



L4VA

Liquidity For Virtual Assets

Firepaper v1

2023 – 03 – 31

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Intro

Section 1



Problem

Despite being a \$4 billion+ market cap investment class, NFT markets are plagued by low liquidity, due to their non-fungible (unique) nature, which causes artificially low floors and lack of exit liquidity, deteriorating asset values and damaging project culture.





Purpose

To provide instant automated liquidity in exchange for non-fungible tokenized assets.

Mission

Deliver liquidity to users and maximize value to L4VA holders over time.



The Floor is



Vision

An automated protocol capable of exchanging any tokenized asset for fair value equivalent in L4VA.

Values



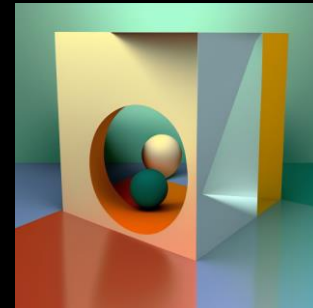
Flexible

The protocol should be capable of quickly and easily adjusting to the market and user demands in the pursuit of the dual mandate.



Intuitive

The mission must be clearly articulated and solved by the product, with simple UX and clean UI, requiring minimal explanation and maximal value.



Simple

While the mission may be bold, we believe that the most elegant and effective solutions are the simplest. The K.I.S.S. system is our true north.



Scalable

The protocol and utility tokens must be designed and built to scale by volume and total asset value, as more IRL assets are tokenized as NFTs over time.

The Tech

Section 2





What is L4VA?

L4VA is an automated application, which instantly delivers equivalent value of our utility token (“L4VA”) equal to any NFTs floor price which users “sacrifice” to the L4VA application.

The L4VA Cycle

1. **CONNECT:** Holder connects wallet to L4VA, selects NFT, and receives quote in L4VA (equal to ADA floor price on major exchanges (e.g. jpg.store)).
2. **SACRIFICE:** Holder “sacrifices” (sends) NFT to L4VA from wallet.
3. **RECEIVE:** Holder receives L4VA equal to floor price in ADA.
4. **PURGATORY:** NFT enters “Purgatory”. A code-controlled wallet, where NFTs wait for a period of time between 30 days and infinity⁽¹⁾, depending on the demand (price increase) for any given NFT series on 3rd party exchanges (*see “purgatory function”*).
5. **AUCTION:** If the floor price of the NFT reaches a price = “Qmin” x the Sacrificed price in ADA, NFTs enter a dynamic auction queue, which accelerates⁽²⁾ and prioritizes NFTs which will can be profitably sold the fastest (*see “Purgatory Function”*).
6. **PROCEEDS:** Gains in L4VA come back to L4VA treasury.
7. **L4VA LIQUIDITY:** L4VA’s utility token will be tradable on 3rd party DEXes (minswap, wingriders, etc.) prior to public launch, to ensure there is ample liquidity for L4VA in ADA, as well as other major cryptos and stable coins.

⁽¹⁾ **IMPERMANENT BURN:** Auctions have reserve prices dictated by the Purgatory Function. If floor prices never increase, auctions won’t occur.

⁽²⁾ **ACCELERATED RELEASE:** The frequency of auctions increases as price increases, to liquidate NFTs from purgatory at a profit.

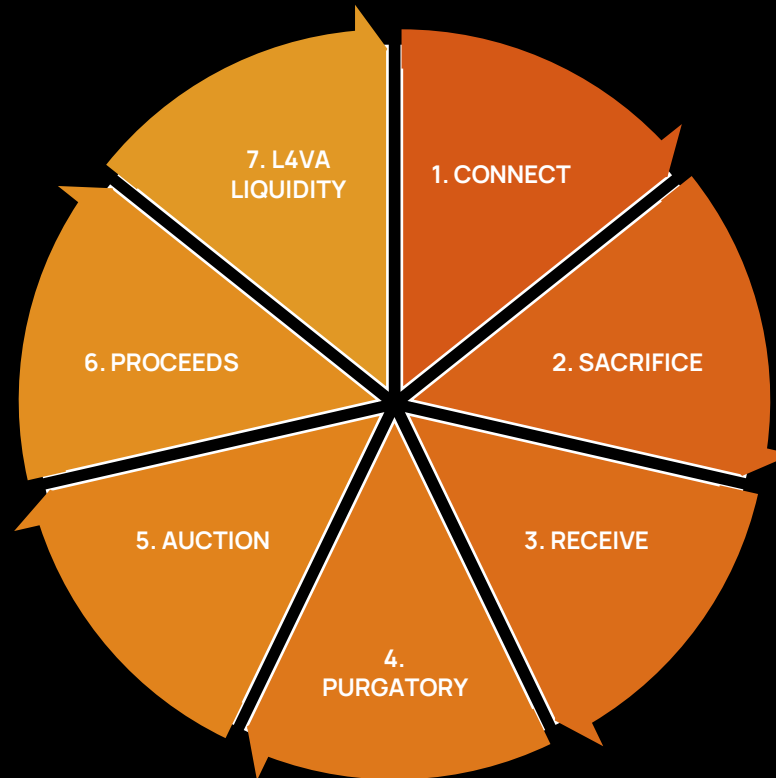
L4VA Cycle

The automated L4VA cycle is designed to ensure there is ample liquidity for sacrificing of NFTs to L4VA, while supporting the value of L4VA over time.

7. L4VA LIQUIDITY: L4VA pairs live for trading on DEXes

6. PROCEEDS: Gains in L4VA come back to L4VA treasury.

5. AUCTION: NFTs are auctioned at a profit in L4VA to refill Treasury



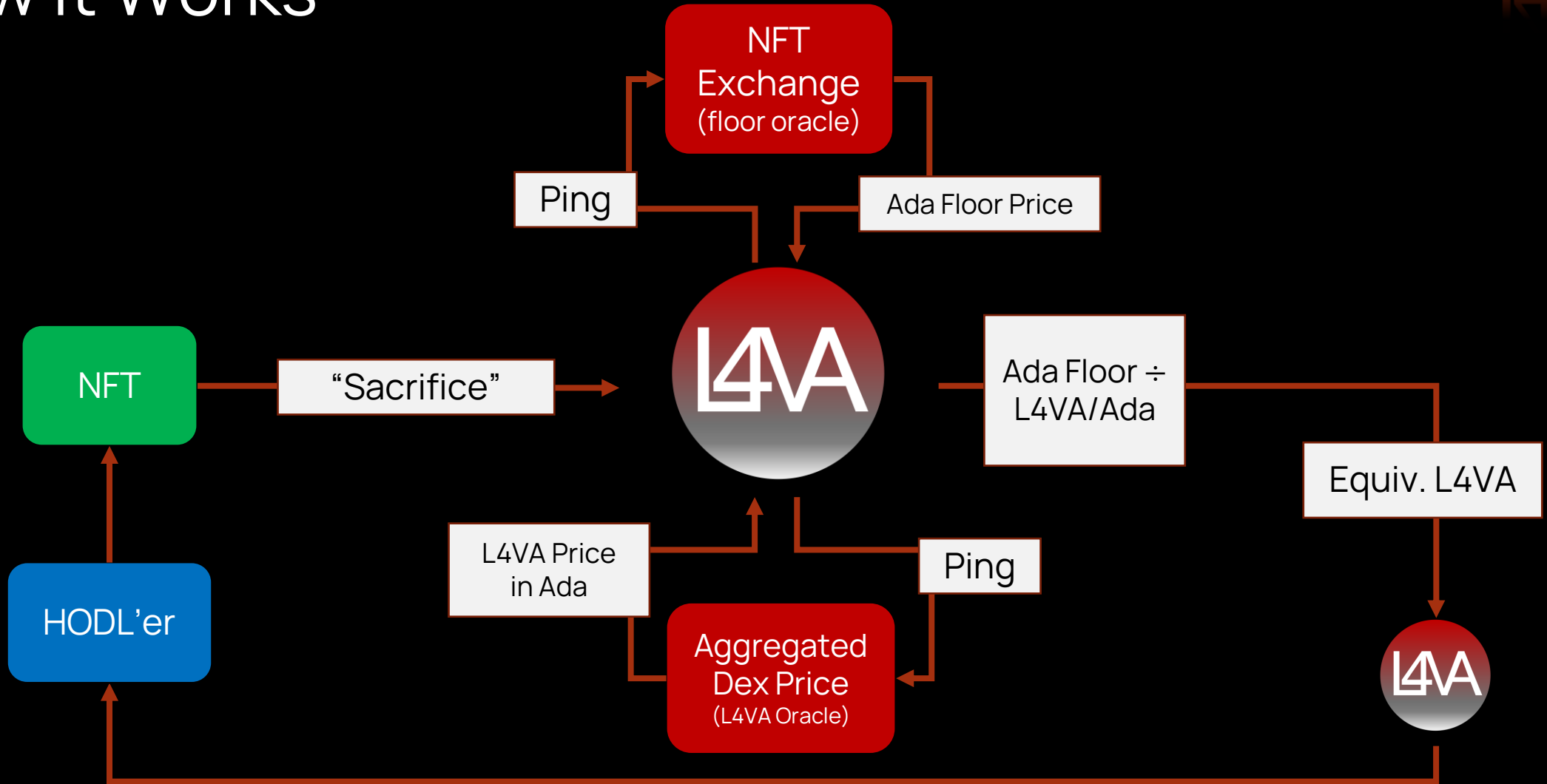
1. CONNECT: Connect wallet to get a quote.

