement, are not available where prohibited by law. Jurisdictions outside of the USA are subject to export licensing and may incur higher minimum exchanges or higher fees. See AmmoCrypt's "[\*Physical Delivery Terms and Conditions\*](#)" for more information.

## 1.4 The AmmoCrypt Token Model

All AmmoCrypt Tokens are Ethereum Virtual Machine (“EVM”) compatible smart contract tokens issued on the Polygon blockchain network. The AmmoCrypt Ecosystem employs a unique two-tiered token structure, consisting of the Kaliber Token Family and the Yeet Utility Token.



### 1.4.1 AmmoCrypt Kaliber Tokens

Each token issued within the Kaliber Token Family represents 1 round of ammunition of the corresponding caliber that has been deposited into the AmmoCrypt Physical Reserve by an authorized minter at the time the Kaliber Token is minted. Each Kaliber token has its own underlying Physical Reserve inventory, supply and demand characteristics, and trading dynamics. Initially, five distinct Kaliber Tokens will be offered, representing five of the most common firearms calibers. Additional Kaliber Tokens, representing additional calibers of ammunition, are planned for phased introduction. A mechanism exists for additional calibers to be proposed for tokenization by the user community.

### 1.4.2 The YEET Token, AmmoCrypt’s Utility Token

The YEET Token (Symbol “YEET”) is the native utility Token of the AmmoCrypt Ecosystem. YEET have no direct ammunition representation, but YEET are required to perform certain Ecosystem functions, such as:

- 1.) Minting of new Kaliber Tokens requires the minter to deposit the corresponding quantity of YEET along with the appropriate quantity of physical ammunition into the Ecosystem.

- 2.) The process of redeeming Kaliber Tokens in exchange for Physical Delivery of ammunition requires the user to deposit the appropriate quantity of YEET along with their Kaliber Tokens.
- 3.) YEET are required to create and deploy a new type of Kaliber Token within the Ecosystem.

## 1.5 AmmoCrypt Physical Reserve

Each redeemable Kaliber Token issued is, at minimum, represented by 1 round of ammunition that is readily deliverable<sup>3</sup> from the AmmoCrypt Physical Reserve.

The AmmoCrypt Ecosystem features a real-time<sup>4</sup> settlement system that balances gross AmmoCrypt Token blockchain activity with Physical Reserve inventory. Current Physical Reserve inventory balances are posted on-chain for validation and full Ecosystem transparency. Physical Reserve assets are subjected to extensive, professional quality assurance and are professionally packaged and stored to ensure long term reliability. Physical audits are performed regularly.

### 1.5.1. Securing the Reserve

AmmoCrypt takes security and protection of the Physical Reserve seriously. Physical Reserve ammunition assets are stored in locations that meet or exceed US military environmental and security standards for long-term storage of ammunition.

### 1.5.2. Reserve Legal Asset Protection

The legal structure of the AmmoCrypt Reserve is structured by legal asset protection experts specifically for the AmmoCrypt use case. This structure provides a substantial level of asset protection and legal standing to individual token holders in the event of unforeseen legal events.

### 1.5.3. Reserve Quality Assurance and Long-Term Management

Physical Reserve ammunition assets undergo extensive quality assurance (QA) prior to acceptance and undergo regular periodic storage condition inspections throughout their storage life cycle.

Ammunition in the Physical Reserve is packaged and sealed for long term storage. Additionally, Physical Reserve inventory is rotated (sold and replaced) periodically to ensure that when a Kaliber Token holder takes physical delivery, the ammunition is fully serviceable.

### 1.5.4. Proof of Reserves and Reserve Audits

Reserve inventories will be reported on-chain on the Polygon network and be made viewable online at [ammocrypt.io](https://ammocrypt.io). Reserve inventories are reconciled daily and audited quarterly by a third-party Certified Public Accountant.

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<sup>3</sup> Please refer to the AmmoCrypt Terms and Conditions for a detailed description of the term “Readily Deliverable”.

<sup>4</sup> Network speed is limited by the block validation speed of the underlying blockchain technology.

### 1.5. Exchange of Kaliber Tokens for Physical Delivery

Beginning in Q3 2024, eligible<sup>5</sup> Kaliber Tokens can be used to request Physical Delivery of ammunition through the AmmoCrypt Smart Contract Ecosystem.

