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AUSTRALIA

The
RICH CLEVER COUNTRY

Outline of the

GOLD BASED
INTERNET CURRENCY FUND

www.GoldCurrencyExchange.com

Prepared by

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Introduction:

The establishment of a Gold Based Internet Currency will enable Australia to become "The Rich Clever Country", according to Dr Simon Strauss MBBS who floated the idea some 12 months ago.

The following outline seeks to explain why a Gold Based Internet Currency would be beneficial to Australia and to those involved in the project.

History:

Simon Strauss an admitted long term "Gold Bug" was inspired by Robert DeCrespigny's (CEO Normandy Gold) statement that, "The Gold Industry needs to find new ways to market Gold to consumers".

Simon in conjunction with Neil Pentland CEO of Golden-Orb Technologies developed a strategy to achieve DeCrespigny's aim and at the same time promote Australia and Golden-Orb Technologies', Australian made database driven Internet software.

The 'model' they developed is a simple one that relies on a complex, already produced software solution.

(Both the software and the 'model' are sufficiently unique to allow for patenting.)

The idea of a Gold Based Internet Currency has been widely discussed with Accountants, Business owners including import-exporters, share-brokers, journalists and more recently Greg Barns of the Australian Gold Council.

As a result of Greg Barns' efforts the idea has now entered the public domain.

(See attached article published in The Australian).

The actual 'model' has not been revealed or published and as there are significant IT barriers to entry there is time to roll out the 'model' and retain the first -prime mover advantage.

Ideation:

If Australia were to introduce a "Gold Based Internet Currency" and use Australian software to administer it the almost inevitable result would be a rich, clever Australia. As Australia:

- Is a major player in the Gold industry and has vast reserves of Gold.
- Enjoys a reputation for financial probity, coupled with a robust economy and stable political environment.
- Has long established links into countries whose populations historically rely on Gold as a way to store value in times of uncertainty.
- Has forward thinking Gold producers who will take part.
- Has a government which is being widely attacked for its lack of Information Technology awareness and a current Treasurer who should be delighted to be given the opportunity to undo much of the harm he visited on Australia's second largest (by value) export industry.
- Has a population that by and large abhors the Americanisation of their country and in common with countries such as China, India, Singapore would like to see this curtailed.

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- An existing sentiment of resentment of "Being a branch office of the USA", a second string player to the all powerful "Yankee Dollar".

For the above socio-political reasons the establishment of the "Gold Based Internet Currency" will enjoy widespread support from within Australia and perhaps even globally.

Additionally the time is ripe for many reasons including:

- Gold is currently well undervalued as opposed to the fully valued, if somewhat shaky American dollar. Giving rise to the situation where many prudent investors both locally and overseas are already looking to Gold for protection and would welcome the capital gains derived from having a secure, trouble free, Gold investment in place.
- Many reasons exist to justify the view that if a mechanism were found to energize the Gold market there would be a massive crystallization of its value especially as there is a large overhang of current forward contracts.
- E-commerce is just beginning to evolve globally and at the moment nearly all transactions are based on American credit cards or US dollars.
- As alluded to above, many countries wish to retain their identity and be free of American dominance both culturally and economically
- Currently there is no way to carry out small denomination money transfers thus limiting the ability to participate in e-commerce B-to-C transactions for low cost goods.

The Next Step:

As the result of our widespread discussions and in particular our conversations with Greg Walch, a Melbourne based financial advisor, we -the models owners, have identified the need to develop a relationship with at least one major Gold producer and an investment bank.

Our preference at this stage would be to involve Normandy Mining and Macquarie Commercial Bank in a partnership arrangement with Golden-Orb Technologies with some sort of ongoing financial consideration to the Strauss family.

The Model:

The intellectual property involved needs to be protected and further disclosure will follow once this protection has been established.

Broadly speaking:

We, Strauss-Golden-orb Technologies, have developed a robust model and the software to issue and track the necessary components to administer the Gold Based Internet Currency Exchange both as a form of currency and as a store of value.

We have registered the Internet domain names,

- www.GoldCurrencyExchange.com
- www.AU4AU.com

(AU is the Internet Country code for Australia and the Chemical symbol for GOLD)