2. SACRIFICE: Holder “sacrifices” (sends) NFT to L4VA from wallet.

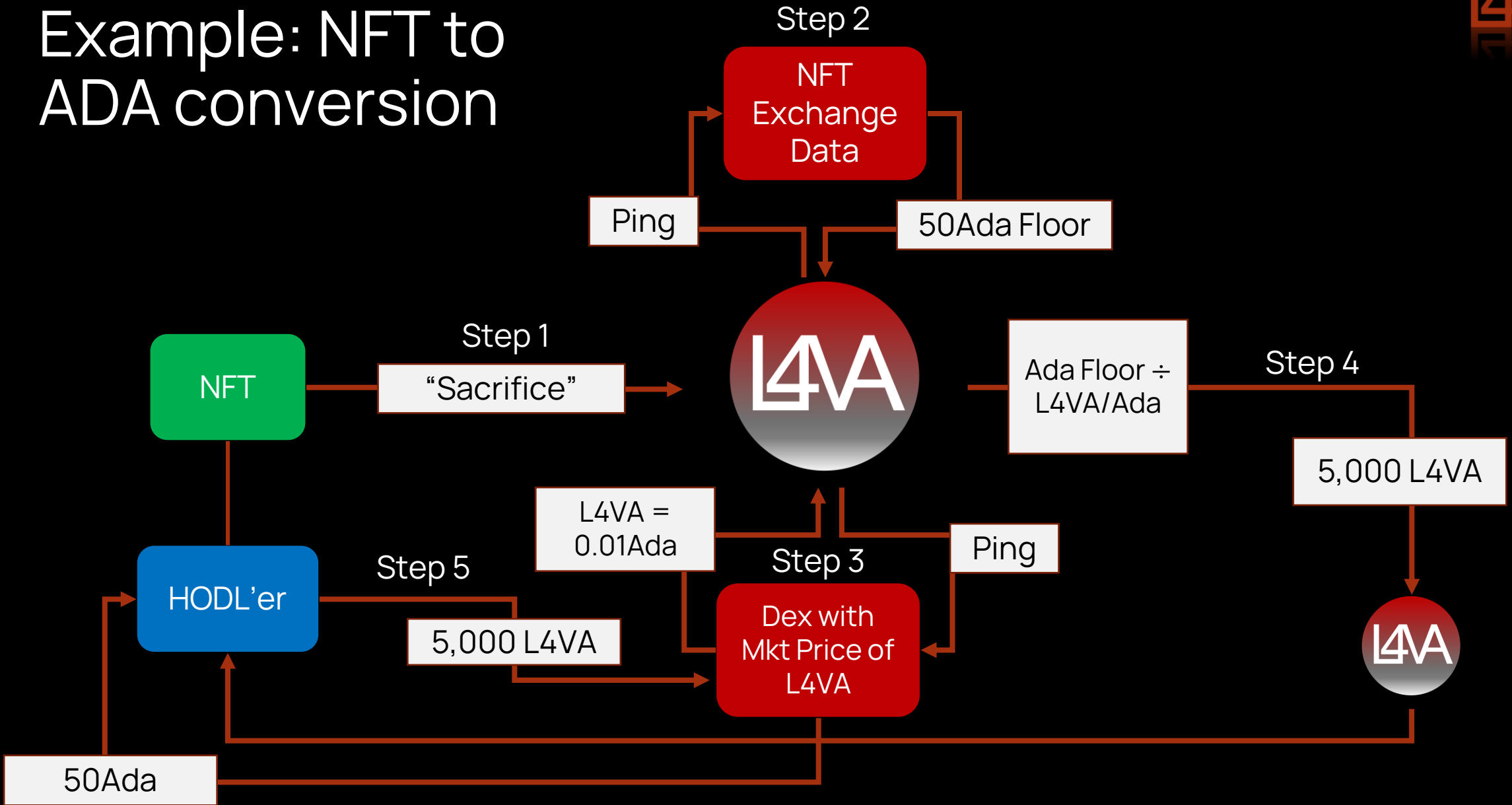
3. RECEIVE: Holder receives L4VA equal to floor price in ADA.

4. PURGATORY: NFTs stay in Purgatory between 30 days & infinity

How it Works



Example: NFT to ADA conversion





What it Does

AUTOMATES LIQUIDITY

- L4VA provides instant liquidity to NFTs at an equivalent L4VA/Ada/Floor price.
- L4VA will be tradeable for Ada, stable-coins, and other crypto currencies
- L4VA provides exit liquidity for sellers during low volume periods
- Wallets holding “Relics” NFTs will have priority access to mint L4VA

EQUALIZES SUPPLY

- NFTs which are sent to L4VA Queue are sent to “Purgatory”
- NFTs in Purgatory will remain there for 30+ days
- L4VA Protocol keeps low demand NFTs off-market, while increasing supply when demand increases.
- See Market Impact and Purgatory Function explanation below.

RAISES FLOORS

- L4VA Protocol increases demand and reduces supply, which increases floor prices to fair value levels, then gradually releases supply over time at the higher price.
- L4VA will retain gains from auctions, which will increase the value of L4VA token.
- CNFT market is early, with low floors across all projects, creating more opportunity for gains.

Purgatory Function

If Floor Price $\geq Q_{acc} \times Sacked Price$, THEN

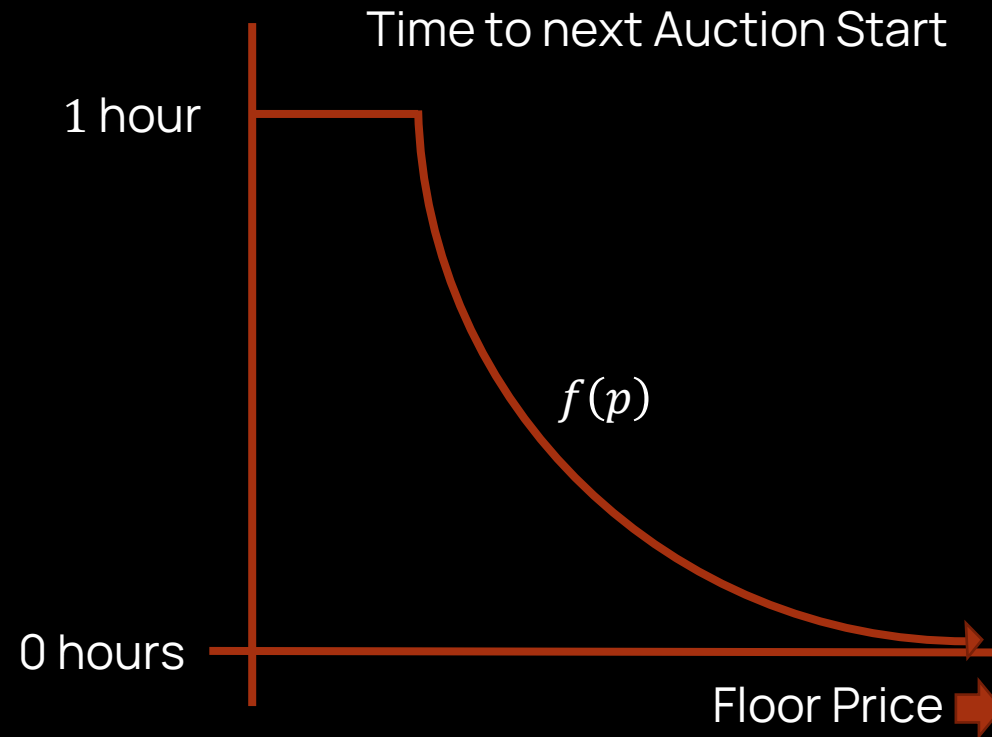
$$f(p) = \frac{Sacked Price}{Floor Price} \times A.sf \times \frac{1}{1+p}$$

