

# Galactic Mining Club Litepaper

Revised: February 14, 2024



## **Vision Statement**

The Galactic Mining Club aims to become a leader in the NFT space creating innovative and cutting-edge strategies to generate real yield for all holders and real utility for NFTs.

## **Mission Statement**

The Galactic Mining Club will unlock cryptocurrency mining for the common user, to create a continual inflow of new liquidity into the Cosmos ecosystem, and to become a leader in the NFT space creating innovative and cutting-edge strategies to generate real yield for all holders and real utility for NFTs.

We will utilize a robust array of strategies and techniques to produce revenue, including the operation and fine tuning of mining equipment and DeFi strategies across the Cosmos blockchains.

## **Introduction**

The NFT space has been maturing since its inception only a few years ago. No longer satisfied with mere images, many NFT projects are promising long roadmaps with coming utility to holders to provide a reason to continue holding the project. A stark decline in the value and market capitalization of even the most prominent NFT projects has occurred in recent years as a result. Some of these projects saw as much as 80-90% of their value evaporate, with some reports that up to 95% of NFTs have no inherent value. The Galactic Mining Club aims to upend this trend by providing an ongoing *incentive to hold the NFT*, by sharing profits generated through cryptocurrency mining, *a typically technically prohibitive process that prevents most people from participating*. This makes NFT holders a stakeholder in future profits generated by the Club.

The Galactic Mining Club offers a 4000-piece NFT collection that was launched on the Terra blockchain on February 1, 2024. Each NFT permits access to a share in the revenue generated by the Club and enables the holder to actively participate in governance decisions and guide the future of the Club. The use of hardware, hash power, and other strategies aim to generate revenue for the club. 75% of all revenue benefits stakers (60% direct revenue, 15% going towards the Club for DeFi strategies and additional hardware / hash power purchases to expand revenue). The goal is to create an ever-expanding system that is highly efficient, managed by our mining experts to fine tune the hardware and implement firmware upgrades that can further benefit hash rate, efficiency, and profitability of the hardware.

Currently, the Galactic Mining Club has a 2-story, 3200 square foot facility located in upstate New York. This facility is ready to go, with power and ventilation in place, and operational hardware already. As the Club continues to expand, additional facilities will be targeted that provide energy

efficient options (e.g. low electricity costs, green initiatives) to minimize overhead and continue to provide a sustainable product to holders.

## NFT Collection

Currently a work in progress, details are being finalized for our NFT collection, Galactic Miners. The artwork utilizes a unique art style and incorporates traits from various Cosmos communities and ecosystems. Mint was conducted with Backbone Labs who launched the collection on February 1, 2024. The collection minted out in under 3.5 hours of public mint.

NFT Collection is:

1. 4000 total pieces
  - a. 300 were airdropped to Club / Team (114 were sent to the DAO's treasury)
  - b. The rest were distributed through a tiered minting process.
2. 5% of mint fees went to the artist, 5% went to the team. The remaining balance went to the Galactic Mining Club treasury.
3. Treasury funds will be utilized, as follows:
  - a. ~50% will be utilized for additional hardware and hash power purchases.
  - b. ~50% will be utilized across the Cosmos ecosystem for use in various DeFi strategies.
  - c. *Due to not-yet-determined taxes and shipping costs related to hardware, the hardware and DeFi portions are estimated only at this time.*
4. There will be an ongoing 5% royalty for sales of Galactic Miners on the secondary market. This fee is divided between the artist, team, and the Club / holders.

## Staking

Holders of Galactic Miners will be able to stake their NFTs through EnterpriseDAO. Staking will be the only option to earn revenue generated by the Club, as NFTs that are not staked (e.g. those for sale on the market or held in a wallet) will not be entitled to disbursement of mining revenue. Stakers are encouraged to contribute to the future success of the Club by participating in governance votes and suggesting DeFi strategies. **There is no minimum stake weight to earn rewards, so a user needs only one to begin earning staking rewards through the Galactic Mining Club.** It is hoped that this arrangement will create sustained buy-side pressure for the collection, reducing availability on the secondary market.

## **Revenue Streams**

In addition to mining operations, the Galactic Mining Club will also utilize a suite of Decentralized Finance (DeFi) strategies available across the Cosmos ecosystem, along with traditional staking, to supplement this income. Exploration of additional opportunities to supplement the return for holders, and grow the Club's reach, will occur on an ongoing basis. To show our support for the Cosmos ecosystem, all rewards generated through these strategies will be converted to the chain's native token before distribution to stakers.

