



ECONOMY OVERVIEW & CROWD SALE STRUCTURE

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1. Economy Model

Auxledger's genesis implementation and enterprise public Blockchain network Auxnet focuses on building a high growth and sustainable economy model, which incentivizes the early entrants into the platform that acquire administrative tokens; as well as the community of developers and blockchain enthusiasts who will help us secure the network, by offering in return the blockchain fuel that powers the entire network.

1.1 AuxChips

AuxChips are the administrative tokens available in the Auxnet ecosystem. They are limited in number and are created as a one-time process, which means no new AuxChips will be mined in the Auxnet ecosystem.

1.1.1 Administrative Access & Utility

AuxChips hold a critical value with the following major functionalities on-chain:

- Ability to participate in block formation process as Stakers node and earn the right to mine new blocks. Mining new blocks will result into generation of new AuxGas, a fuel used inside the Auxnet public network.
- Ability to deploy a tiered network on top of Auxnet, depending upon the number of AuxChips being hold by the network owner, more number of nodes will be able to join with the created sub-network.
- Giving access to deploying DApps on public Blockchain network. Enough staking of AuxChips depending upon the size and nature of deployment application.
- AuxChips holders will enjoy participation in voting rights, while making important network governing related decisions.

As our core protocols require subnets to broadcast checkpoint information into the public Auxnet network to ensure consensus among connecting network and that the subnet remains in sync, we have kept in mind that our mining process will generate sufficient volume of new gas for the AuxChips holder to be able to sustain its deployed network in a self-sustainable manner.

1.1.2 Procuring AuxChips

The total supply of AuxChips has been fixed at 100 Million, out of which 60 Million will be made available to be acquired by the public in the crowd-sale that Auxledger foundation will organize in the second half of the year 2018. The remaining 40 Million AuxChips will be retained by the foundation for community development and for the growth of the foundation. The allocation process of the 40 Million tokens is listed below in section 2.1



1.2 AuxGas

AuxGas is the fuel in the Auxnet ecosystem, which incentivizes the network to participate in any consensus process, to make computation and to allow storage, and thus securing the integrity of the network. 300 million pre-mined AuxGas will be made available and distributed proportionally to AuxChips holders while launching Auxledger's Auxnet network. New AuxGas can further be mined by AuxChips holders while participating in a BFT based proof of stake consensus model.

1.2.1 Functional Utility

AuxGas can be utilised for the following purposes:

- Enabling native assets transactions i.e. AuxChips and AuxGas transfer in Auxnet ecosystem
- Cost for computation and contract execution in Auxnet
- Computation cost for interchain communication
- Transaction cost for interchain transaction and contract implementation
- Fee for node/address/assets-based permission or ownership transfer

1.2.2 Gas generation & Distribution

We are proposing a unique, first of its kind self-regulating economic model for AuxGas. While other models proposed by different networks are based on time/block wise pre-decided token supply, we are proposing a more sustainable and dynamic way to control the supply of AuxGas as per demands being created on the network. The model will ensure that the network can self-regulate the supply of AuxGas in a controlled and more systematic manner.

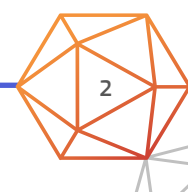
Mining reward consists of two portions:

- Block generation reward
- Transaction fees

For the Block generation reward (unlike most of the blockchain networks where the supply is decided in advance, before the launch of the network) we are following a process to realise the usability and adoption of the network and thus mining new rewards to balance the demand. The mathematical modelling for the dynamic nature of reward generation can be studied in Auxledger Introductory paper.

Despite of the dynamic nature, there is an overall cap thresholding number of gases that will be released in a block and throughout time the network is expected to meet the supply-demand curve and align itself in a self-sustainable model leading to new generation of gases to become zero. An additional hard cap of 2 Billion is kept as a total number of AuxGas in the ecosystem.

The AuxGas that is being collected with every block formation is distributed equally among all the validator nodes participating in the consensus process. This process ensures incentivization for new entrants into the ecosystem and further securing the overall network.