If $Q_{acc} > \frac{Floor Price}{Sacked Price} \geq Q_{min}$, THEN

$$f(p) = A.sf$$

If $\frac{Floor Price}{Sacked Price} < Q_{min}$, THEN

$$f(p) = NONE$$

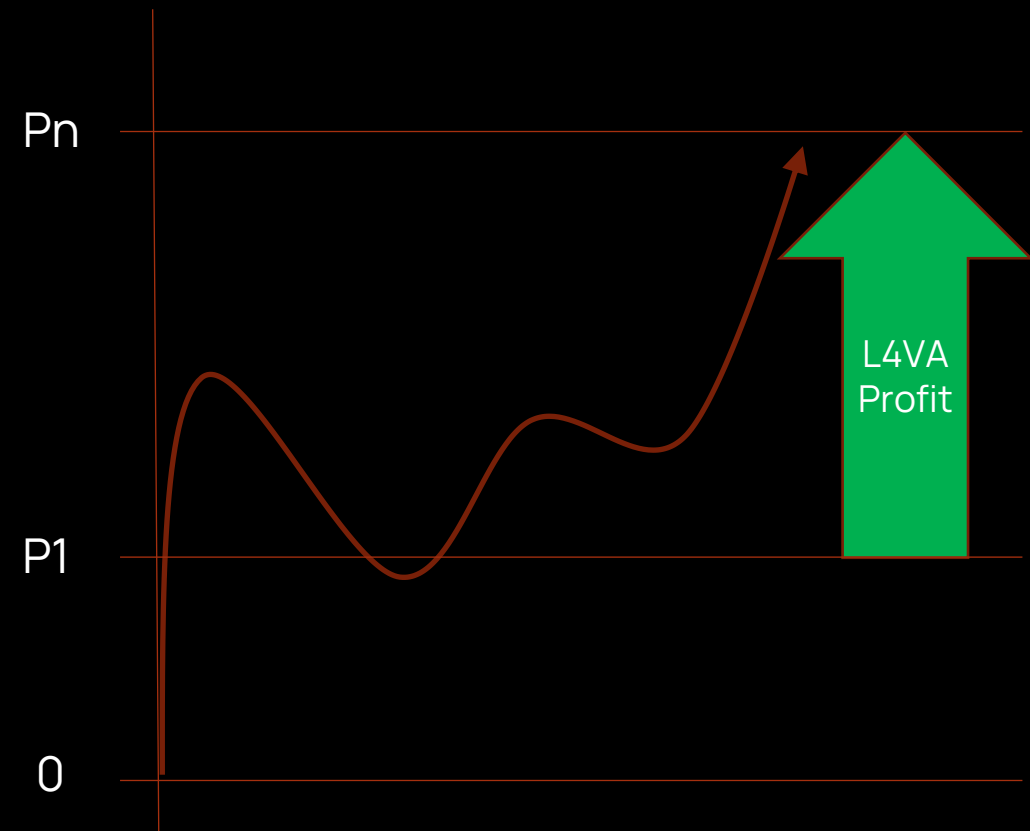


$Q_{min} = 1 + \text{Minimum \% floor profit to enter Queue} = 161\%$
 $Q_{acc} = 1 + \text{minimum \% floor profit to accelerate Queue} = 200\%$
 $A.sf = \text{Auction Start frequency} = 1 \text{ hour}$
 $p = \text{Purgatory Coefficient}; -1 < p < \text{infinity}; p = 0$
 $A.D = \text{Auction Duration} = 12 \text{ hours}$

Thesis

“DEMAND-SENSITIVE LIQUIDITY AUTOMATION WILL GENERATE PROFITS TO THE PROTOCOL OVER TIME”

- **Asset-backed:** The protocol provides liquidity in the form of L4VA, equal to an NFT's floor price at the time it is “sacrificed” for L4VA; L4VA is asset backed 1:1 by the NFT assets.
- **Profitable:** Value of some NFTs exchanged will reduce, some will go to 0, but a diversified portfolio of non-“rug pull” NFTs will appreciate over time.
 - Profit over time = $n * (P_n - P_1)$, is greater than loss over time = $n(P_1 - 0)$.
- **No loss-taking:** The protocol will not allow for tokens to be auctioned for less than they are purchased in Ada terms. This could lead to low volume on the protocol in down markets but will prevent devaluing of L4VA.



