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Unless the context requires otherwise, in this white paper the terms “founders,” “we,” “us” and “our” refer to DeFiWars Finance Core Team and/or the Company, and all dollar ($USD) amounts set forth herein refer to United States dollars; nevertheless, there’s no direct offer or asking of prices in terms of $USD; rather we’re asking Non-US Persons to interact with our platform via cryptoassets like Ethereum ($ETH), Binance Coin ($BNB), BitcoinToken ($BTCT), wrapped BitcoinToken ($wBTCT), and/or wrapped Bitcoin ($wBTC), amongst others.

INTRODUCTION

Cryptoassets.

Since the inception of Bitcoin ($BTC) technology (e.g., 'blockchain') in 2009, there has been a tremendous growth in the number of cryptoassets being available in cryptospace, either as 'tokens' or 'coins', depending on its own under-the-hood technology. The main difference between these is that a 'coin' has its own blockchain —it could be either inherited via a hard fork from another coin, or newly created, via code—; whereas, a 'token' is the result of a 'payable' smart contract being deployed on top of a particular blockchain, for example: Tether (e.g., $USDT) is a 'token' of Ethereum ($ETH), because there is a smart contract (e.g., executable, automated and immutable code located at a specific wallet address —known as an 'account'—) which triggers $USDT minting when certain conditions are met in time as well as establishes a total supply and the number of digits to account for in transactions.

Another important aspect of cryptoassets is 'fungibility', which determines whether a specific asset is fungible or non-fungible. In this regard, Ethereum blockchain has been the most advanced and where the first tokens were ever minted. Tether is a fungible token created on top of Ethereum; you may trade $USDT for $ETH or vice versa, because they both share a common technological standard (ERC-20), which is based in smart contracts, and it is the same standard being used by more than 6,000 different tokens in cryptospace. Non-fungible assets, instead, are those which could either be unique or limited and non-divisible, therefore they have to be fully owned by a specific 'account' until the owner transfers it to another 'account'; nevertheless, non-fungible assets are worth a given amount of value measured either in 'fiat' (e.g., legacy currencies like $USD or $GBP) or crypto (e.g., $BTC, $ETH or $USDT, amongst other cryptocurrencies), which allows them to be traded between 'accounts'.

Non-Fungible Tokens (NFTs).

Non-fungible assets are called 'Non-Fungible Tokens' (NFTs) regarding its existence on cryptospace. They began to exist as 'ERC-721' (Ethereum Request for Comment, issue #721) tokens. ERC-721 is a free (open) standard that describes how to build non-fungible or unique tokens on the Ethereum ($ETH) blockchain; 'BEP-721' is Binance Smart Chain's version of ERC-721 . While most tokens are fungible (meaning, every token is the same as any other token,

and it is also divisible), ERC-721 tokens are all unique; think of them like rare, one-of-a-kind collectibles.

In 2018, the Enjin platform developers proposed another standard called ‘ERC-1155’ (basis for ‘BEP-1155’), a standard interface for smart contracts which may include any combination of fungible tokens, non-fungible tokens, or other configurations (e.g., semi-fungible tokens) which allows NFTs to be minted as bulk tokens, allowing them to be partially fungible in relation to certain properties, attributes or classes which give them ‘equal’ value amongst their supply. ERC-1155 solves the problem about having to create a unique smart contract for each token type or collection.

Whether a crypto project uses ERC-20, ERC-721 or ERC-1155 as its token minting and redeeming standard, or it creates a new blockchain for its purpose, what becomes relevant is how will the selected standard fit the use case appointed by the corresponding business plan. There are plenty of different mixes all over cryptospace. Additionally to $ETH-based NFTs, there are other blockchains which are also able to support this class of cryptoassets (e.g., EOSIO, WAX, NEXUS, POLKADOT, TEZOS, POLYGON, ENJIN, SOLANA, AVALANCHE, BINANCE CHAIN, etc…).

Since 2021, the NFT niche has seen explosive growth, with an expected market capital of roughly 26 Billion $USD, by the end of 2022; most of that surplus has happened in the last year. The best known NFT market platforms are looksrare.org, opensea.io, rarible.com, knownorigin.io, atomichub.io, superrare.co, and simplemarket.io; notwithstanding the fact of other blockchain-specialised marketplaces which have had pretty good numbers like solsea.io, hicetnunc.xyz, etc.

Even though digital art’s collectable character is a big factor to look for when trying to establish the heading of NFTs in cryptospace, the truth is much brighter than what we have previously thought of, for sure. NFTs will be around humanity for the next 100 years. Everything will be unique and irreplaceable, and we shall be able to create systems and methods through which we can efficiently organise them all.

Decentralised Finance (DeFi).

When you think of a cab or a taxi you are implicitly calling for its bounded regulation laws to exist, meaning that any given taxi has to have a legal permit or government authorization or licence to be able to provide transportation services to people which require them to be moved from one location to another; these regulations include approved tariffs or price lists, zonings, insurance policies, service guidelines, amongst others which have to be observed by the taxi owner and/or driver to be able to provide public transportation services. Now, think about Uber.

What companies like Uber have done to the taxi-cab industry is to decentralise transportation services via private sector providers, lowering transportation prices and establishing different service guidelines and standards which people seem to be more comfortable with, as well as accessibility from any smartphone device, making it open, faster, and economically efficient for both drivers and passengers.

The key concept here is the 'non-bureaucratic' relationship between economic agents and their means to accomplish their individual or aggregated goals.

Similarly, 'fiat' currencies are minted by monopolistic government-driven agencies or entities which have more or less autonomy from political influences, known as 'central' banks. These entities cannot properly function without the existence of a given set of agents called 'banks', which disperse, collect and invest money to gain profits. So, for any given 'fiat' currency minted by its creator (*e.g.*, central bank), there exists a market which can be described —as any other market— by means of its supply and demand curves (*e.g.*, functions) and in terms of 'price' and 'quantity', whereas the current price and quantity of any given asset is known as its 'equilibrium' point (*e.g.*, the specific point where the demand meets its supply curve). In the money market this 'price' is called 'interest rate' (e.g., the price of money).

What a bank usually does to earn profits is either to lend money at a higher interest rate than the one it pays its users for their deposits, or to borrow it at a lower interest rate than the one it charges its users for their loans. The difference between active (credit) and passive (savings) interest rates is the actual gross profit of any bank in the world; for that reason, some banks decided many years ago to invest some of their actual assets into different kinds of portfolios ranging from real estate

acquisitions (e.g., coming from mortgage liquidations) to stock positions (e.g., stock options, derivatives, futures), thus maximising their profits.

