

# X1 litepaper v1.2

## What is X1 blockchain?

A First Principles-Based Layer1 Ethereum Virtual Machine (EVM) compatible solution with Bitcoin integration.

## What is the X1 chain based on and why?

X1 Blockchain is a state-of-the-art Layer1 EVM blockchain built on First Principles, aiming to revolutionise the blockchain landscape with its unique technical approach. Let's delve into the technical and economic aspects that set X1 Blockchain apart.

X1 Blockchain is using an open-source blockchain project created by Polygon. Polygon enables developers to effortlessly deploy chains without the need to design their own consensus mechanism. By leveraging the proven technology of Polygon, X1 Blockchain ensures secure and efficient on chain execution with a wide range of opportunities for customization, independence, and community building.

## What makes X1 blockchain unique?

One of the core tenets of X1 Blockchain is the (re)introduction of fairness into the Layer 1 blockchain realm. In line with this commitment, X1 Blockchain's codebase will always remain open source, fostering transparency and encouraging community collaboration. The network adopts a permissionless model, allowing anyone to become a Validator and ensuring a decentralised and inclusive ecosystem.

X1 Blockchain aspires to bridge the divide between the Bitcoin and EVM ecosystems, ushering in a new era of interoperability. Through a decentralised bridge, it will facilitate trustless swaps between BRC-20/Ordinals and ERC-20/721/1155 digital assets. This seamless integration fosters collaboration and synergy between these two prominent blockchain platforms.

## Performance

X1 Devnet/Testnet has been thoroughly speed tested, resulting in the ability to system 1 second block times and 1400 transactions per second, roughly 100 times faster than the current version of Ethereum blockchain.

## The XN native coin

XN serves as the backbone of the X1 Blockchain, possessing extensive utility within its ecosystem. The consensus algorithm closely follows the approach of Polygon, utilising the

Delegated Proof of Stake (DPOS) mechanism. XN holders can earn rewards by staking their coins or actively participating as Validators and Block Producers, bolstering the network's security and governance mechanisms.

X1 Blockchain upholds a fair distribution mechanism for its native gas coin, XN, by completely avoiding any form of preallocation. This approach guarantees equal opportunities for all participants. XN plays a crucial role within the ecosystem, enabling validation, delegation, and staking operations that contribute to the chain's security and consensus.

## **XN Coin tokenomics**

XN Coin has an initial supply of 1,000,000,000 coins (one billion). In the X1 Blockchain, block producers receive XN coins as rewards for each successfully produced block, effectively increasing the total coin supply over time.

To create economic incentives and promote supply deflation, users of the X1 blockchain burn XN coins by paying gas fees for each transaction. The gas fee mechanism follows the guidelines of EIP 1559, also known as the London Hard Fork. This process of burning XN coins through transaction fees contributes to reducing the overall supply of XN coins.

The primary objective of implementing these economic mechanisms is to establish a continuous deflationary model for the XN coin throughout the lifespan of the X1 Blockchain. By rewarding block producers and incentivizing users to burn coins through transaction fees, X1 aims to achieve a gradual reduction in the supply of XN coins, fostering long-term value appreciation and sustainability within the ecosystem.

## **How is XN Coin distributed?**

The distribution of the XN native coin is closely linked to the XEN Crypto Ecosystem activity on 11 different EVM chains as well as the Bitcoin blockchain. There are 3 different ways to get the distribution of XN Coin:

1. Any wallet address that participated in XEN Proof of Burn (POB) using various XEN related projects is qualified to receive XN coins on the X1 blockchain proportionally based on the Market Cap ratios of such blockchains.
2. Through specific XEN burn smart contracts on the Ethereum Chain, allowing people to burn XEN via daily auction, lasting 333 24 hour periods.
3. Through participation of a single day 8-12 hour Mint Rush on the Ethereum chain by minting a Bridge Token - VMPX.

## **What is VMPX and its utility?**

VMPX serves as a bridge liquidity token, connecting the Bitcoin and Ethereum/X1 blockchains. It exists as a BRC-20 token on the Bitcoin side and as an ERC-20 token on the Ethereum side, both having a total supply of 108,624,000 tokens.

Holders of VMPX tokens can earn yield by providing liquidity between the chains through staking into the bridge liquidity pool. Additionally, VMPX token holders have the flexibility to exchange either type of token for the other at a 1:1 ratio (BRC-20 to ERC-20 and vice versa).

During the upcoming Mint Rush event on July 4th, 2023, an equal amount of ERC-20 VMPX tokens will be distributed on the Ethereum blockchain. Participants can choose the number of tokens to mint, ranging from 200 to 39,000 per transaction, covering Ethereum Gas costs.

The distribution process, based on Ethereum's block production time of 12-15 seconds, will last between 8 and 12 hours. Each block, with high participation, should generate approximately 40,000 VMPX tokens.

The trustless smart contract ensures a fair distribution without admin keys, only requiring gas for participation. Tokens are not pre-minted, and participants retain control over minting their own VMPX tokens, similar to XEN.

The ultimate objective of the VMPX token is to facilitate seamless swaps between BRC-20 and ERC-20 tokens across the Bitcoin-Ethereum bridge. Furthermore, VMPX token holders can convert their tokens to XN native coins on the X1 blockchain at a 1:3 ratio using a smart contract. These XN coins can then be utilised to provide liquidity for the Bitcoin-Ethereum-X1 bridge.

By enabling efficient cross-chain liquidity provision and token swaps, VMPX plays a crucial role in fostering interoperability and expanding the possibilities for users in the Bitcoin, Ethereum, and X1 blockchain ecosystems.

## **XEN Burn records - Ecosystem participation**

Every time a user burns XEN, a corresponding burn record is generated. The distribution of XN tokens will be carried out equally among the holders of burn record addresses, based on the amount they have burned since the inception of the project until the token supply is exhausted.

This approach ensures that the XEN token retains its utility throughout its supply lifespan, providing value to users who participate in the XEN ecosystem. It also promotes simplicity, allowing community participants to easily burn tokens for any project within the XEN ecosystem, without the need for complex processes.

Furthermore, this distribution method ensures fairness by treating all projects built on top of XEN equally. No project receives preferential treatment, establishing a level playing field for all participants.

The growth of the XEN ecosystem will, in turn, contribute to the expansion of X1, where the token supply is limited and deflationary. This symbiotic relationship between the two tokens fuels the overall growth and sustainability of the ecosystem.

Overall, this tokenomics design emphasises utility, simplicity, fairness, and ecosystem growth, creating an environment where participants can actively engage and contribute to the success of the XEN and X1 tokens.

### **XEN Burn Auctions - 333 24 hour cycles**

The XN ERC-20 token will be minted on the Ethereum Blockchain and can be seamlessly exchanged for the X1 blockchain native coin at a 1:1 ratio. Interested participants have the opportunity to deposit XEN into the smart contract on a daily basis to compete for their share of the XN ERC-20 tokens.

The total supply of XN ERC-20 tokens is capped at 333,000,000, which will be distributed across 333-day periods. Within each 24-hour cycle, exactly 1,000,000 (1 million) XN tokens will be available to be shared among all participants.

When participants deposit XEN into the smart contract, the XEN tokens are immediately burned, and corresponding shares of XN tokens are issued based on the total number of XEN burned. Participants have the flexibility to choose the period in which they want to participate. They can opt for the current period or select any future period up until the final one.

This system allows for fair and inclusive distribution of XN ERC-20 tokens, promoting active participation and rewarding contributors with a proportional share of the daily token allocation based on their XEN deposits.