## **Rewards Distribution**

The current model for reward distribution includes partnerships and discussions currently ongoing and are subject to change. The proposed reward flow is as follows:

1. Mining hardware will be managed by the team, and rewards routed through NiceHash pools. The mining hardware's hash power will be sold through NiceHash and settled in Bitcoin and / or Atom. Depending on market conditions, bridging costs and slippage.
2. The bridging Bitcoin (in the form of wBTC) will be done via Squidrouter to the Kujira blockchain. The bridging of ATOM will be done via the cheapest option available at the time of execution. The bridged funds will then split, as follows:
  - a. ~15% fee for overhead (hardware / facility costs) will remain in the Kujira Operations wallet so the team can access the same. This amount will be adjusted once real-world costs are determined.
  - b. 10% will be added to the Bitcoin backing of the NFT collection.
  - c. 75% will be routed through IBC to the Terra blockchain, with 15% going to the Treasury and 60% to the Distribution wallet.
  - d. Once in the Treasury, the Club's share will be split 50 / 50 between an available DeFi strategy and / or towards additional hardware purchases.
3. Rewards from DeFi strategies and staking will be harvested regularly (at minimum monthly), converted into the chain's native asset and distributed to stakers. Fees / allocations associated with these will be handled in the same way as noted above.

This route has been identified as the most direct and requires the least user-involvement, furthering the goal of decentralization. Should dApps or other protocols become available that can further automate and decentralize this process, these can be added in the future through governance voting.

## **Partnerships**

The Galactic Mining Club has current partnerships and many ongoing discussions with various protocols, chains, and NFT projects. We are currently partnered with the Galactic Punks, Lion DAO, GP4719, Solar DAO, Codex (formerly WeFund), as well as NiceHash as our mining pool partner. These partnerships will help facilitate rewards distribution, provide legal advice, marketing and community outreach, and continue to streamline processes and provide greater revenue / utility to holders.

## **Road Map**

The Galactic Mining Club's roadmap provides both short-term and long-term goals for the project.

### Short Term:

1. The production of a limited-run NFT collection: February 2024 - Completed.
2. Use of EnterpriseDAO as a staking platform - Live as of February 3, 2024
3. Development of DeFi strategies, including staking and other delta-neutral or low risk investment strategies. This will occur across the Cosmos ecosystem. - Live as of February 2, 2024.
4. A gradual growth in both the hardware used for mining, as well as purchasing hash power through our partner, NiceHash, over the initial 12 months post-mint - Target Date: Ongoing until January 2025

### Long Term:

1. Reduce friction and centralized components of the Club, including using new protocols/aggregators to reduce the team's hands-on involvement over time and further decentralize the Club - Ongoing
2. Collateralized Loans - NFT loans are only now becoming commonplace, and the Galactic Mining Club wants to embrace this approach to allow your NFT to become a larger investment tool. As each NFT generates yield, the use of a Galactic Miner NFT as collateral for a loan will result in the loan self-repaying over time, with a targeted Club fee of 4%. A liquidated loan will result in the NFT becoming part of the Club's treasury, and potentially re-sold to recoup any losses. Alternative markets, such as Illiquid Labs, will be explored for this, as well.
3. Yield Diversification - current mining rewards will be paid out in Bitcoin only. DeFi rewards will be paid out in the chain's native token. If voted on, this yield can be specified and diversified, providing rewards in an array of different currencies. As this would potentially require our partners to make certain changes, and there may be chain limitations, this will only occur if our partners and home chains are able to support this capability and there is a quorum vote amongst NFT holders.

