

# FRAC TOOLS TOKEN

The world's first crypto token based on  
oil industry production

2024

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# The world's first decentralised model of investing in an operational oil industry enterprise.

**“The wealthy become wealthier and the poor become poorer”**

It is likely that you are aware of this adage: The phenomenon of increasing economic inequality, whereby the wealthy become wealthier and the poor become poorer is a well-documented reality. This phenomenon is known as the Matthew Effect, which describes the unequal distribution of advantages. Those who already possess them continue to accumulate and multiply them, while those who are initially limited are deprived of them even more, which in turn reduces their chance of further success.

It is extremely difficult to be able to purchase even a portion of an oil rig or a gas liquefaction plant. The construction of a production facility of our size and nature would necessitate an investment of at least \$20 million and the establishment of numerous connections.

The creation of the \$FRACT token invites participation in a novel paradigm wherein, through the application of blockchain technologies, individuals from any location may leverage investment opportunities made available by the world's wealthiest individuals.

**\$70 BILLION**

The annual volume of the global market in our sector  
The numbers are only growing



**5 YEARS**

Frac Tools LLC has been successfully developing



**\$10 MILLION**

The company has invested in the development of high-tech designs and blueprints, which have been patented



**100+**

Clients cooperate with our oil industry enterprise



## INTRODUCTION

The Frac Tools LLC team comprises individuals with extensive experience in the production and oilfield service sectors, particularly in the field of downhole equipment. We place particular emphasis on the quality of our equipment and the enhancement of its functionality, which enables us to fulfil the demands of the largest oil and gas companies.

### RWAs

The Frac Tools Token (\$FRACT), developed on the Polygon blockchain, represents the primary link in the increasingly popular ecosystem of real-world assets.

### Accessible model

The model is straightforward and accessible, and interested parties are able to review the requisite financial documentation for the company Frac Tools LLC.

### Not a start-up

It is not the case that one is entrusting one's money to a start-up at the level of sketches and ideas, rather, one is entrusting it to an already existing and successfully developing oil industry enterprise.

## **There is no longer any need to speculate about the trend of the market**

Holding the \$FRACT token offers a stable source of passive income.

It is recommended that you do not miss the opportunity to manage your funds in a prudent manner and become one of the first participants in a project that is considered the most reliable in the field of high-risk assets. Furthermore, we will provide you with a brief overview of our project.

For a more comprehensive understanding, we recommend studying the **WHITEPAPER**

## PURPOSE OF FUNDRAISING

Frac Tools LLC offers an investment opportunity for anyone interested in supporting the growth of a scientific-production association by purchasing \$FRACT tokens, created by our team. Those who purchase tokens will receive regular rewards for holding them.

**More orders and opportunities**

**It is necessary to expand production**

At the time of developing the fundraising event, our company operated on a single shift. However, we have the capacity to sell products in much larger quantities from 2024 onwards.

Because of this, it was decided to employ workers to complete three shifts, which will increase the capacity of the business by three times. Furthermore, since the beginning of the year, we have purchased additional machinery to address bottlenecks in our production process. Following the implementation of the master engineering plan, we anticipate a 30% increase in productivity per work shift.

**Fundraising event will facilitate a significant expansion of our company, while you will earn on the oil industry.**

Once the fundraising event has been completed, we will commence two stages of modernisation.

A comprehensive analysis has been conducted, taking into account the following factors:

- Discount to large customers
- Additional costs for various stages of production to produce higher quality products

The calculation indicates that, following the first stage of modernisation, the average annual revenue of the company will be \$10.4 million. The net profit will be \$3.16 million, of which 40% will be allocated to token payments, amounting to \$1.26 million. Consequently, the payout per token will be \$0.0115.

The first stage of modernisation will cost \$3.19 million, of which:

**\$2.24 million**

increase in the machine  
tool fleet

**\$380,000**

purchase of auxiliary  
equipment

**\$573,000**

arrangement and supply  
of premises

The second stage of modernisation will focus on hiring new workers and modular expansion of the plant by replicating the already optimised production line.