Economics

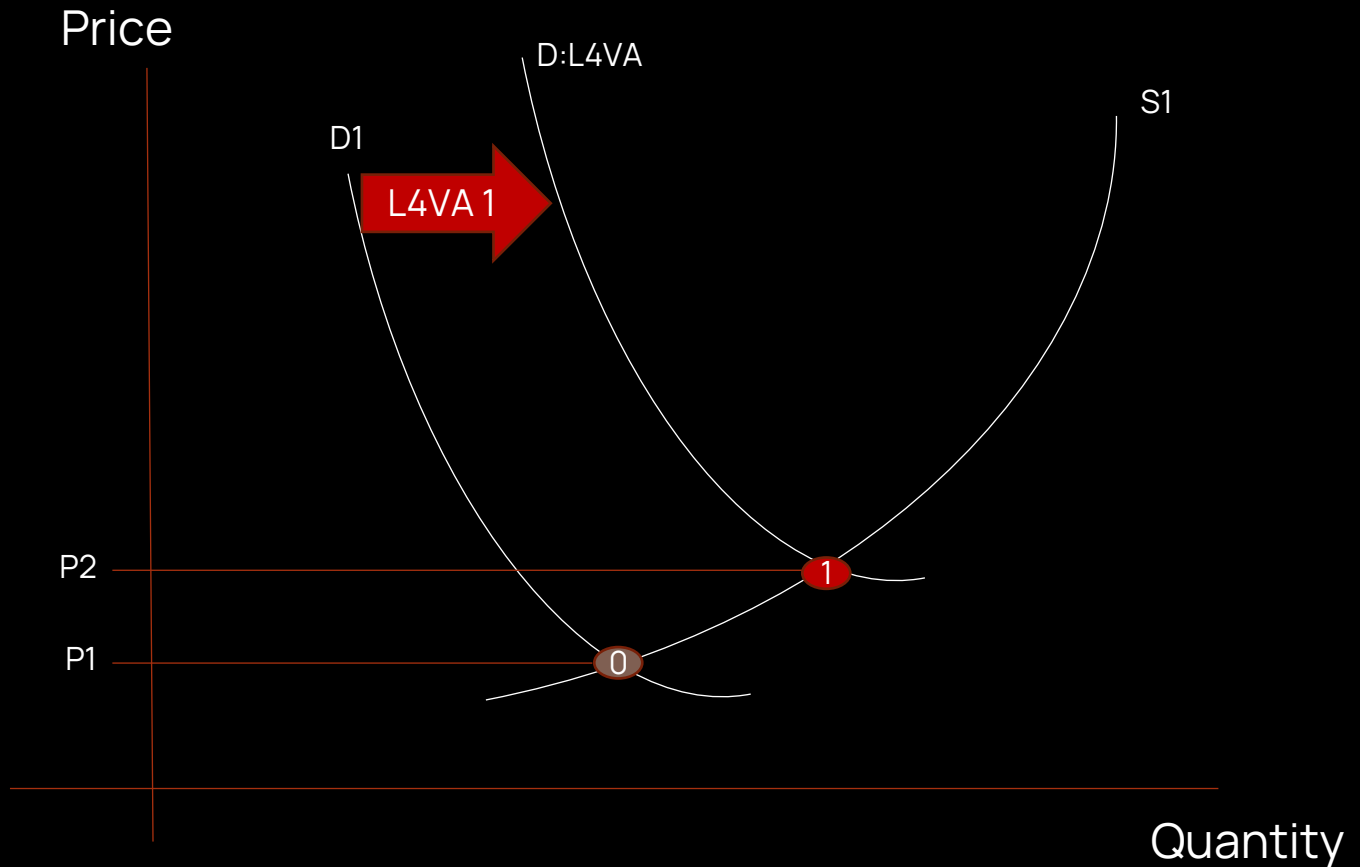
Section 3



L4VA Market Impact

1) AUTOMATED LIQUIDITY

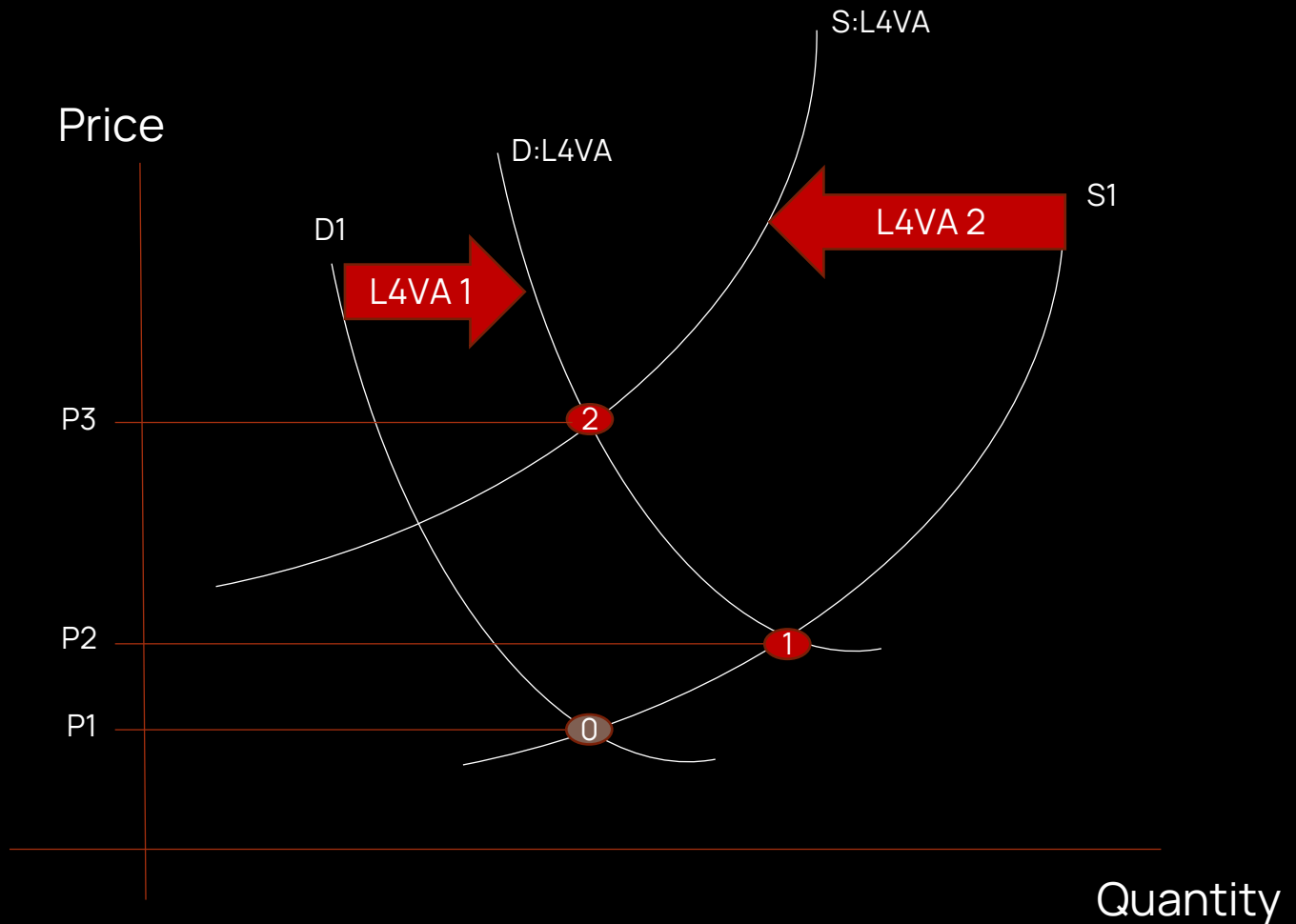
- Starting Point: Supply today = S1, Demand today = D1, Price today = P1
- **Phase 1:** L4VA acts as automatic increase of demand for NFTs at floor prices, shifting demand to D:L4VA, increasing price to P2



L4VA Market Impact

2) SUPPLY EQUALIZER

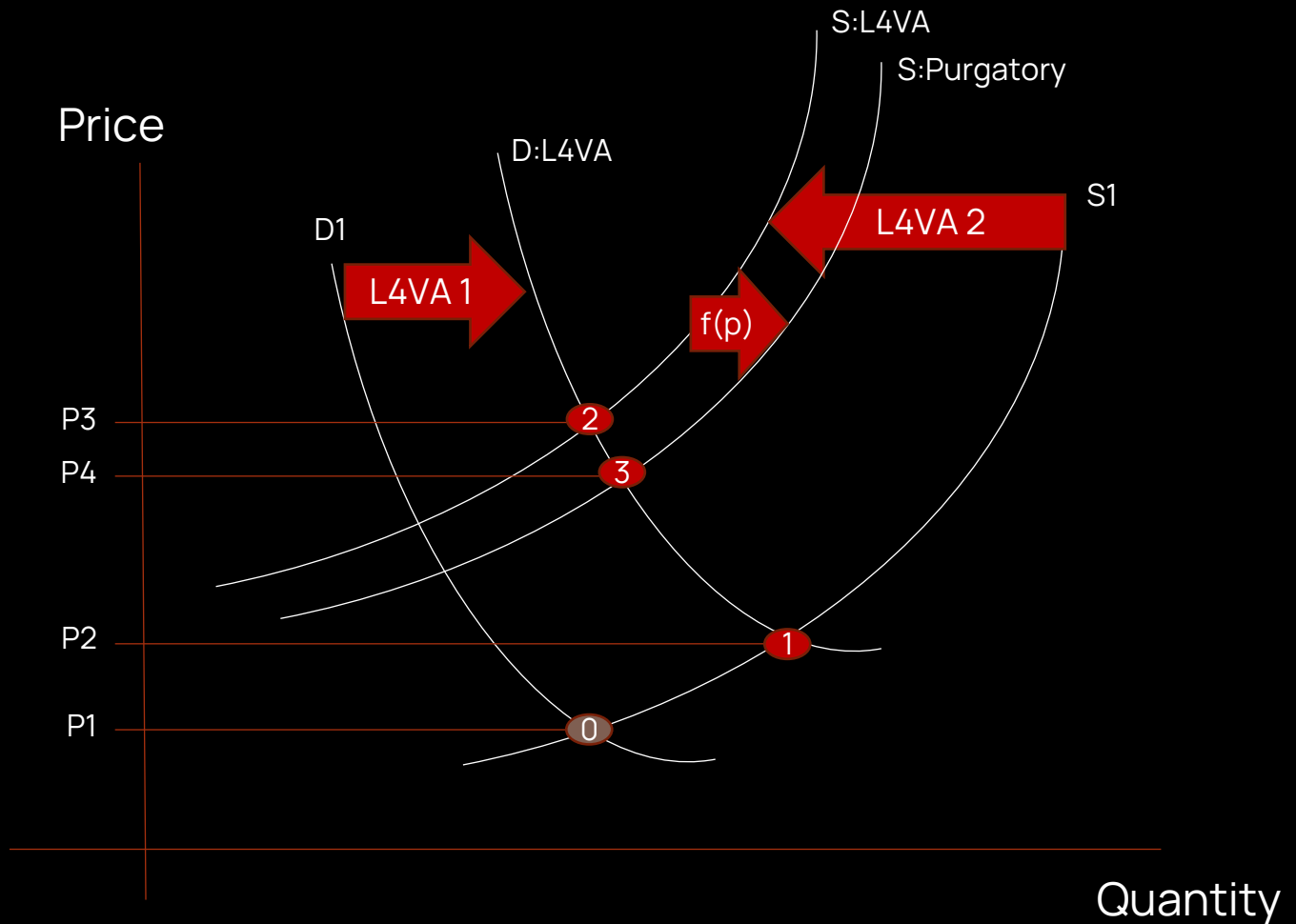
- Starting Point: Supply = S1, Demand = D:L4VA, Price = P2
- **Phase 2:** Minting L4VA for any NFT, removes that NFT from market for period of time; # days = Purgatory (“P”)
- $30 < P < \text{Infinity}$ (see “Purgatory Function”)
- Supply is reduced to S:L4VA, Demand remains D:L4VA, Price increases to P3.