US-based<sup>6</sup> redemption of Kaliber Tokens is comparable to completing a retail e-commerce purchase. The verified token holder completes a brief redemption form on *ammocrypt.io* and deposits the required quantity of Kaliber and YEET Utility Tokens to generate a transaction and user-specific non-fungible token (the “Physical Delivery NFT”). Additional miscellaneous costs, such as shipping & handling and sales/use taxes (as applicable) may apply depending upon the holder’s designated shipping address. Such costs, as applicable, may be settled in US Dollars using a credit/debit card or in AmmoCrypt Tokens of equivalent value. The user then transfers the Physical Delivery NFT and payment for miscellaneous costs to AmmoCrypt, and the order is released for processing and shipment.

Redemptions of Kaliber Tokens for Physical Delivery (where allowed by law) are subject to minimum redeemable quantities as well as specific quantity increments. Foreign redemptions are subject to export controls and may incur additional fees, processing times, and increased minimum redemption quantities. Please refer to the *Physical Delivery Terms and Conditions* for full details of the Physical Delivery program and current fees.

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<sup>5</sup> Certain AmmoCrypt Kaliber Tokens, such as those within a vesting or staking contract, as well as those that were purchased with attached transfer or redemption restrictions, are ineligible for redemption during the period those tokens are locked.

<sup>6</sup> Excluding Alaska, Hawaii, and elsewhere as prohibited by law. See AmmoCrypt’s *Physical Delivery Terms and Conditions* for additional details.

## 2 AmmoCrypt Kaliber Tokens

### 2.1 Initial Kaliber Token Offerings

Five ammunition calibers have been selected for initial tokenization within the AmmoCrypt Ecosystem. Detailed technical specifications for the respective ammunition representing each Kaliber Token is available at [ammocrypt.io](http://ammocrypt.io).

The initial Kaliber Tokens, along with their underlying caliber, release date, and rationale for inclusion are summarized below:

*Table 1: Initial Kaliber Tokens, Symbols, and Underlying Calibers Represented*

Symbol	Underlying Caliber Represented	Release Date (Projected)	Initial Supply for Sale	Rationale for Inclusion
NATO	5.56x45mm NATO	January 2024	50,000,000	Most widely consumed military and civilian centerfire rifle round in the world.
LUGR	9x19mm Luger	March 2024	50,000,000	Most widely consumed military and civilian centerfire handgun round in the world.
AK47	7.62x39mm Russian	May 2024	10,000,000	2 <sup>nd</sup> Most widely consumed military and civilian centerfire rifle round in the world.
AR10	7.62x51mm NATO	July 2024	10,000,000	3 <sup>rd</sup> Most widely consumed military and civilian centerfire rifle round in the world.
1911	.45 ACP	August 2024	5,000,000	2 <sup>nd</sup> Most widely consumed military and civilian centerfire handgun round in the world.

### 2.2 Reserve-Limited Maximum Token Supply

The supply of each Kaliber Token is limited by the quantity of corresponding assets within the AmmoCrypt Physical Reserve. There is therefore no pre-set maximum supply limit for any Kaliber Token. New, first-issue Kaliber Tokens may be minted only when the quantity of Readily Deliverable ammunition within the Physical Reserve exceeds the quantity of Redeemable Tokens Outstanding.

The AmmoCrypt Ecosystem will report three key supply metrics for each Kaliber Token in real-time<sup>7</sup> on the Polygon blockchain; Total Tokens Outstanding (“TTO”), Redeemable Tokens Outstanding (“RTO”), and Readily Deliverable Reserve Balance (“RDB”); defined as follows:

<sup>7</sup> Subject to processing limitations inherent to the underlying blockchain technology.

**Total Tokens Outstanding** – This is the total quantity of Kaliber Tokens issued to date minus the total quantity of Kaliber Tokens that have been disposed<sup>8</sup> to date. This provides a snapshot of the total Ecosystem size and market capitalization.

**Redeemable Tokens Outstanding** – This is computed as the difference between the TTO, minus the total quantity of Kaliber Tokens that are currently restricted<sup>9</sup> from transfer or redemption. The RTO metric highlights the sufficiency of the Physical Reserve to cover redemptions at any given point in time.

**Readily Deliverable Reserve Balance** – This is the actual physical inventory of Readily Deliverable ammunition held within the Physical Reserve.

At all times, the balance of Readily Deliverable physical ammunition assets in the Physical Reserve will be sufficient to cover the redemption of all Redeemable Tokens Outstanding, in other words, the AmmoCrypt Ecosystem will always have sufficient physical reserves to withstand a Full Redemption Event<sup>10</sup>.