The actual decisions that make a bank to invest into this or that portfolio are being made upon its Board of Directors and Shareholders Assemblies; to be a part of those colleges and to have a vote are both difficult to achieve to the average investor or bank account user, because it requires a huge amount of capital invested into the bank in question as well as the previous approval to have a vote within those corporations. So, even if a random bank account holder is not comfortable with his/her money being invested into some portfolio or specific financial instrument the bank has decided to invest, it is irrelevant to the final decision about doing it, and the profits that are expected to be gained by the bank's decision is not going to benefit the account holder, in any manner.

With the development of the blockchain industry during the past eleven years, it is now possible for the average bank account holder/user and the 'unbanked' to profit from their own financial investment decisions, regardless of any banking system where he/she has some of his/her wealth invested. It is possible thanks to an innovative approach called 'Decentralised Finance' ecosystem.

Firstly, cryptoassets allow any person to self-manage his/her wealth without the inefficiencies proposed by the legacy 'fiat' banking system, because they thrive within a peer-to-peer transactions technology system (e.g., blockchain), —significantly reducing if not disappearing— the utmost expensive 'agency costs' that any bank poses to each and every user/account holder anywhere in the world.

Secondly, lending and borrowing are both economic activities that are financially intensive and not privative to banks (e.g., in the 'legacy' kind of way), thus, via blockchain enabled applications, any person is able to find another who is looking to lend part of his/her wealth in exchange for a profit, as well as able to find someone who is looking to borrow a determined amount of wealth in exchange for a profit. Both 'wealth' and 'profits' are measured in cryptoassets, being the more liquid ones the most demanded by the market (e.g., Tether or $USDT, Bitcoin or $BTC, Ethereum or $ETH).

Finally, because of the decentralised nature of cryptoassets and the auditable smart contracts that put them into play, any person can determine the viability of a project which aims to provide its

users with high yields in exchange of them investing (e.g., 'staking') their cryptowealth into the project's platform or ecosystem, making informed decisions that could eventually derive into very significant profits at a very low financial cost.

Similarly to NFTs, DeFi's niche in cryptospace has seen unparalleled growth in 2020, with its Total Value Locked (TVL) surging from 4 $USD (back in August 2017) to roughly 100 Billion $USD (as of October, 2021). Individually, each ecosystem is experiencing massive exponential growth, but few projects combine the tremendously explosive potential of both NFT and DeFi in a hybrid ecosystem with enjoyable dynamics that makes investment (e.g., 'staking') decisions accessible, secure (no impermanent loss) and clearly profitable, until DeFiWars Finance.

DeFi staked NFTs.

Having reviewed both NFT and DeFi ecosystems, the concept of 'staking' should be clear to any person reading this paper; for those who want to ask further, here it is what we believe is the easiest explanation: 'staking' is a DeFi term referring to the decision and action of someone investing a portion of his/her cryptoasset wealth into a financially driven project on the cryptospace, in exchange for a determined/determinable share of pooled profits, typically associated with APYs (Annual Percentage Yields) or 'block rewards'.

For example: Alice has 1 $BNB currently stationed in her wallet and she is pursuing to make some profitable decision to grow her wealth by about 30% in a year; she could: a) Acquire some ERC-20 tokens, which she believes are in a bullish breakout —based on social media trending statistics and opinions of influencers, biassed towards that expected outcome—; b) Acquire some ERC-721 NFT collectibles, which she believes will accrue considerable value in the next months or years —based on the artist's fame and last sold prices of his/her digital art—; or c) Stake a portion of the $BNB she holds in her wallet into a high yield 'Liquidity Pool' (LP) available at some DeFi platform she heard was providing lending and borrowing services —based on the APY (Annual Percentage Yield) offered by that specific LP—.

Let us briefly analyse each possible scenario outcome for Alice: a) Given her unexperienced knowledge about fundamental and technical analysis of financial instruments such as cryptoassets, Alice's decision on acquiring a couple of ERC-20 tokens positions based on social media trends made her lose around 0.5 $BNB (e.g., half of her cryptowealth), so instead of making 30% profits

on top of her initial investment, she ends up being 80% farther from her financial goal; b) Alice's decision on spending 60% of her cryptowealth into a couple of ERC-721 tokens (NFT collectibles), presumably made by a relevant digital artist and traded in a top NFT market, ended up in an uncertain time-lapse of waiting until some other person is willing to acquire those precise NFTs for 130% the price she paid for them before, leaving her with 40% liquidity to possibly make some profits; and, c) Alice's decision on staking 80% of her cryptowealth in a LP from some DeFi platform that offered her a 120% APY, ended up in her waiting for 3.75 months to accrue a 30% profit over her previous $BNB balance, so now she has 1.3 $BNB.

What was the relevant difference between scenarios a), b) and c)? Although they each represented a diverse Risk-to-Reward Ratio, the level of certainty about the actual factors which were necessary to determine the profitability of her investment in scenario c) was the highest of them all, thus making it the most informed decision. This is the real power of DeFi.

Let us now imagine Bob, with a cryptowealth valued in 10 $BNB. Bob wants to invest 20% of his cryptoassets into some platform which offers him a 60% APY (that means 5% profits expected, each month, during the investment period). He manages to find some NFT-based DeFi platform offering 72% APY, subject to a minimum staking amount condition and the obligation to acquire at least 1 NFT from it; the price of the NFT is around 10% of his initial investment of 2 $BNB, so he has got 1.8 $BNB liquidity left; if he wants to acquire another NFT he has to pay double of the quantity paid for the first one, leaving him with 1.4 $BNB liquidity; with his current staking power, he is not going to achieve that 0.1 $BNB expected profit on a monthly basis, because he is not currently staking his whole initial investment, but only a 33.33% of it.

What has happened in this last Bob's scenario is that even though he was clearly informed about the APY and he was able to calculate the time he would have to stake in order to get his expected profits, the transactions costs and the staking terms and conditions were not fully disclosed to him and he ended up losing value while enabling his staking power; so, in any case, Bob would not have invested the whole 2 $BNB he was planning to, but rather around 90% of it, which would force him to stake longer and spend more in order to achieve his expected profit outcome.

The NFTs Bob acquired were necessary to be able to stake on that DeFi platform, functioning like his own 'private keys' to access the desired PoLP and which represented his legitimate claim on profits at the end of his staking period. NFTs function as a boundary between undesired

anonymous code injection looking to manipulate a smart contract and whitelisted accounts who can withdraw value from one or more PoLPs; they can be pictured as passports which protect private data of their holders, as well as credentials to access restricted code areas with pretty good defined and clear boundaries between them, leaving no place to confusion or misrepresentation on any given claim of profits or voting rights.