L4VA Market Impact

3) SUPPLY RELEASE

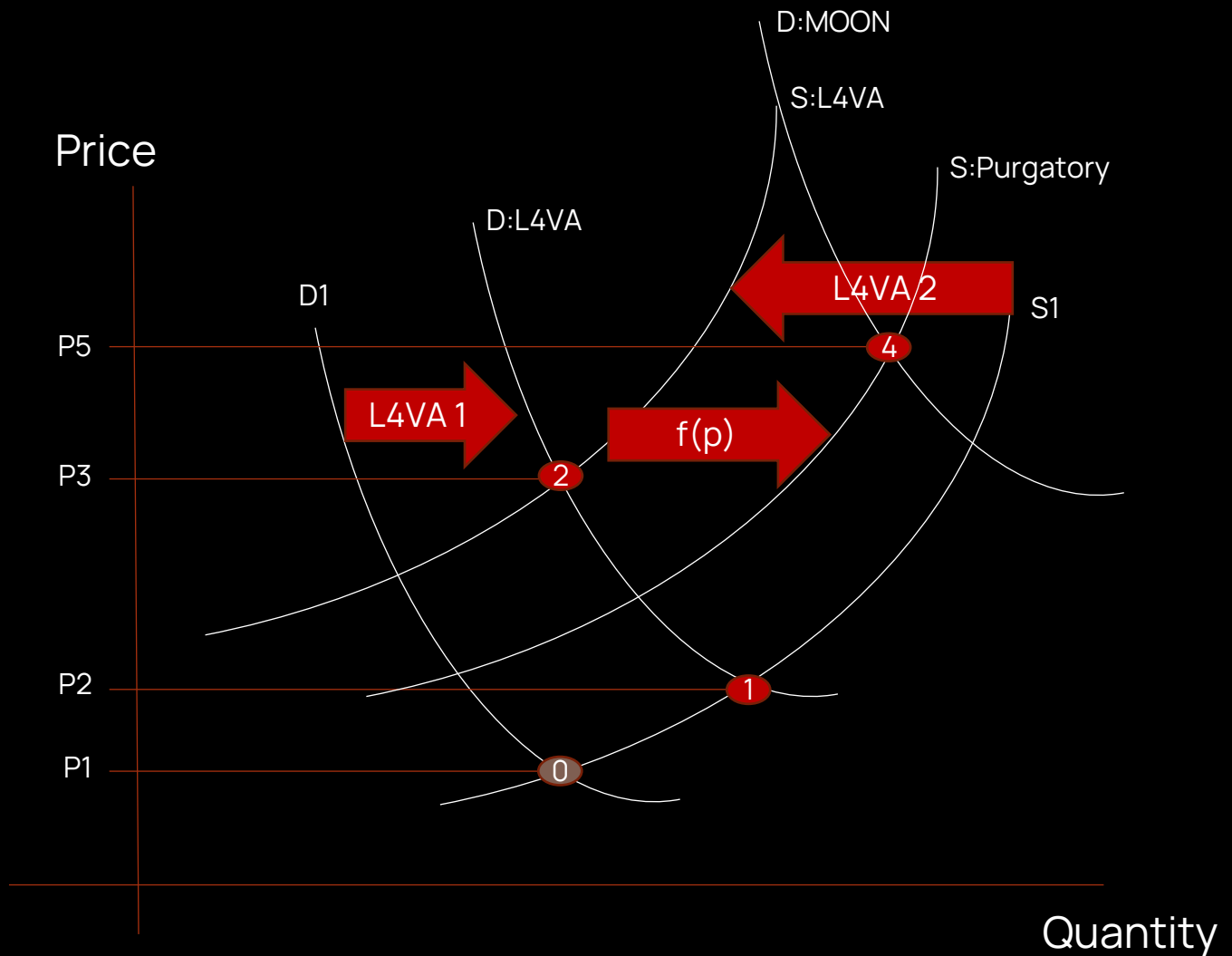
- Starting Point: Supply = S:L4VA, Demand = D:L4VA, Price = P3
- Phase 3:** NFTs may be released from Purgatory, after P days, where $30 < P < \infty$, according to the “Purgatory Function”.
- After time = P, Supply will increase gradually to S:Purgatory, and price reduces to P4.
- L4VA has effectively increased the value of L4VA by amount = # of NFTs x (P4 - P1)



L4VA Market Impact

4) ACCELERATED RELEASE

- Starting Point: Supply = S:Purgatory, Demand = D:L4VA, Price = P4
- **Phase 4:** Market demand surges (“moons”) for a specific NFT, Demand shifts to D:MOON, Purgatory Function releases excess supply to market, and price increases to $P = P5$.
- With additional demand from the market, L4VA has effectively increased the value of L4VA by amount = # of NFTs $\times (P5 - P1)$



Tokenomics

Section 4

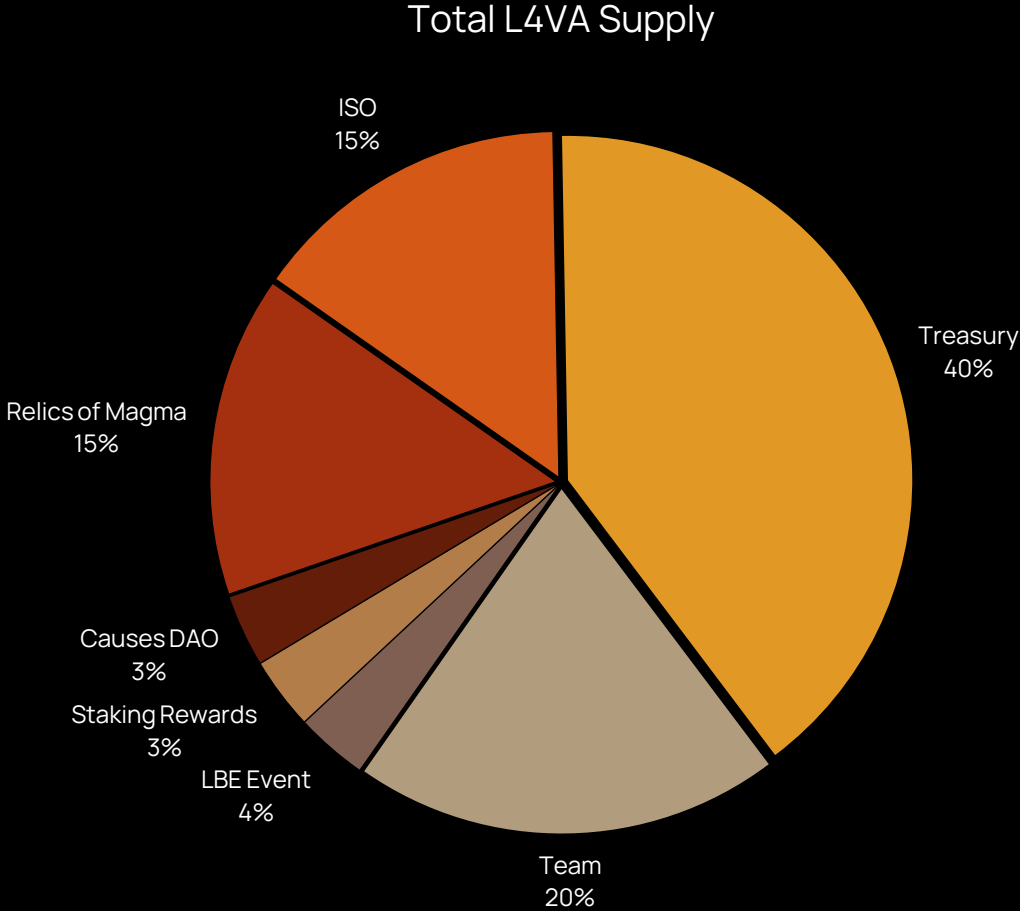


Tokenomics

Maximum Supply of 1.5 billion L4VA (locked policy)

- 15% Reserved for the Relics of Magma Game
- 15% Minted during Initial Sacrificial Offering (ISO)
- 40% reserved for Treasury Liquidity
- 20% reserved for Team (4 yrs vesting, 1 yr cliff)
- 10% reserved for LBE, Staking, and Causes Dao

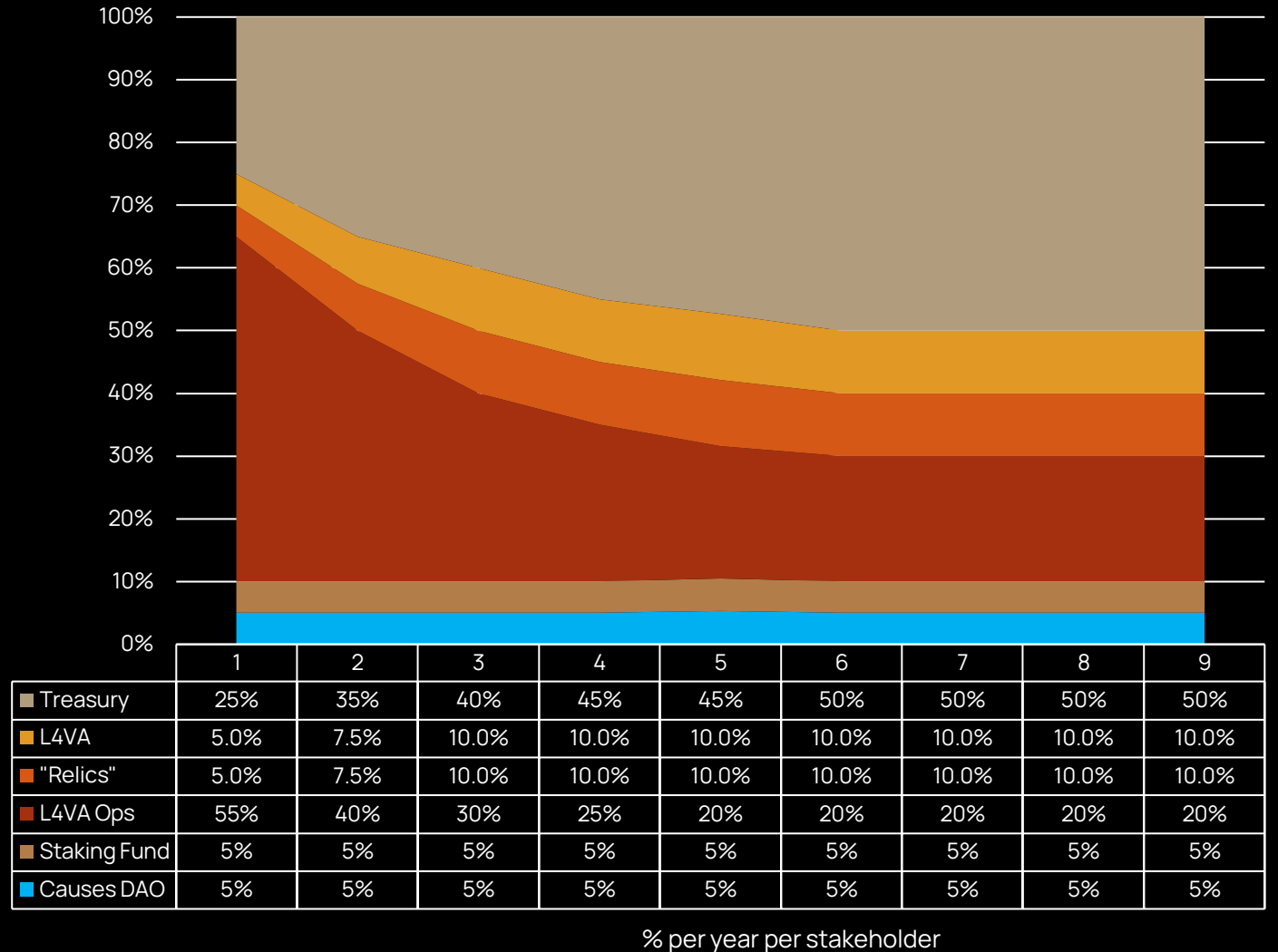
<u>Total L4VA Supply</u>	<u>1,500,000,000</u>	<u>100.0%</u>
Relics of Magma	225,000,000	15.0%
ISO	225,000,000	15.0%
Treasury	600,000,000	40.0%
Team	300,000,000	20.0%
LBE Event	50,000,000	3.3%
Staking Rewards	50,000,000	3.3%
Causes DAO	50,000,000	3.3%