### 2.2.1 “Readily Deliverable” Explained

The Term “Readily Deliverable” includes quantity of Physical Reserve Assets meeting the following:

- 1.) Are physically in the custody of the AmmoCrypt, its authorized minters, or parties under contract to serve in a custodial capacity to manage the Physical Reserve.
- 2.) Are in the possession of a common carrier (trucking company, steamship line, etc.) in transit to AmmoCrypt, its authorized minters, or parties under contract to serve in a custodial capacity to manage the Physical Reserve.
- 3.) Are scheduled for delivery within 90 days.
- 4.) Are otherwise considered serviceable and available for sale (IE: are not subject to damage, recall, or from lots otherwise not meeting acceptance criteria).

### 2.3 Kaliber Token Minting and Initial Distribution

Kaliber Token minting is performed within the Distributed Minting Smart Contract, which can only be accessed by participating ammunition manufacturers and suppliers that have passed AmmoCrypt’s stringent Quality Control standards. Participating manufacturers and suppliers receive newly-minted, first issue Kaliber Tokens in exchange for delivering the corresponding quantity of ammunition to the Physical Reserve.

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<sup>8</sup> For the purposes of this metric, disposals include token redemptions, tokens voluntarily burned, or otherwise permanently disposed through any other applicable miscellaneous process.

<sup>9</sup> AmmoCrypt may issue Tokens with certain transfer restrictions from time to time.

<sup>10</sup> A Full Redemption Event is defined as a complete redemption of all outstanding Kaliber Tokens over a period of 90 days.



## 3 AmmoCrypt YEET Tokens

### 3.1 YEET Utility Functions

YEET is the native utility token of the AmmoCrypt Ecosystem. In the simplest terms, YEET are used for Ecosystem activities that involve additions or withdrawals to the Physical Reserve inventory.

*For example, an approved holder of a AmmoCrypt NATO Kaliber Tokens may want to redeem their tokens for physical ammunition. To access and operate the Physical Delivery Smart Contract, the holder would need to deposit both their NATO Kaliber Tokens AND the required quantity of YEET to take Physical Delivery of the underlying ammunition.*

Details of key YEET utility functions are described in the following sections.

#### 3.1.1 YEET Utility in Kaliber Token Minting

Qualified firms<sup>11</sup> with minting authority must purchase and deposit the appropriate quantity of YEET to the Ecosystem's Distributed Minting Smart Contract to mint new Kaliber Tokens. For the five initial Kaliber Tokens, the minting utility authority of YEET is initially fixed on a 1-to-1 basis with the underlying Kaliber Token. For example, a minter must deposit 1 YEET to mint 1 NATO Kaliber Token. As new Token Addition Proposals are approved, or as the Ecosystem matures, certain tokens may require a different minting ratio.

#### 3.1.2 YEET Utility in Token Addition Proposals

Ecosystem participants may suggest the introduction of new Kaliber Tokens representing different calibers or types of ammunition. Upon review of participant suggestions by Ecosystem leadership, formalized *Token Addition Proposal* ("TAP") would be created, if leadership believes that the addition enhances the Ecosystem.

Each TAP would have its own smart contract and would specify the required quantity of YEET required to deploy the new Kaliber Token, as well as the YEET required for minting each Kaliber Token. Ecosystem participants would then be free to deposit YEET to the appropriate smart contract if they were in favor of adding the new Kaliber Token. Once the required balance of YEET is reached, the new Kaliber Token would be automatically deployed. On the other hand, if the TAP did not receive sufficient Ecosystem support (as determined by insufficient YEET deposited into the TAP smart contract prior to the proposal's expiration), then the proposal is rejected.

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<sup>11</sup> Qualified firms include those who have met AmmoCrypt's requirements for participation as minters within the AmmoCrypt Ecosystem. These firms are required to transfer physical ammunition meeting AmmoCrypt's specification to the Physical Reserve in exchange for permission to mint the approved quantity of Tokens.

### 3.1.3 YEET Utility in Redemption of Kaliber Tokens for Physical Ammunition<sup>12</sup>

A secure and efficient smart contract structure will be used for processing Kaliber Token redemption requests. YEET will be required to operate the Physical Delivery Smart Contract. The quantity of YEET required to operate the Physical Delivery Smart Contract is variable and is further explained in [Section 3.5](#).

### 3.1.4 YEET Utility in Ecosystem KYC / Soul-Bound Token Minting

Certain Ecosystem functions require that the user passes “*know your customer*” (“KYC”) verification. Upon passing KYC, a non-transferrable “Soul-Bound NFT” is created and deposited into the user’s wallet. In such cases, the user may be required to deposit a quantity of YEET for Soul-Bound NFT issuance and KYC processing.