A BETTER MODEL FOR AN NFT-BASED DEFI ECOSYSTEM.

The model.

So far, we have reviewed the concept of ‘staking’ in relation to DeFi and NFTs, but we have not analysed the other important concept about ‘burning’ crypto. When a cryptoasset creation code or smart contract allows the ‘disappearing’ of any amount of its current circulating supply, given certain necessary conditions being fulfilled, we are talking about ‘burning’ those coins or tokens. The total supply of that cryptoasset is going to be diminished in the exact amount of the burnt units, probably making each remaining unit more valuable or worthier in absolute terms.

For example, let us have Charlie as the owner of a given token genesis smart contract. Given the pre-established conditions about possible scenarios on which a ‘burning’ should occur, Charlie validates his credentials to access the smart contract code and instructs it to burn 1% of its total supply. Let us suppose that the token’s current circulating supply is of 2.5 million units and its total supply is of 10 million units; what Charlie has just instructed the smart contract to do is to get 100,000 tokens out of the circulating supply. If the token’s current price is valued at 0.01 $USD —which means that its current market capitalization is 100,000 $USD—, that would mean an increment of 1.01% in its price, going from 0.01 to 0.010101 $USD per token.

A simple way to put this is to say that ‘burning’ is one method of making ‘tokenomics’ (e.g., token economics) decisions to make its behaviour inversely from inflationary, which attends to one of legacy economics’ concept: ‘inflation’, meaning the generalised increase of prices which ends on fungible assets losing their intrinsic value or buying power) and thus, protecting holders’ wealth by increasing their wealth in relative terms.

Until now, there has not been any DeFi platform who has successfully implemented both ‘staking’ and ‘burning’ into their tokenomics ecosystem. What has been done by a few recent DeFi projects was to enable the possibility for users to simply stake or burn a limited quantity of NFTs, but that sole decision has not been designed to significantly transform neither current market capitalization nor price of its native (e.g., governance, voting) token.

Smart Burning.

DeFiWars Finance enables, by design, the possibility to burn big chunks of winner PoLP's utility token, when certain conditions are met, but instead of making direct artificial changes over the macro-tokenomics variables of its ecosystem's governance token (e.g., $DWARF), it allows the two initial (e.g., $DARTH & $JEDI) PoLPs' utility tokens to compete against each other, that is, to engage in financial warfare between them. The loser's token smart contract will automatically instruct the winner's token smart contract to burn a variable amount of its own total supply, proportional to the difference between both PoLPs TVL (Total Value Locked), which derives into the desirable outcome of each of the winner's tokens to rise its purchasing power in relation to $DWARF. On the contrary, loser's token diminishes its purchasing power in relation to $DWARF current price. More details will be described further in this document.

Liquidity Pooled NFTs.

There are two initial $DWARF PoLPs: one, the $JEDI; and the other, $DARTH, both polarised sides in **DeFiWars Finance**. Each new user will be able to claim one NFT of each PoLP but can only join one PoLP at any predetermined period. For example, Alice first decides to join the $DARTH side and thus claims her very first NFT on that PoLP; she chooses to stake that NFT for a 1-day timeframe, so she will not be able to claim her very first $JEDI NFT, until that given period of time has come to an end (e.g., the UTC countdown for the $DARTH PoLP resets to 'zero'; then, she claims her $JEDI NFT and decides to stake it for a 30-day period, so she is now able to stake her $DARTH NFT for any other period different from the one she has chosen in relation to $JEDI PoLP. Subsequently, Alice will be able to stake simultaneously on both $DARTH and $JEDI PoLPs, even for the same periodicity, once her first staking periods on each PoLP have ended.

The utility of NFTs in this hybrid ecosystem could be explained from different angles: first, they help to identify, without any doubt, the owner of a whitelisted account; second, they are used as a private key that enables its owner to stake tokens in the corresponding PoLP and for a determined amount of time; third, they allow the modification of the given PoLP's smart contract ecosystem in a trustless manner and without any mistakes (that is, by correctly feeding its modifiable parameters based on the staking period of time and the NFT that has been claimed by the user), so the user receives the expected profit and gets to also keep the NFT once unstaked from the PoLP; fourth, they represent an intrinsic value which can be redeemed by selling the NFT on any market; and, fifth, some of they are parts of a bigger 'collective' NFTs called "BOMBs", whereas each PoLP has

its own set of BOMBs accordingly to the staking period of their users, the biggest BOMBs are those related to the 1 year staking period and the tiniest pertain to the 90-day staking timeframe, having the possibility to be assembled in lesser amounts of time, depending on the users intensity on minting or claiming new NFTs.

Unique in/out ngNFTs.

Once Alice has unstaked her $DWARF NFTs and duly harvested the corresponding rewards, she may want to mint her “PEACE” (exit) ngNFT, which enables her to swap her $DWARF for Bitcoin Token ($BTCT) or Ethereum ($ETH) coins, and trade them in any available exchange for other cryptoassets like $BTC or $USDT, for example.

Alice’s leave could be either temporary or definitive, but temporary exits would cause her to interact again with the ecosystem and that means to buy her way in all-over again. In future up-rolls, there will be an IP address filter to double check KYC validations on previously registered users; in case of a double ecosystem personality (e.g., two accounts for the same individual), the system will automatically prefer the oldest one and disregard the new one with a given set of sanctions that are going to be individually disclosed once each user has properly registered.

Similarly to what Alice had to do in the beginning to start interacting with **DeFiWars Finance** ecosystem, Bob, who has previously decided to invest 2 $BNB into buying $DWARF (e.g., **DeFiWars Finance** governance token), is also going to claim a unique (one-time-only) “WAR” (access) ngNFT; without this NFT he would not be able to stake $DWARF (e.g., $DWARF, $DARTH and $JEDI), claim $DARTH and/or $JEDI NFTs, swap $DWARF for $DARTH or $JEDI, nor provide liquidity to any of the PoLPs available in the ecosystem. As said before, the “WAR” ngNFT is the key to unlock **DeFiWars Finance** for each and every user.

In sum, “WAR” ngNFTs are used to enter the DeFiWars **Finance** ecosystem, and “PEACE” ngNFTs are used to cash-out and exit the platform. “WAR” ngNFTs have to be traded-in for “PEACE” ngNFTs; both, “WAR” and “PEACE” ngNFTs are non-graphical NFTs, and are always unique to each registered user wallet account. ngNFTs have the main functionality of bringing entropy to deterministically random hashes used within the DApp.