Value for All

Year 1 – Initially 55% will go to the operations of L4VA, to ensure that the budget can sustain the product and that the platform can fulfill our mission. Over time, gains to the protocol will be reserved to add value to various stakeholders in the L4VA ecosystem over time.

Year 6 – By year six, 100% of principal and 50% of net gains will be distributed back to the Treasury to ensure liquidity of L4VA on the protocol, with remaining gains reserved for Relics holders, L4VA holders, the Staking Fund, and the Causes DAO.





Maintaining L4VA Liquidity

1. Auctions -

1. All auctions in L4VA, to refill treasury and generate trading velocity to support liquidity of L4VA within the protocol and on public exchanges.
2. Auction reserves can be below current market floor, boosting demand for auctions & L4VA.
3. Auctions are fast (12 hours, just enough for global time zone overlay), to (a) drive active bidding, and (b) allow opportunity for savvy buyers to get deals, driving up market interest in L4VA auctions marketplace. If auctions fail to meet reserve, NFTs go back to purgatory, creating urgency to act.
4. The protocol and Purgatory function are designed to ensure there is always a minimum reserve of L4VA in the treasury, to support the mission and always provide liquidity for virtual assets; this level is initially set at "Smin" = 75 million L4VA (5% of total supply). As L4VA supply approaches Smin, the co-efficient "p" will be adjusted to increase L4VA supply in the treasury.

2. Instant Redemption ("IR")

1. Anyone can purchase any NFT from Purgatory instantly at a price = $IR \times \text{Sacrificed NFT value}$
 1. Post-ISO, $IR = 10.0x$
 2. If users want to buy any NFT from Purgatory wallet you can do at 10x the sacrificed price. All purchases are in L4VA.
2. IR is another method to re-capture L4VA, as it can be reduced or increased to satisfy "Smin".
3. IR may never drop below 1.0x (won't sell at a loss)

3. Auction Gains Recapture L4VA

1. 100% of principal returned to treasury
2. Up to 50% of gains returned to treasury

Roadmap

Section 5





The Voyage





Roadmap Milestones

1. The Relics of Magma (“Relics”) Mint: 10,000 collection at \$100 (ADA equiv.) each.
 1. \$1M USD to develop & support the protocol
 2. Broken into 3 phases (1k, 2k, and 7k)
 3. OG Status, Game Access, ISO Early-access
2. The Champions of Magma Game
 1. Game of chance and strategy, tied to Relics NFT holdings per wallet.
 2. In Each epoch Valorum (points) are awarded to wallet holders based on the Relics in wallet.
 3. The amount of Valorum accumulated by holders will determine rankings, ISO priority, and L4VA airdrop opportunities.
3. Initial Sacrificial Offering (“ISO”)
 1. Beta release of the “Fount” protocol
 2. Requires 2 NFTs be sacrificed to the Fount in exchange for an award in L4VA.
 3. 1 Sacrifice WL per Relic; L4VA determined by Valorum
 4. L4VA credits only at this phase
4. DEX LBE: Goal ~2M ADA equivalent liquidity
5. ADA Public Launch
 1. Sacrificing at market rates + live auctions
 2. Public staking opens by status and access levels
6. ETH Public Launch

Relics of Magma (“Relics”) Mint

1. Goals:

1. Finance the v1 development of the protocol
2. Create a strong community of NFT enthusiasts to initially support the project & protocol
3. Generate enthusiasm and awareness for the project in a fun learning environment

2. Price: \$100 USD equivalent in ADA

3. 3 Phase Drop by Type (1k, 2k, 7k)

4. Total Supply: 10,000 Relics Tokens

5. Total Proceeds: \$1M USD

5. Why Mint Relics?

1. Unique original artwork
2. Key to play Champions of Magma game
3. Opportunity to win and accumulate Valorum
4. Valorum determines L4VA award threshold
5. Whitelisted for ISO
6. 1st Access to Auctions & IR (“OG Window”)
7. Utility, Discounts, OG Status, Exclusive Access



Initial Sacrificial Offering (“ISO”)

1. Goals:

1. Kick-off the first pure NFT for L4VA “flywheel”
2. Increase the number and average floor price of NFTs in the L4VA ecosystem
3. Kick-start flywheel of NFT > L4VA > Auction cycle.
4. Onboard new users and grow the community by distributing L4VA credits to more users.

2. Sacrifice / L4VA Mint Rate*:

1. Relics Holders: Special discounted rate
2. Public Rate: Sacrificed NFT Ada Floor x 100

3. Total Supply: 225 million L4VA (15% of total L4VA Supply)

5. Why Mint L4VA at ISO?

1. First chance to mint L4VA by Sacrificing NFTs
 1. Opportunity to mint L4VA at low fixed L4VA/ADA price = 0.01
 2. Opportunity to mint L4VA for lower floor projects
2. Exclusive access to spend L4VA credits on (1) Auctions and (2) Instant Redemption buys after OG Window ends (“ISO Window”)
3. 10% Airdrop on un-redeemed credits (30 days)
4. Early access to staking

* Sacrificed NFT requirements (tbc): Top 300 CNFT volume projects only, 30 days+, max 5% supply of any one policy ID, 25Ada+



Liquidity Bootstrapping Event (“LBE”)

1. Goals:

1. Kick-start a liquid market for L4VA token
2. Establish price oracle for the L4VA/ADA price
3. Onboard new users and grow the community by offering public investor access to L4VA

2. ADA/L4VA Price = market (est. 0.01+)

3. Total LBE Commitment = 2M ADA

1. 1 million ADA
2. 100 million L4VA (100:1); 22.2% of outstanding
3. 50 million L4VA Rewards

5. Why Participate in LBE?

1. Up to 25% airdrop for LBE participants
 1. 90 days vesting = 12.5%
 2. 180 days vesting = 12.5%
2. Participant Wallets are whitelisted for exclusive access to spend L4VA on (1) Auctions and (2) Instant Redemption buys after ISO Window ends.
3. First access to secondary market DEX yield farming opportunities on partner DEXes (e.g. minswap)

Core Team



Rob

Founder & Creator

Tech CFO/COO, Cardano
Supporter, Economics
Expert, NFT Degen

Entrepreneur with deep
experience in finance, tech,
real estate, marketing & ops.

 @rleberenz

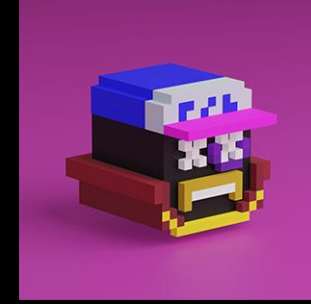


Wills

Product & Design

Expert UX / UI Designer
Prev. Strategic Advisor to
Polygon

Ran one of most successful
ETH NFT drops, Ethereum
ICO Founder



W.B.C.

Magic Man

Tech CEO
ICO Co-founder

Entrepreneur with expertise
in startups, fundraising,
crypto, promotion & music.