## 3.2 YEET Supply

There is a **maximum supply** of 15 billion (15,000,000,000) YEET, all of which are pre-minted and produced at the time of initial Ecosystem deployment on the Polygon network. Of this, 2 billion (2,000,000,000) are planned for initial distribution<sup>13</sup>, with the remaining YEET remaining in the AmmoCrypt Community Wallet, as further described below.

## 3.3 The AmmoCrypt Community Wallet

The AmmoCrypt Community Wallet supports Ecosystem expansion, stability, maintenance and storage of the Physical Reserve assets, and other Ecosystem operating expenses. The AmmoCrypt Community Wallet accomplishes its purposes through market-based programmatic sales of YEET.

A portion of the YEET that are used for certain Ecosystem functions are returned to the AmmoCrypt Community Wallet upon use; the remainder are consumed in accordance with [Section 3.4](#).

## 3.4 Circulation and Partial Programmatic Consumption of YEET

As YEET are used to interact with Ecosystem smart contracts, a portion of the YEET are consumed, with the remaining unconsumed portion returned to the AmmoCrypt Community Wallet for re-entry into circulation using the same methodology as described in [Section 3.3](#) above.

The percentages of YEET that are consumed for operation of various Ecosystem smart contract functions are as follows:

***Kaliber Token Minting*** – 10% of the YEET used in Kaliber Token minting are consumed.

***Token Addition Proposals*** – 10% of the YEET committed to a Token Addition Proposal are consumed; regardless of whether the Proposal is approved.

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<sup>12</sup> Redemption for physical ammunition is future functionality that is anticipated in Q3 2024.

<sup>13</sup> Please refer to the [AmmoCrypt Tokenomics](#) for details of the initial YEET Token distribution.

**Redemption of Kaliber Tokens for Physical Ammunition** – 10% of the YEET used in physical delivery process are consumed.

### 3.5 YEET Required for Physical Delivery

The quantity of YEET required for operating the Physical Delivery Smart Contract is floating, based upon the following formula:

$$YEET\ Required = Qty \times \beta \times \frac{Qty\ of\ Circulating\ YEET}{Total\ Asset\ Tokens\ Outstanding\ (TTO)}$$

Where:

**Qty** = Qty of Kaliber Tokens to be Redeemed

**$\beta$**  = Token Multiplier (determined for each caliber at time of token deployment)

**Qty of Circulating YEET** = Total quantity of YEET circulating, excluding those YEET which are vested, in the AmmoCrypt Community Wallet, or in a minter wallet.

**TTO** = Total Kaliber Tokens outstanding for the given caliber.

## 4 Ammunition Regulatory Considerations

*This section addresses several key regulatory considerations regarding the transfer of ammunition and is tailored predominantly to the US consumer/retail level market. AmmoCrypt operates in compliance with all National, State, and Local laws in the territories that we serve. Laws and Regulations of firearms and ammunition are in a continuous state of change and this section is designed to familiarize the reader with key considerations known to us at the time of issuance of this document. Please see the **Disclaimer** section at the end of this document for more information regarding the use and limitations of this section.*

### 4.1 Import of Ammunition into the USA

Importation of ammunition into the USA is a highly regulated activity. Firms who undertake this activity must possess the appropriate Federal Firearms License as well as registration under the Arms Export Control Act. Import licenses are granted by the Bureau of Alcohol, Tobacco, Firearms, and Explosives and can cover multiple consignments up to a pre-approved quantity limit to be received within a fixed license validity period. To be allowed for import, the ammunition must be determined to have a “sporting purpose” (ammunition with inherently military features, such as armor piercing, belted ammunition, etc. generally cannot be imported). Excise taxes, as well as other duties depending upon country of origin, are payable at the time of import. Importation is prohibited from certain countries that are deemed counter to US security interests (most notably Russia, China, Iran, Belarus, North Korea, and a host of others).

In addition to the requisite Import License on the US side, importation of ammunition also requires an Export License from the country of origin.

### 4.2 Domestic Manufacture of Ammunition within the USA

Manufacture of ammunition within the USA is also a highly regulated activity. Firms who undertake this activity must possess the appropriate Federal Firearms License as well as registration under the Arms Export Control Act and International Traffic in Arms (“ITAR”) registration. Manufacturing reports are due to the Department of Treasury for reporting and paying ammunition manufacturing excise taxes on a monthly basis.