SCHEDULED WARFARE

Once Alice and Bob have both duly registered into **DeFiWars Finance** ecosystem, swapped some $BTCT or $BNB to buy some $DWARF, claimed their “PEACE” NFTs as well as their $DARTH and/or $JEDI NFTs, they will have to make a choice regarding their first warfare interaction in the platform: first, they will have to choose a side (e.g., either $DARTH or $JEDI) and a timeframe in which they are going to stake their $DWARF.

There will be a UTC (Universal Time Coordinator) countdown which will synchronise every battle or warfare duration with its appropriate schedule. The UTC module will be online with Beta release of the DApp.

Let us suppose that Alice chose $JEDI and Bob $DARTH as their initial PoLPs; then, they both will be able to select, each, a Scheduled Warfare duration counted in days, from the following periods: 1, 7, 30, 90, 180, or 360-day.

Alice goes ahead and selects a 1-day warfare engagement; Bob, instead, selects a 7-day event. That means that they will not be competing against each other at the beginning of their **DeFiWars Finance** interaction, but they both will be able to eventually meet in battle, depending on their subsequent time frame selections; they could even end up on the same side of war, without necessarily knowing it.

If Alice has successfully done these previous steps by 10:27 hours (CST), and Bob has done them by 14:59 hours (PST), in the same calendar day, they will both have to wait until their selected schedule, duly synchronised with UTC countdown, resets to “00:00:00:00” (‘zero’ days:hours:minutes:seconds) to actively engage warfare in their chosen PoLPs.

While the UTC module is online, users will engage on individual countdowns for each period they stake. For example: let us think of Alice and Bob’s aforementioned situation, but instead of having to wait until UTC countdown resets, each one of them will be producing their own countdowns. Take Alice, she has staked her $JEDI NFTs into the 30-day period Scheduled Warfare, while Bob has staked his $DARTH NFTs into the 7-day period; Alice would be ending her Scheduled Warfare by 10:27 hours (CST) 30 days afterwards, while Bob would be ending his by 14:59 hours (PST) on the same day of the immediate next week (7 days afterwards).

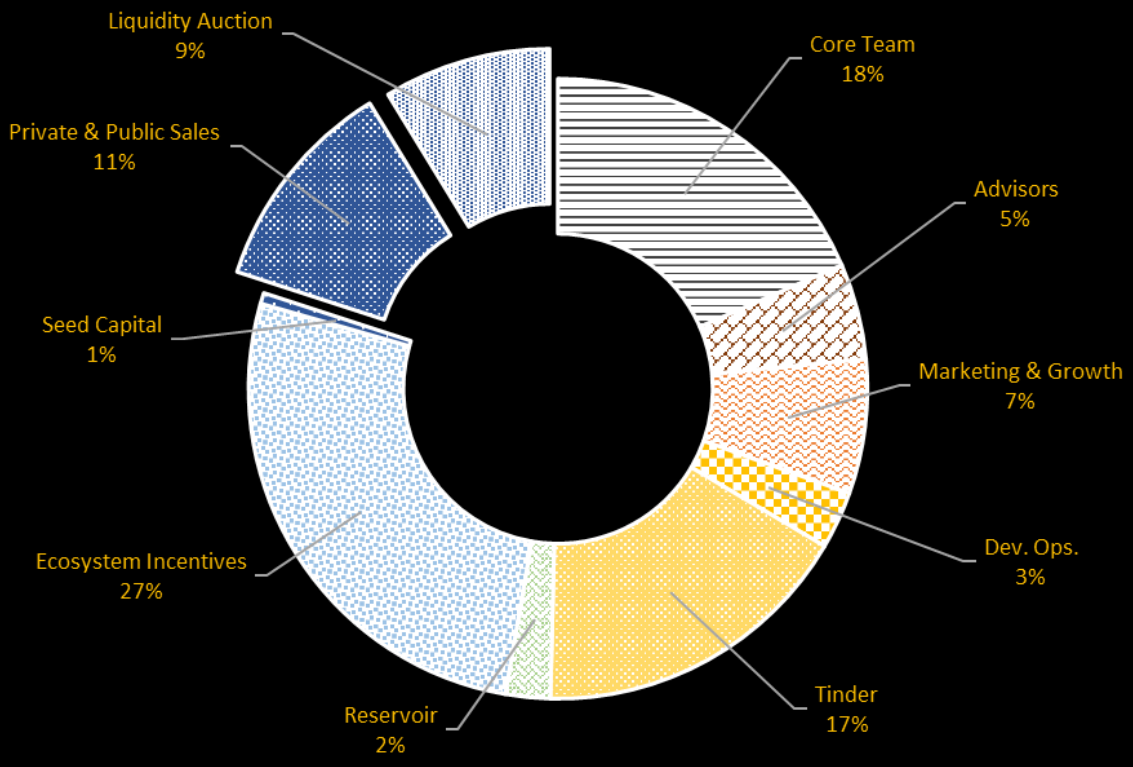
Once the Beta release of the DApp is online, each Scheduled Warfare will have its own fixed APY, which applied to the selected PoLP would result in the applicable APY for Alice and Bob, respectively. The initial fixed APY for each warfare timeframe or duration will be as follows:

Staking Period	APY
1-day	9%
7-day	34%
30-day	55%
90-day	94%
180-day	201%
360-day	572%

This functionality will be available once our Beta release (DApp) is online.

TOKENOMICS

Distribution.



Note: The only 'unlocked' allocations will come from Private & Public Sales, and Liquidity Auction events.

Seed Capital.

Swapped Bitcoin Token ($BTCT) Seed Capital.

As an exclusive perk for Bitcoin Token ($BTCT) hodlers, **DeFiWars Finance** ecosystem will allocate **0.07% of $DWARF's total supply** to be swapped in exchange for $BTCT deposits that will be managed by a tailor-made Custody Service smart contract. The swap ratio for these early seed investors will be of **1 $DWARF / $BTCT**. Deadline to make the corresponding swap will be announced via official **DeFiWars Finance** and Bitcoin Token social media channels.

To be eligible to swap $BTCT for $DWARF during the Seed Capital phase, users will have to be previously whitelisted; the minimum allocation share per user will be bottomed at **50,000 $BTCT** and the maximum will be topped at **500,000 $BTCT** deposits, respectively.

The commitment for $BTCT holders that wish to partake into the Seed Capital phase will consist of having their **$DWARF tokens locked-up for a 12-month period with quarterly releases**. At the end of the forceful waiting period of investment, $BTCT Seed Capital investors will have the option to either collect their corresponding $DWARF or claim their custodied coins back at a rate of **1 $BTCT / $DWARF**, with a 24-hour waiting period.