Based on pessimistic projections, our organisation's turnover is expected to reach \$22.9 million with net income of \$5.74 million and token holder payouts of \$2.29 million (\$0.0208 per 1 token).

We anticipate that the organisation will generate an average of \$33.3 million in annual revenue, with net income of \$10.17 million and average annual payments to token holders of \$4.06 million, or \$0.0369 per 1 token.

The cost of the second stage of modernisation will be \$4.96 million, of which:

**\$3.22 million**

leasing of the machine  
tool fleet

**\$498,000**

purchase of auxiliary  
equipment

**\$1.23 million**

arrangement and supply  
of premises

## USA, Saudi Arabia, Russia

The world's largest drilling and completion markets are: The USA, Saudi Arabia and Russia are the leading countries in this field. The number of drilling rigs and new service contracts is anticipated to increase in the coming year.

**\$176 billion**

Global investment by upstream companies in drilling, completion and well servicing is expected to reach \$176 billion in 2024, an increase of \$18 billion from the previous year. China's national company PetroChina, the largest consumer of drilling and completion services, is projected to spend \$17 billion this year and \$19 billion next year. Global giant Saudi Aramco will maintain a relatively stable level of spending over the next five years.

Rosneft, on the contrary, plans to increase its investments in the segment by 20% by 2025 compared to 2023. It should be noted that the company's costs might be higher, as the current forecast does not take into account Rosneft's planned drilling activity in the Vostok Oil project. The announced reserves at the project's key fields, Payakhskoye and Zapadno-Irkinskoye, require confirmation during the ongoing exploration programme. These fields have an estimated 1.2 billion tonnes and 500 million tonnes of oil reserves, respectively.

**Global drilling investments increased by \$18 billion**

**65,000 wells**

The number of drilling rigs and new service contracts is anticipated to increase in the coming year. The data indicates that the number of new development wells drilled this year will increase by 7,000 units compared to last year, reaching approximately 65,000 wells.