The “Relics” NFTs

Section 6

The Arrival of the “Relics”

The Relics of Magma are encrypted NFT representations of the Vita, Porta, and Terra which will exist approx. 240 years in the future, on a far-away planet known as Magma Prime.

“Relics” are key to unlocking the incredible technology discovered by the Vita on Magma prime.

The Vita of Magma Prime have risked everything to share their wisdom from the future with us, in the hopes that it will bring equity to the world today... and perhaps, save the future of life itself.

“Relics” holders will play a critical role in maintaining the Fount. In exchange, holders of Relics will have the opportunity to win Valorum and will be the first to access the Fount.

Arriving on Cardano, in Q2 of 2023...

The Relics of Magma

The “Fount”

The gateway where all non-fungible assets encrypted on Cardano are ingested and L4VA is minted.

Technology inspired by the super-intelligence received by the Vita after “the incident”.

Built and maintained by the Vita

Governed by the Oracle

Powered by L4VA





Disclaimer

This document is not in any way an offering of securities or promotion of securities of any kind. Nothing in this document should be construed as financial advice or marketing of financial advice or other financial products of any kind. This document may change or be updated without notice.

The NFTs described in this document as the “Relics of Magma” (“Relics”) should not be purchased with any expectation of financial gain or other gain as the result of the work of others. Purchasing Relics tokens with the expectation that they are anything other than digital artworks and useful for the purposes of the Champions of Magma online game is not advised in any way.

The Champions of Magma online game (the “Game”) should be played purely for entertainment purposes. Any tokens or points awarded in the game should not be expected to hold any intrinsic value or be exchangeable for any other crypto currency, good, service, or store of value of any kind.

L4VA Technologies Inc. (“L4VA”) assumes no liability associated with the purchase, resale, or holding of Relics tokens and or any other token transferred to any individual or other entity by L4VA. Any purchaser of a NFT or any other token agrees to hereby indemnify and hold harmless L4VA Technologies for any 3rd party claims levied on such purchasers in association with their involvement with L4VA for any reason.

Let's go L4VA!

#L4VA
#L4VA
#letsgoL4VA
#RelicsofMagma
#Relics

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 [@_L4VA_](https://twitter.com/_L4VA_)

 [@MagmaRelics](https://twitter.com/MagmaRelics)



Appendix





Purgatory Function (example)

Sacrificed L4VA Minted = 50 ADA

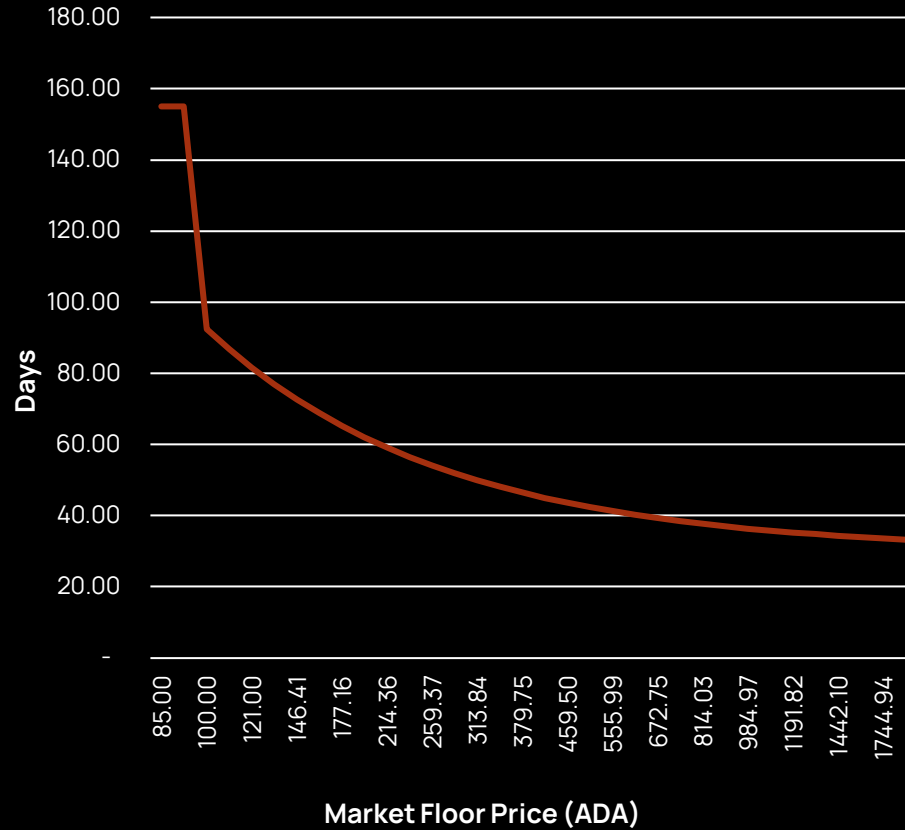
Current Floor = 85 ADA

Purgatory lasts 30 days, before Purgatory function runs first time.

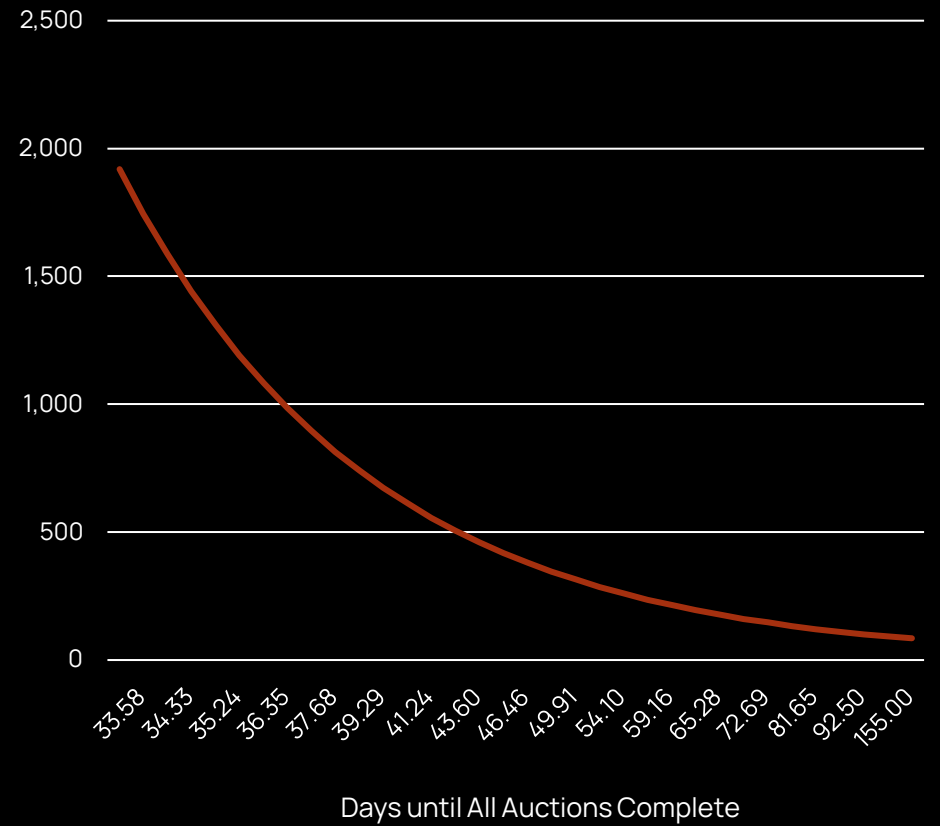
Qmin = 1.6x; NFT enters queue when current floor passes 80.355 = 1.607x 50; starting every 1 hr

Qacc = 2.0 x, auctions accelerate when current floor passes 2 x 50 = 100 ADA, then time to next auction is cut by 50% to 30 mins.