Regardless of the lock-up period, $BTCT Seed Capital investors will be able to partake in the Liquidity Auction and thus, interact with **DeFiWars Finance** ecosystem during their ROI period.

Standard Seed Capital.

There will be a very selective primary offering to invest in **DeFiWars Finance** ecosystem occurring simultaneously to the Swapped $BTCT Seed Capital; some of these seed investors will be other cryptoasset projects, institutional investors, and early individual supporters. The price for each $DWARF during this phase, offered to these select investors, will be fixed at **0.0055 $USD / $DWARF** and they will be competing to get their share of **0.5% of $DWARF's total supply**. The amounts invested will only be payable with Ethereum ($ETH) or Binance Coin ($BNB).

The minimum investment allocation shares will be bottomed at **3 $ETH / 20 $BNB**, and the maximum allocation topped at **30 $ETH / 200 $BNB**, per Seed Capital investor.

The commitment asked from these seed investors will consist of having their **$DWARF tokens locked for a 12-month period with quarterly releases**, during which their tokens will be accruing value and giving righteous dividend claims for the moment their tokens will be unlocked and fully tradable.

Regardless of this lock-up period, Standard Seed Capital investors will be able to partake in the Liquidity Auction and thus, interact with **DeFiWars Finance** ecosystem during their vesting period.

Private Sale.

Swapped Bitcoin Token ($BTCT) Private Sale.

$BTCT holders who are not eligible to partake into the Seed Capital phase because their current bags carry less than the minimum required deposit amount, will be able to swap their coins in exchange for $DWARF at a ratio of **3 $BTCT / $DWARF** during the Standard Private Sale phase, starting from the amount of the remaining allocation that has not been exchanged for $BTCT via the same tailor-made Custody Service smart contract used during the Swapped Bitcoin Token ($BTCT) Seed Capital phase, and up to a maximum of **0.06% of $DWARF's total supply**.

To be eligible for this swap, users will first have to be whitelisted; there will be **no lock-up period** for their $DWARF, so they can be used into the **DeFiWars Finance** ecosystem 24 hours after the moment the Liquidity Auction has ended with $DWARF price discovery, which will be the same for everyone.

If $BTCT swappers wish to backwards convert their $DWARF into $BTCT, they will be able to do so, but only once, at a ratio of **1 $BTCT / $DWARF**, with a 24-hour custody-release waiting period.

Standard Private Sale.

There will be a Standard Private Sale to be held just afterwards the Seed Capital phase has ended. **DeFiWars Finance** ecosystem will allocate **5% of $DWARF's total supply** to be purchased by select investors who wish to profit from liquidity mining.

The selling price at this phase will be fixed at **0.01 $USD / $DWARF** and will only be payable with Ethereum ($ETH) or Binance Coin ($BNB).

To be eligible users will have to be **whitelisted** first and wait for a maximum period of 3 months, until the $DWARF (ERC-20 token) smart contract is live. This waiting period will include the Public Sale and the Liquidity Auction phases, plus a 24-hour waiting period to start trading $DWARF over its uniswap.org / sushi.com listed $DWARF/$ETH or its pancakeswap.finance / bscex.org listed $DWARF/$BNB pairs, correspondingly. Private Sale allocations will be topped to **10 $ETH / 75 $BNB,** per investor.

Public Sale.

There will be a Public Sale series of events which will be made public via the official **DeFiWars Finance** and **BitcoinToken** social media accounts.

At this phase, $DWARF's minimum price will be fixed to **0.075 $USD**. Through multiple challenges and competitions, a total amount of **20% of $DWARF's total supply** will be available to be acquired by interested individuals who will deposit $ETH / $BNB in exchange for $DWARF allocations. The minimum allocation will be bottomed at **3,000 $DWARF** per investor.

To be eligible to participate in this phase, individuals must have either won one challenge or competition out of those organised by **DeFiWars Finance** Core Team and thus, **whitelisted** first, or participated during the Liquidity Auction event.

Liquidity Auction.

DeFiWars Finance ecosystem will sustain a live on-line reversed **Dutch Auction** for $DWARF **price discovery**. Bidders will send $ETH / $BNB to the auction's smart contract, which will only be available for 24 hours. The auction will end when the total amount of $ETH / $BNB sent to the smart contract reaches the Hard Capitalisation goal of **1.111 million $USD** or the price of $DWARF gets to **0.075 $USD**, which is the same as the price offered to investors during Public Sale phase.

LIQUIDITY

Liquidity Mining.

Liquidity Mining will be available to all **DeFiWars Finance** ecosystem users holding $DWARF, once the LPs' appropriate conditions are met. There will be a special Liquidity Program which will be organised and hosted by **DeFiWars Finance**'s **DWARFSwap**; users who want to partake in this program will have to provide liquidity over $DWARF/$BNB pair on PancakeSwap (pancakeswap.finance), and proceed to lock their LP tokens through our special smart contract in order to be benefited with a generous APY. Duration of this activity will be capped to 180 days. APYs will be duly published once Beta release of the DApp is online.

DWARFSwap.

$DWARF/$BNB LPs.

DeFiWars Finance ecosystem's users will be able to stake their $BNB to earn $DWARF, thus providing liquidity necessary to maintain $DWARF price action and reduce volatility. There will be three different liquidity programs available: one, which is the Liquidity Mining described above; a second one, regarding pancakeswap.finance LP tokens, which will be honoured in terms of its own set of rules and conditions (e.g., 0.03% of all trades made, proportionally to each user's own LP share); and, a third one, which consists of our own $BNB/$DWARF trading pair within DWARFSwap, where we will distribute millions of $DWARF each year. Same will happen with uniswap.org, once our ecosystem is deployed over the Ethereum Network.

The minimum lock-up period will be 7 days, and the maximum will be 180 days. The initial APY of the latter aforementioned option will be 400%; so, the maximum payable yield in the minimum scenario would be 15.56%, and it will be redeemable in $DWARF. This program will be available afterwards Beta release of the DApp has been deployed and online.

$wBTCT/$DWARF LP.

There will be a proper $wBTCT/$DWARF LP for legacy $BTCT holders which want to provide liquidity or swap between these two digital assets. We will release our own $wBTCT $BTCT bridge over DWARFSwap, afterwards Beta release of the DApp has been deployed and online.

In later roll-ups and platform upgrades, there could be other prime DeFi tokens available to participate in our liquidity programs, like $USDT, $USDC, $DAI, $CRV, $COMP, $AAVE, $UMA, $BUSD, $DOT, $ATOM, $SOL, $LUNA, $GMT; sky is the limit.

