Roadmap to tokenising royalties in the mining & metals industry

Initial planning
1. Identify underlying source of royalty
2. Understand current token market landscape (which is constantly evolving) and current pain points
3. Identify all possible sources of capital for next financing round (including non-ICO/IEO/STO routes as well) and develop initial token structuring options
4. Prepare initial business financial and operating model
5. Diligence the royalty stream

Token economics design
6. Analyse the potential implications of token issuance on the issuer’s existing capital structure and the regulatory landscape
7. Consider building out internal team and identify potential advisory firms (and appoint them if necessary) to assist with the token issuance

Detailed planning
8. Appoint token advisers
9. Design and refine token economics model and token valuation—will require valuation of the royalty stream
10. Select which blockchain protocol (with smart contract functionality) should be used to facilitate the token launch: Ethereum, Tezos, etc.
11. Prepare draft whitepaper
12. If not already done, appoint legal counsel, tax advisers and accounting firm
13. Analyse and select appropriate jurisdiction and regulatory framework for token issuance, and identify categories of investors to whom the tokens should be offered (and to whom not to offer!)

Marketing and sales
14. Analyse and structure token issuance so that it is consistent with relevant regulations and does not impact issuer’s capital structure from a legal and tax perspective
15. Appoint marketing company to help with marketing and sales strategy (cf with a broker who typically receives a commission on each sale)
16. Prepare overall marketing and sales strategy and timetable for token issuance, and ensure search engine optimisation (SEO) for website
17. Finalise whitepaper
18. Launch website

Token execution
19. Set up and finalise KYC and AML process and special-purpose vehicle (SPV) for token issuance
20. Draft and finalise legal documentation (investment agreement, private/private pre-sale, main sale documentation, etc.) and ensure legal “nuts and bolts” in order
21. Audit smart contract code to ensure robust security, and that it accurately represents the terms contained in the whitepaper/other legal documentation
22. Launch royalty token!

Indicative timeline
Weeks
1
5
Steps 1 to 14: 5 to 15 weeks
10
14
Steps 15 to 22: 5 weeks