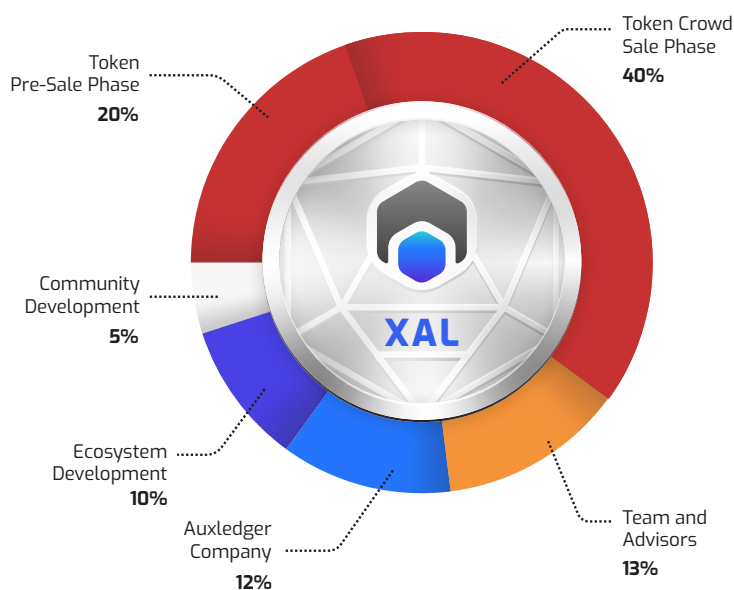


2. Crowd Sale Structure

This section explains the crowd sale structure we are organizing for the fundraising process. We aim to provide a true crowd sale structure ensuring the tokens are distributed with sufficient entropy among our supporters. Incentivizing the public and building a strong community during the crowd sale is our top priority.

2.1 AuxChips Structure

The total supply of AuxChips is limited to 100 million that will be created as a one-time process. The initial token will be developed on ERC-20 protocol of Ethereum.