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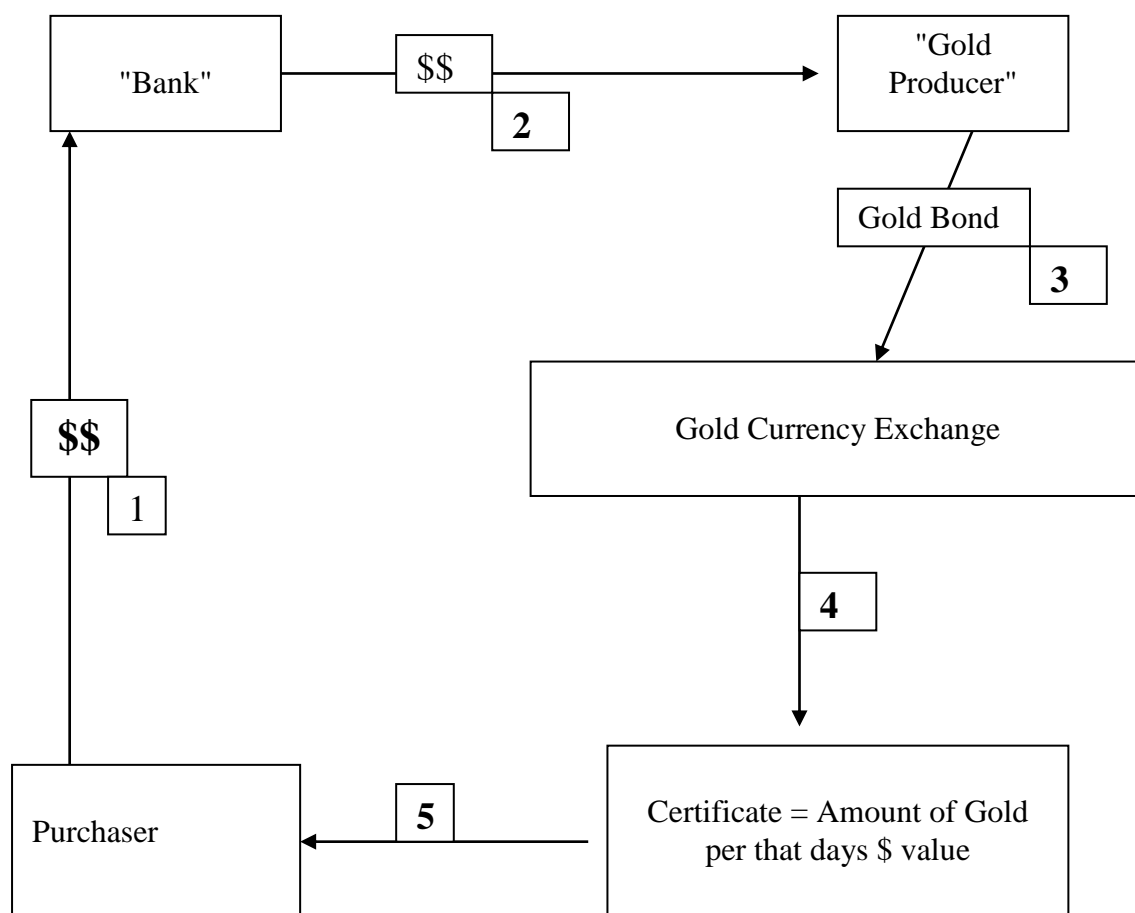
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In the model above:

The Bank, or the Bank and the Gold Producer own the "Gold Currency Exchange"

The Bank receives the money from the "Purchaser" (1). The "Bank" then pays the

Gold Producer (2) to issue a Gold Based Bond to the "Gold Currency Exchange"(3)

The "Gold Currency Exchange" then issues a "Certificate" (4) to the Purchaser with a

Certificate equal to the amount of Gold per that days dollar value (5).

(Thereby closing the original purchase loop)

The Purchaser then owns that Certificates which is held 'digitally' at the Gold

Currency Exchange under a secure (encrypted) username, password system.

The Certificate can be divided into portions -coupons: these coupons can be set at the

days dollar value of one gram / one ounce of gold (or any other method of division)

allowing for small scale transactions.

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The owner of the certificate, the "Purchaser", can then:

- assign the certificate to someone else
- store it
- use it for e-commerce
- redeem the certificate at that days dollar value in their local currency in any country with a secure banking system and agreement in place with the "Bank"/ "Gold Currency Exchange"
- redeem it as Gold Bullion -within Australia and countries in which agreements between the Bank and the local bank or bullion merchant are in place.

Notes:

The Bank, or the Bank and the Gold Producer own the "Gold Currency Exchange" Allowing the Gold producer to "hold" the Gold after it has been Bonded.

Consequently the Bank / Gold Currency Exchange does not have to store the Gold physically or pay fees to transport it.

The only time the Gold actually moves is when a Certificate is redeemed as bullion.

The model can be implemented incrementally without extreme capital outlay.

The IT component will include the purchase of a standalone server, annual software licensing and support contract plus development-implementation costs.

Scenarios.

An overseas purchaser uses his credit card on the Internet to buy a Certificate from the Gold Currency Exchange using the "Bank's" credit card facilities.

An overseas purchaser without a credit card (India, China) using cash arranges with his local bank to transfer the funds to the "Bank" which then arranges to 'buy' a Certificate from the "Gold Currency Exchange". The Gold Currency Exchange then issues the purchaser with a Certificate.

Once the Certificate has been issued it can be electronically transferred to any country.

Within Australia the Gold Currency Exchange can receive money in any of the usual forms and can then issue Certificates.

Certificates can be transferred anywhere in the World and be redeemed as cash at that days Gold \$ value or as Gold where agreements between the Bank and the local bank or bullion merchant are in place.