The manufacturer is further subject to a host of state and local laws, which mainly relate to industrial zoning, building codes, fire codes, etc. Full satisfaction of these laws is a prerequisite to obtaining the Federal Firearms License.

### 4.3 Export of Ammunition from the USA

Exportation of ammunition<sup>14</sup> from the USA is subject to the Export Administration Regulations of the US Department of Commerce.

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<sup>14</sup> Ammunition with certain military features is governed by the more restrictive Department of State ITAR regulations, which are not intended for inclusion in the AmmoCrypt Physical Reserve.

#### 4.4 Transportation of Ammunition

US Domestic Transportation of Ammunition is governed by the US Department of Transportation (“DoT”). Most domestic continental USA shipments would be shipped as parcels or palletized freight. Generally, shipment of ammunition by air is prohibited (or sufficiently cost prohibitive to be impractical).

Internationally, including overland shipments to Canada/Mexico, transportation of Ammunition is governed by the United Nations Dangerous Goods Regulations, and further regulated by the rules of the International Air Transport Association (“IATA”) or International Maritime Organization (“IMO”); depending on whether the transport is by air or sea. The international shipping regulations are quite complex and for all practical purposes do not permit shipment by parcel carrier (UPS, DHL, FedEx, etc). Shipment of smaller pallet-level quantities of ammunition (50,000 – 100,000 pcs) is practical (at great expense) by air to markets that are served directly by dedicated cargo aircraft. However, the preferred and most reliable international shipping method is sea shipping of full container load (“FCL”) shipping quantities.

#### 4.5 Retail Distribution in the USA

No federal license is currently required to engage in the business of retail sales of ammunition within the USA and ammunition can generally be transferred in interstate commerce to an adult party desiring Physical Delivery without any specific permit. Federal Law requires the recipient to be at least 18 years old (or 21 years old for handguns). Two US States and several metropolitan locales currently require ammunition transfers to their residents to be performed by firms with the appropriate state license upon completion of a background check and require state-licensed sellers to maintain ammunition sales logs.

Additionally, five additional US States require the recipient to possess a firearm holder’s identification card, or equivalent proof of eligibility to possess a firearm, in order to take Physical Delivery of ammunition.

Several states and numerous locales restrict what types of ammunition residents may own (for example, hollow-point handgun bullets are commonly restricted, as are certain high-power rifle cartridge types).

Details of the various shipping and distribution restrictions are beyond the scope of this document but will be kept up to date in the Ecosystem’s *Physical Delivery Terms and Conditions*.

## 5. Governance

### 5.1. Founders

The roles of each founding firm are described below.

#### 5.1.1. Lavarient Holdings, Ltd.

AmmoCrypt Tokens and the AmmoCrypt Ecosystem was developed by Lavarient Holdings, Ltd. (“Lavarient”). Founded in 2018 and registered in the Cayman Islands, Lavarient’s focus has been on decentralized finance (“DeFi”) and blockchain application development. Lavarient is responsible for all non-US AmmoCrypt Token issuance and sales and is the lead firm within the AmmoCrypt Ecosystem.

#### 5.1.2. AmmoCrypt Holdings, LLC

AmmoCrypt Holdings, LLC is a US Affiliate of Lavarient and provides Reserve and physical ammunition management services to the AmmoCrypt Ecosystem.

### 5.2. Utility of AmmoCrypt Tokens and Rights of AmmoCrypt Token Holders

By virtue of their holdings, AmmoCrypt Token holders gain access to certain smart contract utility functionality of the AmmoCrypt Ecosystem as described within this Whitepaper. Access to those functionalities terminate upon relinquishment (by any means) of the AmmoCrypt Tokens by the respective holders.

Holding of AmmoCrypt Tokens do not grant their holders any rights of governance or sharing of profit in any of the Founders, or any other persons or entities participating in the AmmoCrypt Ecosystem.

#### 5.2.1 Creation and Initial Issue of Kaliber Tokens

Kaliber Tokens are created (“minted”) within an AmmoCrypt smart contract when an authorized party (1) transfers ownership of the appropriate quantity of physical ammunition to the AmmoCrypt Physical Reserves, and (2) deposits the appropriate quantity of YEET utility tokens into the Kaliber Token Minting smart contract. As such, Kaliber Tokens are created within the smart contract and primary (first) issuance is to the Minter in exchange for tangible physical property (i.e. small arms ammunition).

Each Kaliber Token represents one round of ammunition of the corresponding type that has been transferred into the AmmoCrypt Physical Reserve. However, by itself this Kaliber Token does not represent a contractual commitment by AmmoCrypt to deliver any associated goods or services.