100 Million Tokens

Token Name
AuxChips

Token Issuance
ERC - 20

Token Symbol
XAL

Token Pre-Sale Phase
20M

Token Crowd Sale Phase
40M

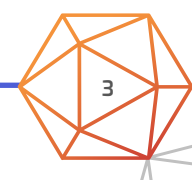
Community Development
5M

Team and Advisors
13M

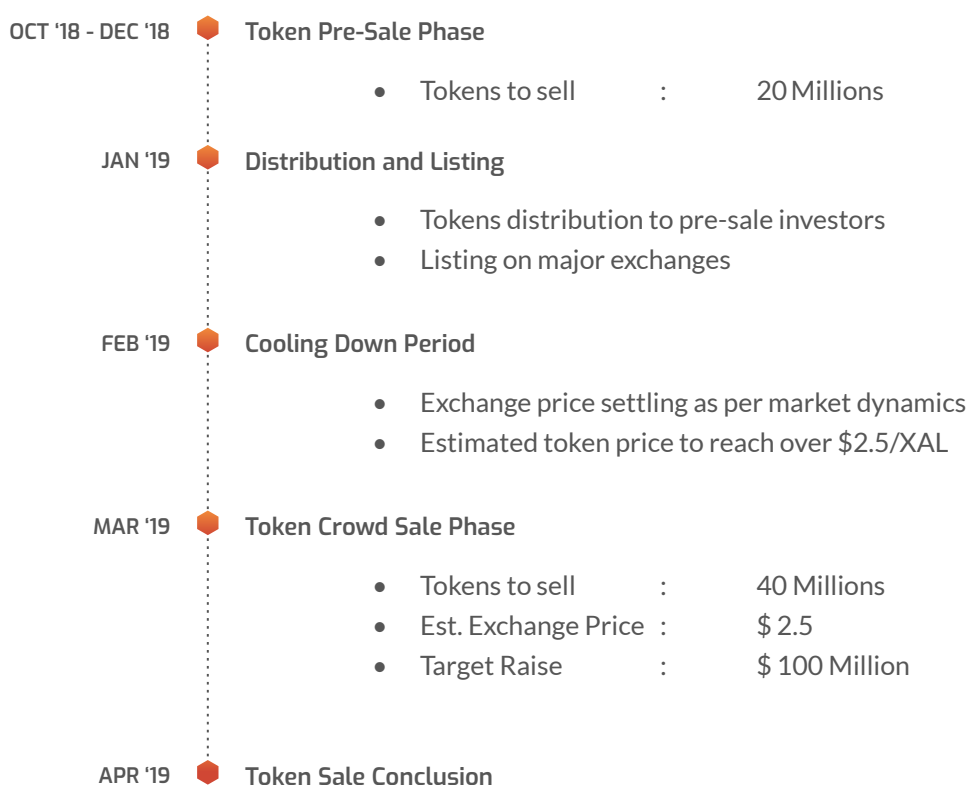
Ecosystem Development
10M

Company Development
12M

60 Million tokens will be made available for token sale in 2 phases. Sale of 20 Million tokens will be organised in pre-sale round and sale of 40 Million tokens will be organised in main sale round. 10 Million tokens will be kept in reserve for the development of the ecosystem. The ecosystem development over Auxledger includes investing in start-ups and companies to build Auxledger based applications and to evolve the overall usability of the infrastructure. 13 Million tokens will be distributed among the core team members and advisors from the Auxesis team that will be contributing to the project. Another 12 Million tokens will be kept as reserve for the Auxledger foundation. 5 Million tokens will be kept separately and used for incentivizing the community, helping Auxledger to reach out to more blockchain enthusiasts and for the overall development of the community.



2.2 AuxChips Sales Roadmap

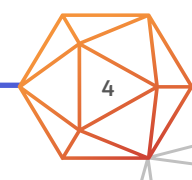


2.3 AuxChips Vesting

All tokens sold during the crowd sale session will be distributed in or before the month of January 2019, after completing the KYC verification (and all other compliances necessary) for all the participating investors. There will be no vesting period for the token sale investors and their AuxChips in form of ERC-20 token will be available to them to transfer freely to anyone.

The AuxChips allocated as incentivization for the team and the AuxChips available in the company reserve, will be vested for a period of 3 years after the crowd sale completion date. The AuxChips reserved for the ecosystem development and for incentivizing the entrepreneurs & developers will be first released slowly, while the investment will start growing aggressively over the coming years.

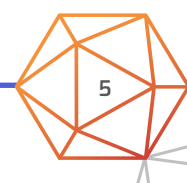
Unlocking date	15 Jan '19	15 Jan '20	15 Jan '21	15 Jan '22
Ecosystem Development	2.5 Million	2.5 Million	2.5 Million	2.5 Million
Auxledger Company	3 Million	3 Million	3 Million	3 Million
Team and Advisors	3.25 Million	3.25 Million	3.25 Million	3.25 Million



2.4 AuxGas Distribution

AuxGas is the fuel in the Auxnet ecosystem, enabling the offerings of the Auxledger infrastructure. After the platform will be launched in 2019, the AuxChips available in the form of ERC-20 token will be ported, making the AuxChips usable in the Auxnet ecosystem. At the same time 300 Million AuxGas will be generated. The AuxGas will be proportionally distributed to all the AuxChips holders. This implies that each AuxChips holder will receive 3 AuxGas for every AuxChips they hold, while porting their token from the Ethereum network to the Auxnet network.

Furthermore, AuxChips holders will be able to stake AuxChips and participate in the AuxGas mining process, providing them further access to AuxGas, depending upon the network's self-regulating ability of controlling the supply.





Conclusion

Auxledger's vision is to build an interconnected decentralized internet, where participants can trust each other while passing not only assets, but also any information. We aim to enable a form of internet where all the transmitted data is guaranteed to be true and secure. An infrastructure utilized by enterprises and entrepreneurs alike for building scalable decentralized applications. All this is only possible due to the economic incentivization of trust and honesty that represents the heart of the Auxnet network. AuxChips holds the key to a systematic, fair and responsible economic model, which empowers its holders to enable together the future of the internet of tomorrow.