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If the price of Gold goes up the Certificate holder gets the capital gains.
But in the legal sense where are these gains crystallized?

There are many more models re the interaction between the Bank and the Gold Producer and the Gold Currency Exchange.

Additionally the Gold Currency Exchange may set up a branch/branches in Europe. In that case the URL: www.GoldEuro.com is available for use.

The interactions between the Certificate holder and the Gold Currency Exchange will depend on secure Internet transfers and a good auditing system - Golden-Orb Technologies Pty Ltd. can provide the IT for this with their existing software.

Benefits:

The Gold Currency Exchange provides an opportunity for the "Bank" to establish their 'own' *trusted* currency based on a 'real' commodity.

The Gold Producer increases sales of Gold while still holding that Gold.

The Purchaser has a method of buying, storing and moving Gold cheaply and of using Gold to back his e-commerce activities.

The establishment of a Gold Based Currency Exchange -www.GoldCurrencyExchange.com could see Gold's dollar markedly increase over a relatively short time frame.

The use of Australian made database driven software (Golden-Orb technologies) will further establish Australia's reputation for innovative Information technology (IT) provision.

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Copy of E-mail to Greg Barns -Australian Gold Council.

Dear Greg,
further to our telephone conversation Tuesday (9-1-01)
As discussed I am very pleased that you saw fit to act on my earlier e-mail re the establishment of a "Gold based internet currency".

My apologies that I framed the message a little sneakily re the "seen on a newsgroup".

I was a bit frustrated that no one was listening and thought that if I distanced the idea from myself that it might be looked at in a better light.

I conceived the idea early in 1999 and discussed it with quite a few people including Michael West -Margin Call (The Australian) and many other business people and IT experts. We have the original e-mails. However there was no meaningful response until you acted. I think that it could be wonderful for Australia for the reasons outlined earlier and as a share holding Gold bug it will also do a lot for my superannuation....

As briefly mentioned during our conversation, I have worked on this idea with an Australian IT firm Golden-Orb Technologies Pty Ltd. URL: www.golden-orb.com
Neil Pentland (Neil@Golden-Orb.com) their CEO has developed the software model required to administer/run the project.

As also discussed their may be a time imperative as I have also discussed the idea with IT Capital, Eco Venture and Spinnet Asia. Hence there is already some blood in the water.

Greg I think that the AGC could kick a goal for Australia and if you were to use Golden-Orb technologies to run the project out we would have a double win: Usurp the US\$ and boost Australian IT. We would then be the "Rich, clever country".

I look forward to seeing your response.

Marilyn Strauss
for Simon
(Dr Simon Strauss)

(The response to the above was a telephone call from Greg Barns seeking information for further publication)

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Digital Yellow Brick Road

by Selina Mitchell

ONE of the world's oldest international currencies, gold, could become a key part of the newest digital money.

Using the internet, organisations other than governments or central banks could issue digital currencies, a report says.

Digital money and electronic transfer will replace paper and coins, and gold could provide the backing for such a move to succeed, it says.

The report Digital Money and its Impact on Gold says the internet allows for new means of exchanging value for goods and services without the need for physical tokens.

"There are no technological reasons why private companies can't create international gold-backed monies to compete with monies issued by governments," the report's e-commerce author, Richard Rahn, says.

He describes digital money as privately or government-issued currency whose value is stored in electronic form in devices such as smart cards, mobile phones and personal digital assistants.

Rahn predicts digital money will become the dominant form of currency as it is less costly to handle than credit cards, cash or cheques, and more secure and efficient.

"The question is no longer whether we'll have digital money, but how soon it will be before most paper currency and coin is eliminated, what portion of digital money will be issued by private institutions, and how much of that will be gold.

"But there are obstacles," Rahn says.

To avoid theft and counterfeiting, secure system designs and high-level cryptography will be required, and there may be some casualties.

"As digital money becomes more important and the use of traditional government money declines, central banks will become less important, and their ability to influence national economies by traditional means may also decline," Rahn says.

"New rules and legal procedures need to be developed for the world of digital money, and technologically obsolete regulations, like many of those designed to control money laundering, will need to be eliminated."

There are two main contenders that could provide the backing required for such a system: gold and the US dollar.

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In Australia, the marketing will begin this year to sell digital gold, backed by the real thing, as a candidate for the international digital medium of exchange.

The Australian Gold Council (AGC) will meet with the Australian Information Industry Association shortly to discuss the issue, AGC spokesman Greg Barns says.

Digital currencies are essentially embryonic, and solid backing from a common currency to establish a value for the e-currency would be critical, he says. Only gold and the US dollar have the required integrity, but the value of gold is more stable.

"Australia is a very good test market for digital systems it is a discrete market, there are no border issues, and we are known for our innovation and takeup of technology," he says.

In his report, Rahn says many people instinctively trust gold. "It's tangible, free of government control, and the idea that gold is intrinsically valuable is ingrained in folk history," he says.

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