PoLPs (Polarised Liquidity Pools)

Differently from an ordinary Liquidity Pool (LP), a PoLP has no impermanent loss. This is because the price divergence between the assets in the pool will eventually reverse, causing the effects of impermanent loss to be fully mitigated.

$JEDI/$DWARF staking.

Any **DeFiWars Finance** $JEDI side's user who wants to accrue value will be able to stake his/her $JEDI to harvest $DWARF, just by staking his/her $JEDI NFTs into the $JEDI/$DWARF PoLP. Initial ratio will be fixed at 11.11 $JEDI / 1 $DWARF and it will change with time as each and every 'Scheduled Warfare' ends, in terms of the 'NFT Staking' section (above), as well as a result of community voting via governance module, once it is online.

Let us think of Alice who has been staking her $JEDI NFTs into the $JEDI/$DWARF PoLP for a 360-day period, after which JEDI PoLP won the corresponding 'Scheduled Warfare' with a resulting 'tB' (Tokens Burnt) of 1,041,666,666.67 $JEDI; even though she didn't participate in the 'Scheduled Warfare', she is going to be benefited from its result, increasing her staking power from the specific amount she was individually staking at, to a +208.33% final staking power, accruing even more significant amounts of $DWARF to be exchanged for $BNB or $ETH, or swapped for $wBTC.

$DARTH/$DWARF staking.

Just as it happened with Alice's staking into the $JEDI/$DWARF PoLP, the same will happen to Bob's, who has been staking all his $DARTH NFTs into the $DARTH/$DWARF PoLP.

A common property to both (DARTH & JEDI) PoLPs is that impermanent loss gets fully neutralised and overran by the compounded yields being generated through our ecosystem's DeFi products, which means that users will not take 'unaccounted' financial risks related to losing a significant

amount of their provisioned tokens to any PoLP, but instead of that, they will accrue value continuously.

Regardless of which PoLP won the last Scheduled Warfare, since Beta release of the DApp, the Smart Burning algorithm will affect $DWARF's total supply via continuous burning events, with a fixed rate, as follows:

Periodicity (DAYS)	Burn Rate (%)
1	0.001
7	0.050
30	0.100
90	0.500
180	1.000
360	5.000

With these numbers, at the end of the first year and the beginning of the second, $DWARF's total supply will be of 8,706,950,000 tokens, which means a gross marginal value increment of 14.851% per token, accrued from 360-day compounded burning events. This profitable outcome does not include actual market capitalization during time, and neither does it consider market volatility events, which could take $DWARF's price even higher at any given point, from a technical analysis perspective.

Now, let us think of a different example considering a 360-day Scheduled Warfare, multiple users staking into both PoLPs, where the DARTH PoLP has a total of 500,000,000 $DARTH tokens being staked with 45,004,500 $DWARF tokens, the amount of $DARTH that will be burned, with a variable ratio, is going to be determined as follows:

$$St\ x\ Br\ =\ tB$$

Where, *St = Staked tokens, Br = Burning ratio, and tB = Tokens Burnt.*

That is: $St\ x\ \frac{\left[\frac{(A+Pd+Pk+Ps+Pc+Ph)}{6}\right]}{100} = tB$

Where, *A = APY difference, Pd = Power Damage difference, Pk = Power Kinetics difference, Ps = Power Speed difference, Pc = Power Conversion difference and Ph = Power Healing difference*.

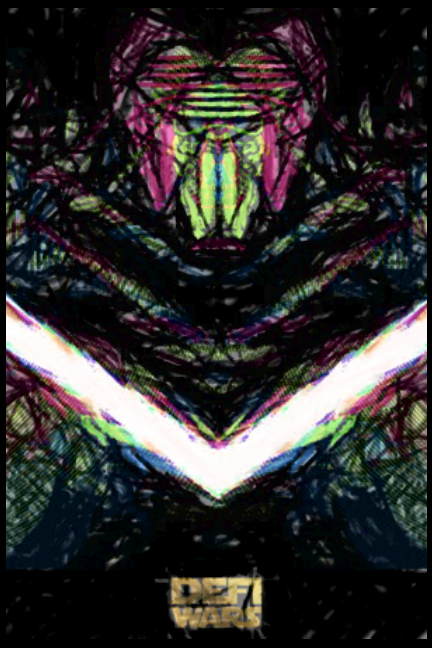
Resulting: $tB\ =\ 500,000,000\ x\ \frac{\left\{\frac{[(1250+(-200)+1000+(-900)+(-150)+250)]}{6}\right\}}{100}$

Thus: $tB\ =\ 500,000,000\ \frac{x\ \frac{1250}{6}}{100}\ =\ 500,000,000\ x\ 2.083333\ =\ 1,041,666,666.67\ \$DARTH$

So, 1,041,666,666.67 $DARTH tokens will be burnt as a result of the 360-day warfare period, which will transform its total supply and directly affect, in a positive way, the $DWARF/$DARTH staking PoLP, making $DARTH more valuable in terms of $DWARF.

Let us think of this example's warfare outcome in relation to the DARTH PoLP. If $DARTH's total supply is 10,000,000,000 tokens, after a 360-day period it will be reduced to 8,958,333,333.34 tokens. *Caeteris paribus*, $DWARF's total supply is 10,000,000,000 tokens, if the initial conversion was 11.11 $DARTH / 1 $DWARF, the new one will be of 9.952716 $DARTHs / 1 $DWARF; meaning that any given **DeFiWars Finance** user who holds $DARTH in his/her wallet will be able to swap those tokens for $DWARF at a lower rate than those users who hold $JEDI in their wallets; this outcome will give more voting power to the $DARTH side users (once the Governance Module is deployed and online) as well as juicy profits when they want to exchange $DWARF for $BNB. It also means that any $DARTH NFT will be worth more than any average $JEDI NFT in any third party digital art market, like opensea.io.

NFTs



Note: This is an unedited digital art piece.

NFT Attributes

Figure. This is the core property of every $DWARF NFT. It is located at the centre of the collectible card, and it may represent either a character, a weapon, or an action.

Body. This attribute is always surrounding the 'Figure' and it represents a specific texture which modifies the behaviour of the entire NFT in relation with its staking in a $DWARF PoLP (e.g., either $DARTH or $JEDI).

PoLP. It will be located at the top-right corner of the collectible NFT, and it states to which PoLP does the card pertain (e.g., either $DARTH or $JEDI). This attribute will be deployed afterwards Beta release of the DApp is online.

Efficiency. It is located at the top-left corner of the card and it describes both the APY —which could be either '+' (positive) or '-' (negative)— and the applicable period of staking (see 'Warfare Schedule' section, above); if the APY is negative in any given NFT and the user decides to stake it regardless of this condition, the corresponding 'Scheduled APY' will be reduced by the percentage amount stated in there; on the contrary, if the APY is positive, it will be added to the 'Scheduled APY'. This attribute will be deployed once the Beta release of the DApp is online.