Kaliber Tokens are freely transferrable<sup>15</sup> and can be purchased, traded, or sold through a variety of means. Kaliber Tokens do not confer any rights of governance, sharing of profits, common enterprise, or transferrable/assignable contractual commitments of any other party.

### 5.2.2 Creation and Initial Issue of AmmoCrypt YEET Tokens

The total supply of 15 billion (15,000,000,000) AmmoCrypt YEET Tokens has been pre-minted and no additional YEET Tokens will be produced.

YEET Tokens are purchased by Ecosystem users, who then use the YEET in during their interaction with certain AmmoCrypt Ecosystem functions. A portion of the YEET that are used in each interaction are returned to AmmoCrypt for future market-based resale, with the remaining portion permanently destroyed (“consumed”). This ensures that with each successive smart contract interaction, the total supply of YEET will be reduced.

AmmoCrypt YEET Tokens are freely transferrable<sup>16</sup> and can be purchased, traded, or sold through a variety of means. YEET Tokens do not confer any rights of governance, sharing of profits, common enterprise, or transferrable/assignable contractual commitments of any other party.

### 5.2.3 Detokenization within the Physical Delivery Process

The process of requesting Physical Delivery of Ammunition is termed “detokenization” within the AmmoCrypt Ecosystem and is conducted between AmmoCrypt and a specific authorized user within a dedicated AmmoCrypt Physical Delivery Smart Contract. Physical Delivery is not a right conferred with holding of any specific AmmoCrypt Token, but is an available feature of the AmmoCrypt Ecosystem when certain preconditions are met, specifically:

- a.) Physical Delivery is not available initially to permit the growth and market acceptance of the underlying Token supply.
- b.) A user requesting Physical Delivery must have undergone Ecosystem KYC and reside in a locale where Physical Delivery is available, possess all necessary licenses and permits as required by their locale, and not be prohibited from purchasing or possessing physical ammunition.
- c.) The verified user must have obtained the requisite quantity of Kaliber and YEET Tokens for the contemplated transaction.
- d.) The verified user must be prepared to settle any accompanying fees (taxes, shipping etc.) associated with the Physical Delivery. These can be settled in fiat or AmmoCrypt Tokens.

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<sup>15</sup> Except when subjected to vesting schedules, purchased with restrictions on further sale, or otherwise locked or frozen from transfer.

<sup>16</sup> Except when subjected to vesting schedules, purchased with restrictions on further sale, or otherwise locked or frozen from transfer.

The verified user navigates to the address of the Physical Delivery Smart Contract and deposits the required Kaliber and YEET Tokens and signs the Physical Delivery Smart Contract with their wallet's verification Token that was issued when the user underwent KYC.

The Physical Delivery Smart Contract creates a "Physical Delivery NFT" which the user then claims from the Smart Contract. This Physical Delivery NFT is bound to the user's wallet and cannot be traded, transferred, or sold; except to AmmoCrypt in exchange for Physical Delivery. Upon creation of the Physical Delivery NFT, the associated Kaliber Tokens are burned. A portion of the YEET are consumed, with the rest transferred to the AmmoCrypt Community Wallet.

The user then navigates to the Physical Delivery page on the *ammocrypt.io* website, deposits the Physical Delivery NFT and enters their shipping details. Additional fees (sales tax, shipping, etc.) are automatically computed and can be paid by fiat (credit/debit card) or additional AmmoCrypt Tokens.

### 5.3. Compliance with Securities Laws

The Founders of AmmoCrypt believe that none of the AmmoCrypt Tokens (specifically the "YEET", "Kaliber Token(s)", or "Physical Delivery NFT(s)") nor the intended design of the AmmoCrypt Ecosystem as presented herein, meets the definition of a "Security" within applicable US Securities Laws or prevailing case law. AmmoCrypt Tokens have NOT been registered with any US Federal, State, or Local securities regulators, nor with any banking, insurance, commodities, futures, or other financial regulatory body in any jurisdiction. Cryptocurrency regulations are in a state of constant and rapid evolution. It is the intent of AmmoCrypt's Founders to comply with applicable and relevant regulations within the jurisdictions that we operate. *The exact details of the token distribution methodologies (if any) undertaken by the Founders is beyond the scope of this Whitepaper.*

***Nothing in this Whitepaper constitutes an offering to sell any Security or AmmoCrypt Tokens. Any such offering shall occur only on the materials provided within the disclosure package for such offering.***

### 5.4. Know-Your-Customer (KYC) and Anti-Money Laundering (AML) Compliance

All activities within the AmmoCrypt Ecosystem comply with the KYC and AML laws of the countries in which we make our services available. Specifically, the identities of anyone attempting to purchase AmmoCrypt tokens from our direct sales smart contract or interact with our Physical Delivery Smart Contract to redeem AmmoCrypt Tokens for physical ammunition are validated and checked against required sanctions lists to verify that the purchasers are not prohibited parties under relevant laws.