**PetroChina is projected to spend \$17 billion this year and \$19 billion next**

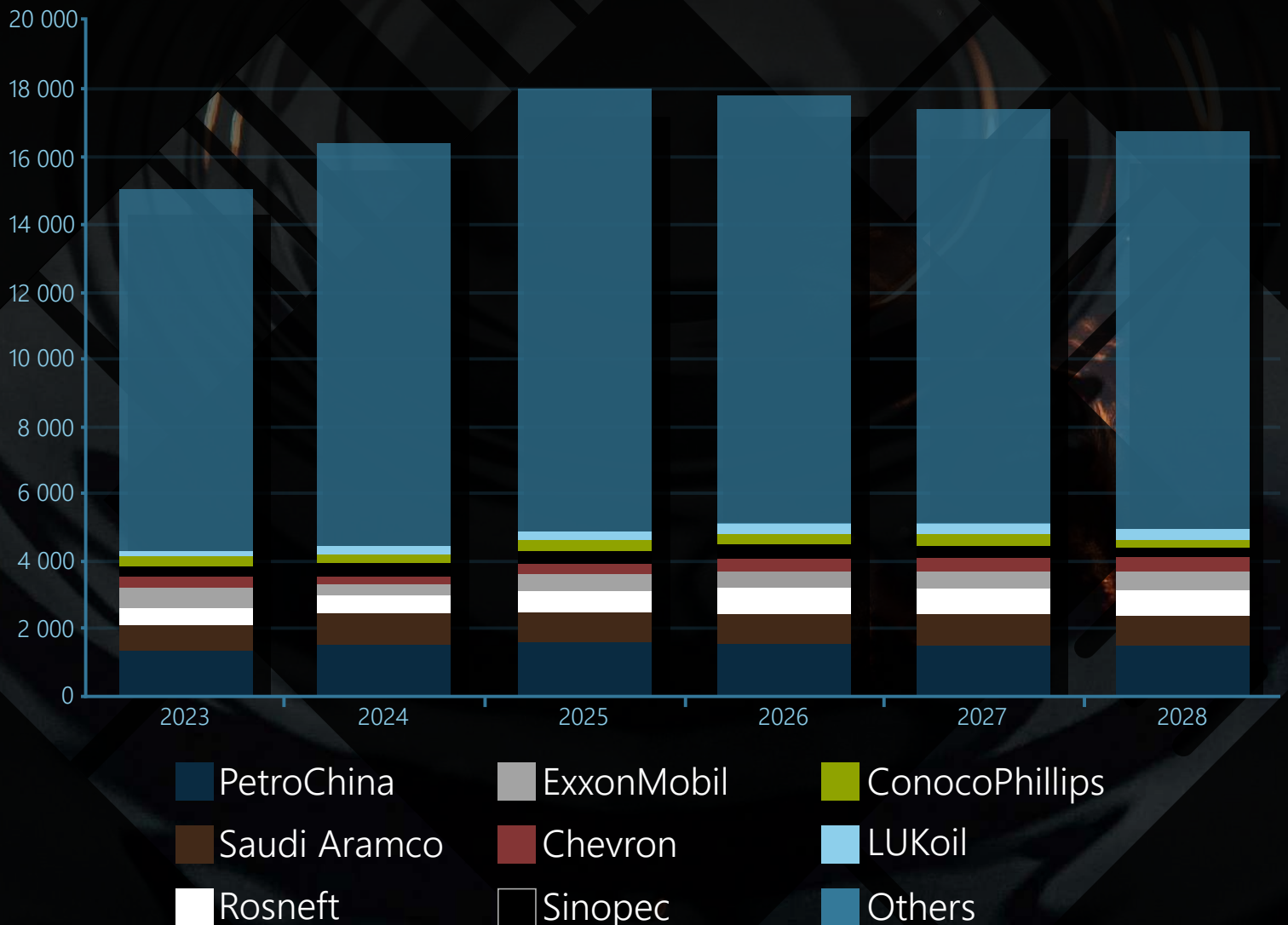
## MARKET OVERVIEW

Over the period 2023-2028, field operators are anticipated to invest a total of \$884 billion in drilling, completion, and well servicing. Approximately 40% of this investment will be allocated to the completions segment.

**Over the next five years,**  
**North America** will invest \$68 billion in drilling,  
completion and well servicing  
**Asia and Australia** will invest \$34 billion,  
and the **Middle East** will invest \$22 billion.

millions \$USD

Diagram 1. Spending of production companies on drilling, completion and servicing of wells





## MARKET OVERVIEW

Next, let us take a closer look at well completion and well servicing services on the example of the Russian market. According to the collected statistical data, the total volume of well completions in Russia in 2023 was 12.56 thousand wells/operations and totalled \$540 million.

Type of completion	2020	2021	2022	2023	Share in 2023
Lower	441.6	512.3	469.1	453.4	84.1%
Top	39.8	30.2	53.0	49.6	9.2%
Intelligent	17.9	20.4	34.2	35.9	6.7%
Total	499.2	563.0	556.3	538.9	100.0%

Our current market share is 0.3%. However, the most pressing issue at present is production capacity. With the innovations, we have already made, we will be able to take 1.1% of the total market without changing the cost of goods.

Consequently,  
**we can capture 3.7% of the total market without competing,**  
provided we increase our production capacity.

The remaining market share will have to be won from competitors by reducing production costs, reducing production time and supporting the international quality level.

In order to achieve a larger market share, it is necessary to identify and develop areas of optimisation that are attractive to potential customers. Such areas for improvement can include

- ✓ **speed of order fulfilment**
- ✓ **high product quality**
- ✓ **low price**

Improving at least one of the indicators will allow the company to differentiate itself from competitors and gain a larger market share. This approach has been proven both effective and reliable, and there are numerous examples of its success.

**Our products will be able to compete with the major players in the market.**

**\$156.25 million - projected market share of our company**

By increasing revenue to \$33.5 million, we will reduce total production costs by 43%, which will reduce the price of finished equipment, making our offer more attractive in the market. Concurrently, the expansion of our workforce and the introduction of additional specialists will enable us to enhance our production capacity while maintaining the exceptional quality of our products. Our products will be able to compete with the major players in the market. Our company plans to capture a market share (aggregate volume of \$540 million) that will allow us to achieve an annual turnover of \$156.25 million. Once this target has been reached, we will choose another market to develop and optimise the company, as metalworking is in high demand across various sectors.