Power. It is located at the bottom-left corner of the NFT, and it will have a mixture of these five powers: Conversion, Speed, Kinetics, Damage, and Healing. Each Power maximum value is set to 100 units. These properties are applied directly to the 'Figure' attribute, making it more or less effective. On an initial stage, the NFTs' aggregated Power will determine the yield for each holder, accordingly.

BOMB. When a lucky draw happens, it will be located at the bottom-left of the collectible card, and it should only mention the 'piece #' or nothing at all, for every 'BOMB' is a collectively built NFT which requires the assembly of 21 different pieces in order to drop it over the other side's PoLP. Users can only hold one 'BOMB' NFT at any given point in time, accordingly to the 'Warfare Schedule' section (above) and the 'Efficiency' attribute described before. 'BOMB' NFTs can only be used once during the 30, 90, 180, or 360-day staking periods; and, after it has been successfully used (e.g., correctly assembled with the other 20 pieces), the user's NFT is going to be automatically burned, giving its owner a special premium amount in $DWARF. When the corresponding UTC countdown resets to 'zero', if the 'BOMB' has not been completely assembled, the NFT is going to remain in the user's wallet to be used in another chance. This attribute will be deployed once the Beta release of the DApp is online.

Frame. It is the final layer which surrounds every other attribute/property of any $DWARF NFT. It consists of a specific colour and/or pattern out of 7 different possibilities, each one of them corresponding to the rarity of the collectible card. When 'Frame' is not present, then NFTs will be distinguishable by their scarcity (top-tier down): MIAMI (33 editions), CLASSIC (100 editions) and COMMON (400 editions). This attribute will be deployed afterwards Beta release of the DApp is online.

NFT Staking

There will be three types of NFTs in the DeFiWars **Finance** ecosystem: ERC-721 / BEP-721, ERC-1155 / BEP-1155, and the non-graphical versions of ERC-1155 / BEP-721. The main difference between the first two consists on the availability of hybrid & multiple token transactions supported by the same smart contract which manages the NFT minting and transfer processes; ERC-1155 / BEP-1155 allows an NFT to have an implicit ERC-20 / BEP-20 token value, as well as the minting of batches of NFTs pertaining to the same specific collection, giving certainty of their origin or creator and, thus, eliminating faux 'identical' copy-cats' possibilities to deceive any given buyer about a valid and useful **DeFiWars Finance** official NFT. ERC-721 / BEP-721 minted NFTs do not have these capabilities and therefore they are less forging-resistant; nevertheless, they comply with certain properties which would be somewhat useful in relation with several actions to be taken by users when engaging into **DeFiWars Finance** ecosystem and, for that reason, there will be some of them participating during specific events. Non-graphical NFTs serve their purpose by rendering deterministically random hashes which are taken into account when users need to be handed different options within our ecosystem.

The 'in' / 'out' one-time-only ngNFTs described in section 'DeFi staked NFTs' (above) will always pertain to the ERC-1155 / BEP-1155 standard, because they are stand-alone ngNFTs by themselves (e.g., collectible and transferable), they could fully prove the owner's digital identity to **DeFiWars Finance** ecosystem gatekeepers, they could also contain (e.g., be backed by) a certain amount of ERC-20 / BEP-20 token (e.g., $DWARF) or state that there's a certain amount of $BTCT deposited in custody as describe in section 'Swapped BitcoinToken ($BTCT) Seed Capital' (above), and they will also function as tangible private keys to allow its holder to unlock $DWARF acquired during early seed, private and public sale phases.

The unique "WAR" (enter) ngNFTs will be mandatory to participate in the **DeFiWars Finance** ecosystem and they will also be necessary to claim, harvest, stake, unstake and/or mint any kind of tokens available in the platform. The unique "PEACE" (exit) ngNFTs will be also indispensable to withdraw any and every cryptoasset staked or deposited into the platform. If an early user transfers his/her unique "WAR" NFT to another account, at any given moment in time, he/she will not be able to claim $DWARF NFTs, nor unstake any tokens, nor mint new $DWARF NFTs, nor take any action

in **DeFiWars Finance** ecosystem; so, even though these unique ngNFTs can be bought and/or sold for $ETH / $BNB, anywhere, the truth is that their nature is for them to be non-transferable cryptoassets, because they function as individual 'passports' or 'customs forms' and are perpetually linked to their original owner's (e.g., 'minter') wallet.

For every other NFT minted by any user interacting with **DeFiWars Finance** ecosystem, apart from the unique 'WAR' / 'PEACE' ngNFTs, there will be an additional transaction fee which complies with the latest standards (ERC-165 / BEP-165) that must be paid in order to transfer the NFT to the user's wallet —**DeFiWars Finance** ecosystem will be using a Web 3.0 application like MetaMask to seamlessly enable cryptoasset transactions, protect users' private keys and assure their full ownership—.

Initial claiming will always be deterministically random as for the PoLP (Polarised Liquidity Pool) involved, meaning that, for example, Alice's first $DWARF NFT is only usable in the $DARTH side PoLP and, differently, Bob's is only usable in the $JEDI PoLP. The subsequent claims will each pertain to the PoLP from where the user is claiming or minting a new NFT; continuing the example, Alice's second NFT is claimed/minted from within the $DARTH PoLP, so it is going to pertain to that specific PoLP; should Alice change sides, her second NFT claim will pertain to the $JEDI side PoLP.

Every NFT claim/mint will always be deterministically random in its own nature, meaning that —following the above example— Alice's second NFT claim/mint could purport similar or different capabilities or attributes (Power); let us explain this by firstly describing which properties are always going to be embedded into every DeFiWars Finance's NFT, below.

Staking $DWARF NFTs in any PoLP (e.g., $JEDI/$DWARF) renders aggregated virtual power to the collective staking in that same PoLP, which will be confronted with the corresponding one of the other PoLP (e.g., $DARTH/$DWARF), at the end of the selected period; whichever PoLP has the biggest aggregated NFT Power, wins the 'Scheduled Warfare' (see above), and thus, burns a significant chunk of its own total supply, making it more scarce and valuable in terms of $DWARF.

Let us think of an example to both (Alice and Bob) being vested for a 360-day Scheduled Warfare, each of them is the only player on the opposite PoLP (Alice for JEDI, and Bob for DARTH); if DARTH PoLP has a total of 3,800 DAMAGE + 3,500 KINETICS + 1,700 SPEED + 250

CONVERSION + 750 HEALING powers; and, the JEDI PoLP has a total of 4,000 DAMAGE + 2,500 KINETICS + 2,600 SPEED + 400 CONVERSION + 500 HEALING aggregated powers; which PoLP would win the war?