4. Solo Mining - To support users with a higher risk tolerance, the Galactic Mining Club plans to explore the ability for NFT holders to compete with the mining pools to mine the block themselves, earning the entire block reward. As you are competing with the Club and all other mining pools attempting to validate a block, the risk is much, but the potential reward of a full block's worth of rewards may make this risk worthwhile to some users.
5. Galactic Hub - The future home to the Galactic Mining Club. It will be a website allowing NFT holders to see their estimated APY based on recent returns and total NFTs held, trade tokens, claim rewards, explore DeFi strategies and the Club's treasury, and interact with the community, all in a central location.
6. Protocol Owned Liquidity - In following the goals of increasing TVL and volume across the Cosmos ecosystem, the Galactic Mining Club will explore opportunities to utilize revenue and partnerships/treasury swaps to grow our Protocol Owned Liquidity to further expand passive income streams.
7. Fractionalized NFTs - Due to Galactic Miners generating yield, and potential value of future yield, along with additional utility to be rolled out, there is the potential for a significant increase in floor price. As a result, whales would once again have an unfair advantage over your average investor. If this occurs, the Galactic Mining Club will explore the ability to provide fractionalized NFTs, where an NFT owner can sell any fractionalized amount of their current NFT to another person. This will allow smaller investors to gradually accumulate a full NFT, and current holders to gradually reduce exposure, if they choose. Given the implications for holders, this will require a successful governance vote before implementation.

## **Evaluation**

As part of the evaluation of the success of the Galactic Mining Club, an ongoing evaluation will occur of both the NFT collection, and revenue generated. This may include:

1. Adjustments to NFT collection size - This may be a temporary reduction (e.g. team collecting and holding NFTs that are un-staked, and therefore, not generating revenue), or a permanent reduction (burn) depending on the market conditions at the time.
2. An ongoing, monthly evaluation of the sustainability and viability of the revenue stream. This includes adequate yield and uptime from the hardware, generating revenues to cover all necessary expenses, and providing a positive return to the community.
  - a. Given the variables in cryptocurrency mining, including electricity costs, adjustments may be made to the rewards distribution to ensure the overhead costs are adequately covered. Adjustments can be assessed and made on a quarterly basis, if necessary.
  - b. This information will be publicly available through various social channels to allow NFT holders to discuss and guide the direction of the Club.

The goal of the evaluation is to ensure the long-term sustainability and viability of the Galactic Mining Club. It is presumed that the revenues generated through mining endeavors and DeFi

strategies will allow The Galactic Mining Club to continually add hash power and hardware to this arrangement, furthering the benefit to each holder and leading to the self-sufficiency of the Club.

## **Disclosure**

The rights to all assets bought by the Galactic Mining Club will be 100% owned by the Club and operated by the team. All NFT holders maintain their stake in ownership of the Club, and any assets held by the club. The sale of an NFT includes the sale of that user's share of the Club's assets and all future revenue. Club members are required to hold at least 1 Galactic Miner NFT to participate in governance decisions. Cryptocurrency mining is a competitive space, and returns are not guaranteed at a consistent rate. Current returns are not indicative of future results.

## Multi-Sig Wallet

terra175v68wt6jtrp8p0xw0rm4cm0ygvcea40mtd3vywd6l28eral7stsgf84zn

## Distribution Wallet

terra13zxsazmx4xh0j67xm06y08g6g7yn5qdx3eyrcv5zc5s8tdhx4ewsh2zjha

## Ops Wallets

**Terra (Station)**      terra1n6r74w7rarlsppkvdy3tdrh8cn38hzjhxe9uu

**Terra (Leap)**        terra10taytrle2a3kxh9qt74xhdsxcfges8w5xrk2my

**Kujira**                kujira10taytrle2a3kxh9qt74xhdsxcfges8w530wj5w

**Migaloo**             migaloo10taytrle2a3kxh9qt74xhdsxcfges8w5dn9sv2

**Carbon**              swth10taytrle2a3kxh9qt74xhdsxcfges8w5lexu2a

**STARS**                stars10taytrle2a3kxh9qt74xhdsxcfges8w55mmhj4

**Secret**                secret10taytrle2a3kxh9qt74xhdsxcfges8w5zzcryc

**Osmosis**             osmo10taytrle2a3kxh9qt74xhdsxcfges8w5gul60k

**Cosmos**              cosmos10taytrle2a3kxh9qt74xhdsxcfges8w5q8v2ey

**Injective**            inj1wazzpzuqhjwn2kht7erh0x6nn0ddwr4z7229p4

**Axelar**                axelar10taytrle2a3kxh9qt74xhdsxcfges8w5yf6zj9

## Ops Wallets Pulsar Portfolio ID

On Pulsar, go to:

Manage Wallets & Portfolios > Import Portfolio (Pink button) and add the following:

**866a8ba3-d030-37df-9464-667cb0f4d619**