AmmoCrypt utilizes non-transferrable "Soul-Bound" NFT technology as a means of signing certain Ecosystem transactions. The Soul-Bound NFT is a non-fungible and non-transferrable token issued to a specific user wallet that has undergone necessary AML/KYC checks in accordance with Ecosystem policies.



### 5.5. Compliance with Export and Import Controls

The physical delivery of ammunition associated with redemption of AmmoCrypt Tokens may be subject to US Export Control Laws as well as Import Control Laws in the intended country of end use. Tokens may not be redeemed for transfer of ammunition to locations or parties prohibited by the US Government. The intended end-user must comply with all documentation requirements for Export Permit application submission and to pay all fees associated therewith. Please contact *ammocrypt.io* for more information on AmmoCrypt Token redemptions intended for export.

### 5.6. Compliance with US Firearms Laws and Regulations

All regulated activities associated with the import, manufacture, distribution, transportation, and redemption of AmmoCrypt Tokens in exchange for ammunition is performed by an appropriately licensed entity operating under contract to AmmoCrypt Holdings, LLC. Redemptions to persons who are not legally entitled to possess ammunition or firearms is prohibited. Redemptions may not be available in all US locales and certain US locales may impose additional restrictions or additional costs. Please refer to *ammocrypt.io* for more information.

### 5.7. Reserve Audits

Reserve Audits are to be performed by a licensed Certified Public Accounting Firm under contract to AmmoCrypt Holdings, LLC.

### 5.8. Changes and Modifications

AmmoCrypt Tokens and the AmmoCrypt Ecosystem are in a continuous state of development and refinement. Further, the regulatory environments surrounding both cryptocurrency tokens and ammunition are subject to change. AmmoCrypt may change or modify any portion of the AmmoCrypt Tokens or the AmmoCrypt Ecosystem at any time for any reason, including to enhance Ecosystem performance and security, for legal and/or regulatory compliance, or the overall benefit of the Ecosystem.

## Disclaimer

### **IMPORTANT CONSIDERATIONS:**

*Please read this section carefully. It contains important information about the nature, purpose and limitations of this Whitepaper as well as what you acknowledge, accept and agree to should you choose to read this whitepaper.*

This Whitepaper has been prepared by and for the benefit of AmmoCrypt Holdings, LLC. ("AmmoCrypt") and any parent, affiliate, or related entity of AmmoCrypt, and any natural or legal person or entity associated with, operating on behalf of, or under contract to, any of them (collectively, "AmmoCrypt Associates"). This Whitepaper is a general informational and marketing document and is not intended to be legally binding. It is also not a representation or warranty of any kind by either AmmoCrypt or any AmmoCrypt Associate.

The information in this Whitepaper does not constitute an encouragement, inducement, advice, or a recommendation by any person to purchase AmmoCrypt Tokens and neither AmmoCrypt nor any AmmoCrypt Associate has authorized any person to make any such encouragement, inducement, advice, or recommendation. Nothing in this Whitepaper shall be deemed to constitute a prospectus of any sort or a solicitation for investment, nor does it in any way pertain to an offering or a solicitation of an offer to buy any securities in any jurisdiction. Any offer or sale of AmmoCrypt Tokens or any related instrument will occur only on AmmoCrypt's Terms of Sale ("Terms") applicable at the time of such sale in accordance with the operative regulations under which any such offering is made.

Interested parties should, amongst other things, conduct their own due diligence of AmmoCrypt and AmmoCrypt Tokens, and seek further information and professional advice as to its use and value. The Terms will apply to purchasers regardless of whether they purchase AmmoCrypt Tokens directly from AmmoCrypt or in a secondary market transaction.

**Restricted Persons.** The sale of AmmoCrypt Tokens is not directed at, and each purchaser of AmmoCrypt Tokens will be required to represent, among other things, that they are not "Restricted Persons" as defined in the Terms. You must make your own assessment as to your ability to purchase AmmoCrypt Tokens pursuant to laws applicable to you and to confirm that you are not a Restricted Person.