A detailed calculation of the organisation's revenue, based on cost, can be found in the **WHITEPAPER**.

## 2 WAYS TO USE A TOKEN

# REWARDS WILL BE PAID IN \$USDT

The most well-known and widely used stablecoin

The Tether (\$USDT) exchange rate is fixed at a 1:1 ratio with the US dollar.

The token holder will receive \$USDT to their wallet within a month of receiving funds from the customer to the company's account. The amount of \$USDT received will be proportional to the number of tokens held by the holder.

# STAKING

The opportunity to invest in staking will be subject to periodic review

It is possible to freeze a token and forgo any associated rewards.

The company will consider the reward received from the token you have invested in the company. As production expands, the company's income will increase, resulting in additional tokens being issued to you.

The payouts on \$USDT tokens (those that have not been invested in staking) will remain unchanged regardless of any increase in issuance. The opportunity to invest in staking will be subject to periodic review and may be discontinued at any time should additional investment in the venture be deemed unnecessary. The interest on staking will be announced in advance.

## 40% of the company's net profit will be distributed to token holders

A 20% investment of the company's net profit will be allocated to the development of the organisation, with the objective of increasing its revenue and profit. Additionally, 40% of the company's net profit will be distributed to token holders. It is therefore clear that the price of the token will inevitably increase because of these two factors.

According to Gordon's formula, which is used by institutional investors to determine the growth of a company's stock capitalisation in absolute terms, the pessimistic valuation of FDV (Fully Diluted Valuation) after two years will be:

$$P = D1 / (k-g)$$

D1 – value of cash flow in the future year, calculated as  $D0 \cdot (1+g)$

g – growth rate of future cash flows

k – discount rate

The discount rate in the oil and gas sector is 1.12, with an additional risk factor for crypto-projects of 0.09. Consequently, the total discount rate in our case is 1.21.

According to pessimistic calculations, the growth rate of cash flows is 20% per year. We will now calculate the fair FDV after fees.

$$P = \$2,224,936 / (1.21-1.2) = \$2,224,936 / 0.01 =$$

$$\mathbf{\$222\ 482\ 767.2}$$

Given a total supply volume of 110,000,000 \$FRACT, the presented calculations demonstrate that the pessimistic upside

**25 times  
the initial  
offer price**

## FINANCIAL MODEL OF TOKEN PAYOFFS

Our financial model employs the formula for calculating capitalisation from the stock market, given the provision for rewards for token ownership.

The first table demonstrates that token payoffs will remain consistent regardless of an increase in issuance due to staking. This is made possible by the modernisation of production through additional investments.

Table 2. Yield on tokens at staking

Cycle	Investments in production (\$USD)	Total supply of tokens	Allocated tokens for staking	Organisation's net profit (\$USD)	Total amount of the reward for tokens (\$USD)	Funds from staking invested in production (\$USD)	Reward for the token (\$USDT)
1	7 986 000	110 000 000	33 000 000	5 200 000	2 080 000	624 000	0.0189
2	8 610 000	118 595 041	35 578 512	5 606 311	2 242 524	672 757	0.0189
3	9 282 757	127 861 671	38 358 501	6 044 370	2 417 748	725 324	0.0189
4	10 008 082	137 852 365	41 355 710	6 516 657	2 606 663	781 999	0.0189
5	10 790 081	148 623 700	44 587 110	7 025 848	2 810 339	843 102	0.0189
6	11 633 182	160 236 671	48 071 001	7 574 824	3 029 930	908 979	0.0189

The calculations in first table are based on the assumption that 30% of tokens will be allocated for staking. For simplicity, all indicators are presented on an annual basis, with one cycle equalling one year. In calculating the financials, the organisation's net profit of \$10.4 million has been taken into account, as well as a pessimistic scenario of the organisation's profitability. Please note that the table does not take into account investments from the net profit of the organisation itself. Additionally, the calculation of compound interest for intra-annual cycles is not included.