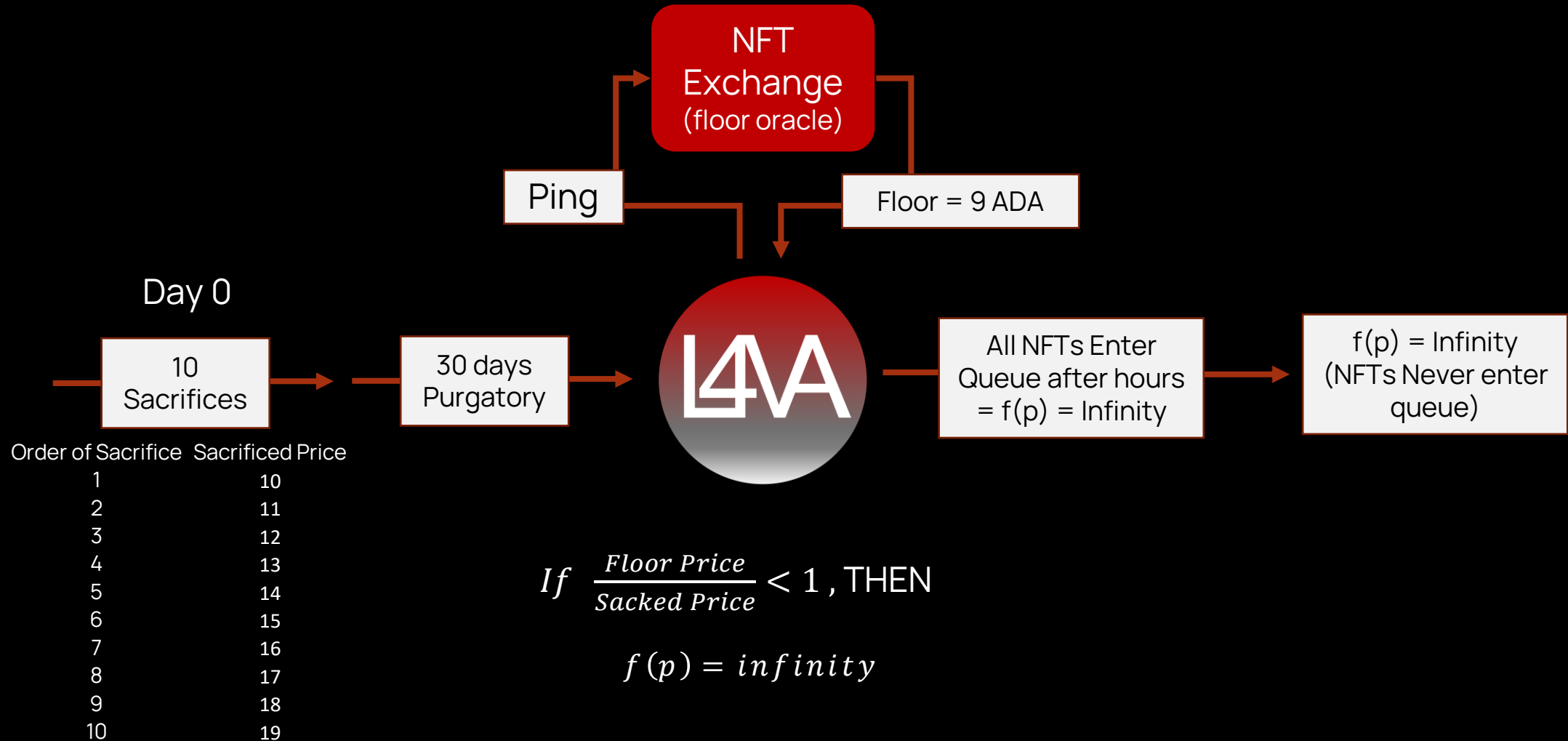
Days Until All NFTs Complete Auctions



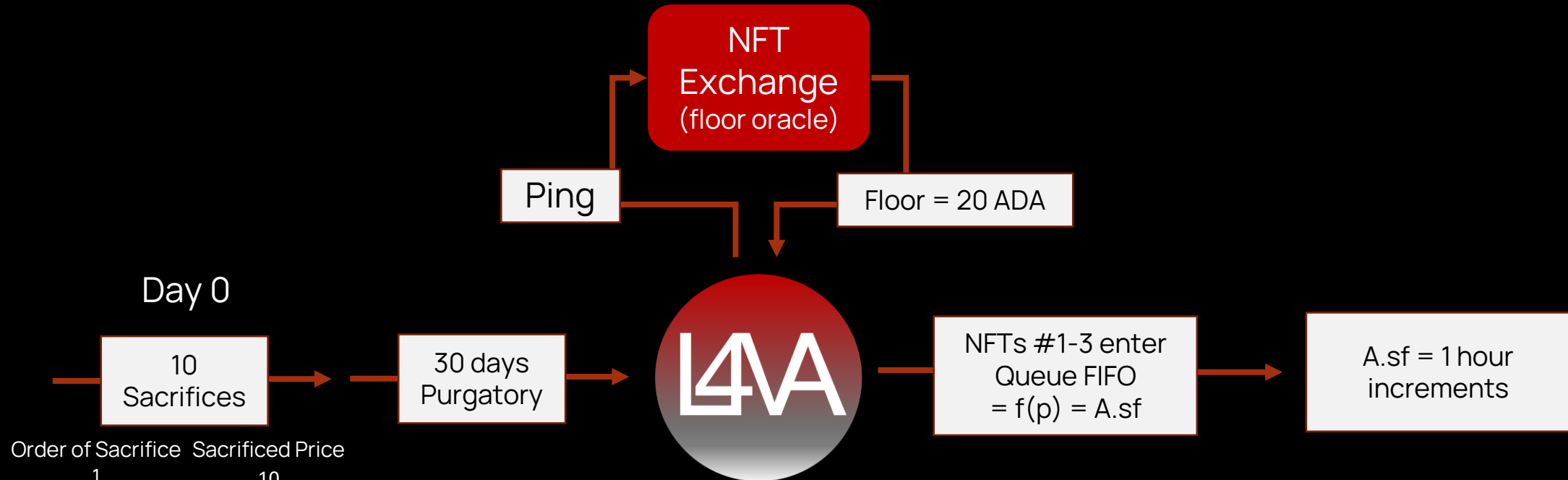
Floor Price vs Days for Auctions to Complete



Example: Current Floor < Sacrificed Floor



Example: Current Floor > Qmin (1.6) x Sacrificed Floor



Order of Sacrifice	Sacrificed Price
1	10
2	11
3	12
4	13
5	14
6	15
7	16
8	17
9	18
10	19

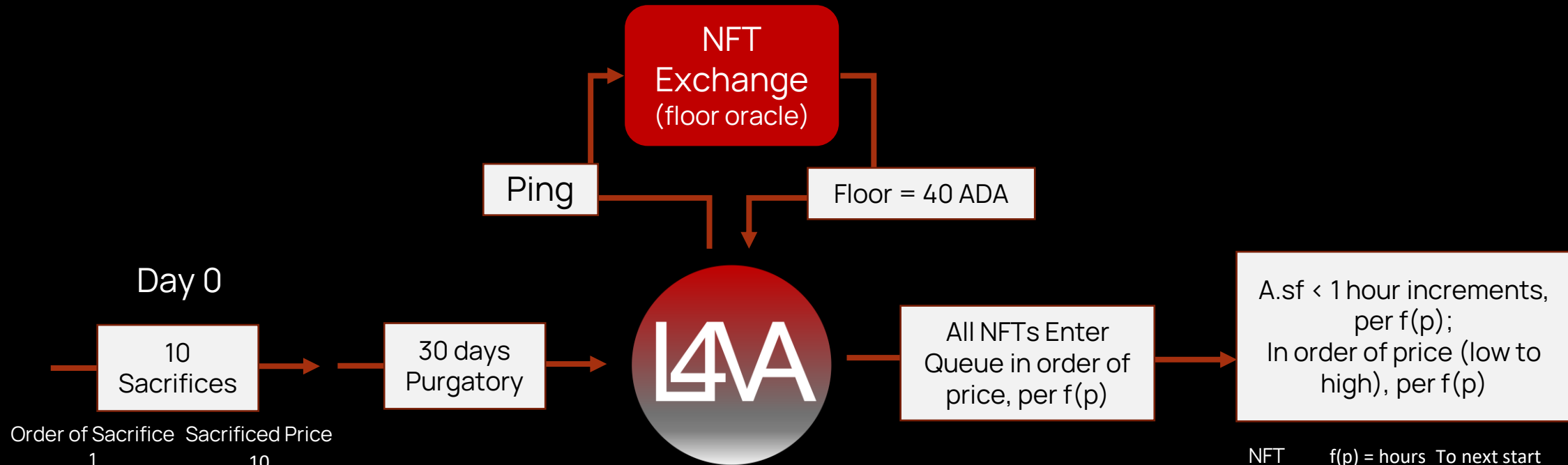
$$\text{If } Q_{acc} > \frac{\text{FLoor Price}}{\text{Sacked Price}} \geq Q_{min}, \text{ THEN}$$

$$f(p) = A . sf$$

$$Q_{min} = 1 + \text{Minimum \% floor profit to enter Queue} = 161\%$$



Purgatory Ex: Current Floor > Qacc (2.0) x Sacrificed Floor



Order of Sacrifice	Sacrificed Price
1	10
2	11
3	12
4	13
5	14
6	15
7	16
8	17
9	18
10	19

If Floor Price \geq Qacc x Sacked Price, THEN

$$f(p) = \frac{\text{Sacked Price}}{\text{Floor Price}} \times A.sf \times \frac{1}{1+p}$$

Qacc = 1 + minimum % floor profit to accelerate Queue = 200%

p = Purgatory Coefficient = 0; (where ; -1 < p < infinity)

NFT	f(p) = hours	To next start
1	0.25	hrs
2	0.28	hrs
3	0.30	hrs
4	0.33	hrs
5	0.35	hrs
6	0.38	hrs
7	0.40	hrs
8	0.43	hrs
9	0.45	hrs
10	0.48	hrs