Neither AmmoCrypt or any AmmoCrypt Associate make any representation or warranty to any potential purchaser of AmmoCrypt Tokens as to the legality of a purchase of AmmoCrypt Tokens by such purchaser under the laws applicable to such purchaser.

**Purchaser Sophistication.** AmmoCrypt Tokens are speculative and involve a high degree of risk and uncertainty. The sale of AmmoCrypt Tokens is aimed solely at persons who have sufficient knowledge and understanding of blockchain and cryptographic tokens and other digital assets, smart contracts, storage mechanisms (such as digital or token wallets), and blockchain or

distributed ledger technology, to be able to evaluate the risks and merits of a purchase of AmmoCrypt Tokens and are able to bear the risks thereof, including loss of all amounts paid and loss of all AmmoCrypt Tokens purchased. Potential purchasers must independently assess, after making such investigations as they consider necessary, the merits of, and their suitability for, purchasing any AmmoCrypt Tokens. Potential purchasers should consult their accounting, legal and tax representatives and advisers in order to evaluate the economic, legal and tax consequences of purchasing AmmoCrypt Tokens.

**No Representations, Warranties or Liability.** Recipients of this Whitepaper must not rely on information contained in this Whitepaper or any inferences drawn from it. Purchasers of AmmoCrypt Tokens must determine for themselves the information they require and base any decision on their own information, studies, analysis, and advice and not on the information contained in this Whitepaper.

Neither AmmoCrypt nor any AmmoCrypt Associate makes or purports to make, and each hereby disclaims, any representation, warranty, condition, covenant or undertaking (whether express or implied) in any form whatsoever to any entity or person, including any representation, warranty or undertaking in relation to the truth, accuracy and completeness of any of the information set out in this Whitepaper. In particular, neither AmmoCrypt nor any AmmoCrypt Associate makes any representation or warranty (whether express or implied) as to the accuracy or the completeness of the information contained in this Whitepaper, and none of them have any liability for any statement, forecast, information or matter, express or implied, arising out of or contained in or derived from, or for any omission from this Whitepaper or any other information communicated to any person in relation to or in connection with the matters contained in this Whitepaper.

To the maximum extent permitted by any and all applicable laws, neither AmmoCrypt nor any AmmoCrypt Associate shall be liable for any direct, indirect, special, incidental, consequential, punitive or other losses of any kind, in tort, contract, equity, common law or otherwise (including but not limited to loss of revenue, income or profits, and loss of use or data), arising out of or in connection with any acceptance of or reliance on this Whitepaper or any part thereof. Specifically, no regulatory authority has examined or approved of any of the information set out in this Whitepaper. No such action has been or is contemplated to be taken under the laws of any jurisdiction. AmmoCrypt reserves the right to modify and replace AmmoCrypt Tokens and AmmoCrypt Ecosystem functionality from time to time in its sole discretion and has no obligation to update this Whitepaper, including to reflect any such modification or replacement.

**No Further Distribution.** Neither this Whitepaper, or any part of it, may be reproduced, distributed, or disseminated by any person other than those persons authorized to do so by AmmoCrypt, and in each case such materials must include this section. This Whitepaper, and any part or copy of it, must not be taken or transmitted to any country where distribution or dissemination of this Whitepaper is prohibited or restricted at law or by AmmoCrypt.

**Forward Looking Statements.** Certain statements contained in this Whitepaper may constitute forward-looking statements or speak to future events or plans. These forward-looking statements or information involve known and unknown risks and uncertainties, which may cause actual events to differ materially. No reliance should be placed on any forward-looking statements or information.

**Risk Factors.** Purchasing the AmmoCrypt Tokens entails risks and purchasers could lose their entire purchase amount or all their AmmoCrypt Tokens. Certain risks are described in the *Risk Disclosure Statement*.

**Your Promises, Representation and Warranties.** By accessing, receiving or accepting possession of this Whitepaper (or any part of it), you acknowledge, agree, represent and warrant to AmmoCrypt that: (1) you have read and understood the *Risk Disclosure Statement* that is referenced in and forms a part of the Terms; (2) that you are not a Restricted Person; (3) the distribution or dissemination to you of this Whitepaper, and any part of it, or its receipt or acceptance by you, is not prohibited or restricted by the applicable laws in your jurisdiction, and where any restrictions in relation to your receipt, acceptance or possession are applicable, you have and will observe and comply with all such restrictions at your own expense and without liability to any AmmoCrypt or any AmmoCrypt Associate ; and (4) all of the matters set out in, referred to in these Important Considerations is accepted and understood by you.