**At the end of the year, an additional token consideration will be calculated from the residual profit of the organisation based on International Financial Reporting Standards (IFRS) results.**

The following table illustrates the trend of token yield from investments in the net profit of the organisation. **The investment represents 20% of the organisation's net profit.**

Table 2. The trend in token yield from investing from the net income of the organisation itself

Cycle	Investments in production (\$USD)	Total supply of tokens	Organisation's net profit (\$USD)	Total amount of the reward for tokens (\$USD)	Investments in production from organisation's net profit (\$USD)	Reward for the token (\$USDT)
1	7 986 000	110 000 000	5 200 000	2 080 000	1 040 000	0.0189
2	9 026 000	110 000 000	5 877 185	2 350 874	1 175 437	0.0214
3	10 201 437	110 000 000	6 642 559	2 657 023	1 328 512	0.0242
4	11 529 949	110 000 000	7 507 605	3 003 042	1 501 521	0.0273
5	13 031 470	110 000 000	8 485 305	3 394 122	1 697 061	0.0309
6	14 728 531	110 000 000	9 590 328	3 836 131	1 918 066	0.0349

The final table shows the change in token yields with a constant average annual staking of 30% of the total number of tokens and an investment of 20% from the net profit of the organisation itself.

For clarity, we have simplified the table by tiering the timing of token issuance by stake and yield by cycle. This resulted in a distorted rate of return per individual token. However, the rate of return will be the same as in Table 2.

Table 3. The yields on tokens issued under staking and investing are based on the net income of the organisation itself

Cycle	Investments in production (\$USD)	Total supply of tokens	Allocated tokens for staking	Organisation's net profit (\$USD)	Total amount of the reward for tokens (\$USD)	Funds from staking invested in production (\$USD)	Investments in production from organisation's net profit (\$USD)	Reward for the token (\$USDT)
1	7 986 000	110 000 000	33 000 000	5 200 000	2 080 000	624 000	1 040 000	0.0189
2	9 650 000	118 595 041	35 578 512	6 283 496	2 513 398	754 020	1 256 699	0.0212
3	11 660 719	127 861 671	38 358 501	7 592 755	3 037 102	911 131	1 518 551	0.0238
4	14 090 400	137 852 365	41 355 710	9 174 816	3 669 926	1 100 978	1 834 963	0.0266
5	17 026 341	148 623 700	44 587 110	11 086 523	4 434 609	1 330 383	2 217 305	0.0298
6	20 574 029	160 236 671	48 071 001	13 396 563	5 358 625	1 607 588	2 679 313	0.0334

## The \$FRACT token will be made available for trading on both decentralised and centralised exchanges.

At the outset of the project, the exchanges will be **Uniswap** (decentralised) and **Gate.io** (centralised). As the project develops, the number of exchanges where the \$FRACT token can be purchased will increase.

Initial liquidity is generated through the sale of tokens in public sale rounds. Subsequent increases in the supply of tokens in circulation may be due to planned unlocking of tokens as scheduled, as well as increased issuance through a staking programme.

# You will receive a reward in cryptocurrency for completing an order in the game

The \$FRACT token is the foundation for the development of a large-scale GameFi project in the genre of an economic simulator based on an operating scientific and production association.

The concept of the game is that the user will be able to build his own production business empire, starting from a small one, for example from a machine tool. You will be able to develop by purchasing different equipment in the form of NFT linked to real existing equipment and hiring additional workers with whom you can fulfill orders from large international companies. In turn, orders will be placed in the application by the developer team at a certain time and will be linked to our holding company's real orders. To fulfill order, it will be necessary, for example, to build production chains between machine tools, purchase materials and pay wages to workers. You will receive a reward in cryptocurrency for completing an order in the game secured by profit from a real order.

You will be able to manage not only real oil industry production, but also production in such areas as: light industry, metallurgy, chemical industry, food industry, agriculture and others.

**Exciting well-thought-out interactions with real-world assets are waiting for you.**

Detailed description of the concept and rules of the game can be studied when the announcement of this GameFi project is released.

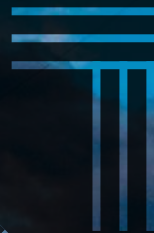




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