		PoLP	
		JEDI	DARTH
Power	Damage	4,000	3,800
	Kinetics	2,500	3,500
	Speed	2,600	1,700
	Conversion	400	250
	Healing	500	750
	TOTAL	10,000	10,000

The underlying ‘power’ properties are individually relevant when the aggregated Power from both PoLPs is the same, which is the case in the example above. So, how does DeFiWars Finance proprietary algorithms resolve this dilemma? Easy. It applies its Proof-of-Liquidity Provisioning consensus algorithm, which will take into account the total PoLP tokens being staked in each of them by Alice and Bob, respectively. Let us say, then, that Alice (which is the only JEDI PoLP user), and Bob (the only DARTH PoLP user), have provided liquidity on their corresponding PoLPs, accordingly to the following data:

		PoLP Tokens in Staking	
		JEDI	DARTH
Liquidity Provisioning	Alice	120	0
	Bob	0	200
	TOTAL	120	200

As you may clearly distinguish, in this case scenario, DARTH PoLP would win the war (relative to the selected Scheduled Warfare), because, *caeteris paribus*, NFT Powers proved insufficient to determine a winner by itself, hence the Proof-of-Liquidity Provisioning consensus algorithm took care on deciding whether if JEDI won, or DARTH did. Having DARTH as a winner, it will

automatically burn a portion of $DARTH's total supply, increasing the relative value of $DARTH/$DWARF (e.g., in the beginning it was 11.11, now it is less than that). Hence, Bob would be wealthier than Alice in terms of $DWARF.

WARZONE MARKETPLACE

The Warzone

Every NFT Collection will have its own place into DeFiWars Finance's ecosystem. From an Art Pool member's IGO (Initial Gallery Offering), based on the corresponding iPoLPO, to a full-sized crypto project which will also launch its own native token and build its brand via an iCLO (initial Community Launch Offering); every new element will correspond to its own NFT Edition, of a given Series into a certain Collection.

IBOs

Any and all new IBOs (Interactive Blockchain Objects) within DeFiWars Finance will always correspond to an NFT, regardless of it being an ERC-1155 / BEP-1155, ERC-721 / BEP-721, or any other standard; within our ecosystem we use at least two different types of NFTs: the graphical, and the non-graphical types.

ngNFTs

Non-graphical NFTs (ngNFTs) have many important uses in DeFiWars Finance; even more, they are fundamental to both the Smart Burning algorithm, and the Scheduled Warfare protocol, which are the two foundational concrete pillars of our DeFi ecosystem. We will dive deeper into ngNFTs on a later version of this Whitepaper —once Beta release of the DApp is online—.

The graphical NFTs, or just the 'ordinary' ones, are equally useful as they are aesthetically valuable, nevertheless, they swallow big chunks of block's mempool total size, and they demand to be rendered on-chain, which is a high-cost and inefficient way to use NFTs, making them the most expensive class of cryptoasset to hold and transfer.

Regardless of these facts, Collectors love to be able to contemplate their digital art pieces, no more than they love to show them off, analyse their characteristics, and interact a bit with other users' collections.

This is the main reason why we have decided to create our own marketplace, as a common ground for users to trade their NFTs, to search for a specific Edition, Series, PoLP and/or Collection, to

browse for pieces, Artists or Collectors, to buy/sell/melt NFTs, and to produce interesting entertainment experiences while accruing value.
The Warzone Marketplace will have every NFT Edition, Series, PoLP, and Collection, from GENESIS up until the latest one listed. All NFTs will be acquired with $DWARF. New Collections will be listed there too, on a first-come-first-serve basis, accessible to every $DWARF holder duly registered which has also minted his/her “WAR” NFT. Minting a “WAR” ngNFT is indispensable to access DeFiWars Finance’s ecosystem, and profit from its perks (from DeFi products to NFT trading).

Let us think of Alice and Bob, again. Both of them have already claimed their very first NFT on each PoLP (e.g., JEDI and DARTH). Next, they will access the Warzone Marketplace to increment their individual/relative Power. Alice buys a DWARF Vader MIAMI Edition from the DARTH PoLP of GENESIS Collection for 30,000 $DWARF; whilst, Bob, buys an Obi-DWARF Classic Edition from the JEDI PoLP of GENESIS Collection for 21,000 $DWARF. Notwithstanding, Bob also holds a YoDWARF MIAMI Edition from the JEDI PoLP of the aforementioned Collection, which he bought for 30,000 $DWARF.

Alice’s total Power is roughly 500, whilst Bob’s amounts to 925. In relative terms, Bob is more powerful than Alice. How could Alice overcome such a difference? Easy. Buying new NFTs with different Power allocations. For example, let us say that Alice buys a DWARF Sith MIAMI Edition from the DARTH PoLP; this will add 500 units to her individual total Power. If both, Alice and Bob, select the same Scheduled Warfare and stake their couple of NFTs, there would be no doubt on as to which PoLP won the war, as follows:

		PoLP	
		JEDI	DARTH
Power	Damage	200	200
	Kinetics	175	200
	Speed	175	200
	Conversion	200	200
	Healing	175	200
	TOTAL	925	1,000

GOVERNANCE MODULE

Once DeFiWars Finance's ecosystem has 5,000+ users, there will be a rollup release that will embed a governance module which will be available to any "WAR" ngNFT holder. Minimum required amount to upload a proposal or vote for it will be fixed at 3,000 $DWARF; every such holder will have one vote, regardless of the $DWARF amount he/she holds surpassing that minimum.

Users will be able to upload and/or vote for proposals regarding the following key aspects: NFT pricing, NFT attributes, commissioned digital artists (NFT creation), NFT maximum supply, APYs, warfare sides, DWARFSwap transaction fees, among other subjects which will be duly explained once the governance module has gone mainnet.

This governance module will be pushed forward via several up-rolls, adding new characteristics to it, until we achieve the minimum requirements and milestones in order to upgrade the whole ecosystem into a DAO (Decentralised Autonomous Organisation), which will take control of most of DeFiWars Finance's functionalities, involving artists, newbies, degens and collectors together into a multi-agent blockchain based community which transforms playful (e.g., gamified) interactions between them, into available cryptoasset wealth that puts food on the table.

Financial sovereignty is the final outcome. It should be a consequence of the success of DeFiWars Finance as a DAO, not the goal itself. In the meantime, enjoy the game.