

LOVECRAFT LABS

WHITEPAPER



THE TOKEN (HPL)

The Lovecraft Coin is a new cryptocurrency token created for the launch, operation and ongoing play-to-earn (P2E) rewards program of a new game company, Lovecraft Labs.

This whitepaper is a companion to the Lovecraft Labs Business Plan. That document provides an overview of the Company roll-out and ongoing operational design with a focus on the creative aspects of the token, its functionality, and upcoming games. The Business Plan can be found at LovecraftLabs.com. This document is intended to provide more details as to the business model and tokenomics aspects of the Company and upcoming projects.



TOKEN DESIGN

The Lovecraft Coin (HPL) was created on the Hive blockchain. Although there are myriad blockchain options for a new cryptocurrency launch, the Hive blockchain was chosen due to its cost effectiveness, ease of use, reputation, and the fact that it is already established as a viable blockchain for not just gaming projects, but specifically those utilizing the P2E model.

Additionally, some elements of Lovecraft Labs will be housed on the Hive blockchain. Most importantly, the initial token release will see the Lovecraft Coin available only through Hive platforms and markets including Hive Engine and TribalDex. As the company and our token achieve public awareness and utility, we expect HPL to trade on various other platforms.

TOKEN DISTRIBUTION

The initial minting of Lovecraft Coins will be distributed as follows:

	<u>2022</u>
600,000,000	General sale @.002 release price
240,000,000	pre-launch sale to first round investors (3x bonus offering) (sale restriction*)
500,000,000	Real Fantasy asset acquisition (sale restriction*)
20,000,000	<i>Legend</i> NFT bonuses
40,000,000	Additional marketing/promotional giveaway
180,000,000	Initial P2E reward pool
110,000,000	Staff compensation
280,000,000	Airdrop
1,970,000,000	Total (2022)

1,030,000,000 2023 and beyond
Reserve tokens for operational expenses, new app development
and ongoing P2E rewards.

*pre-sale adopters and Real Fantasy principals will have token resales restricted with units dispersed in
33% increments at 6, 9, 12-month milestones.

PLAY TO EARN (P2E) MODEL & DISTRIBUTION

All Lovecraft Labs games will operate under the play to earn (P2E) model. Based on performance, skill, in-game resources and other factors, players will be able to earn HPL as well as other game assets. Earnings will come from game achievements. These accomplishments of varying difficulty/complexity will include daily goals, targeted resource accumulation, quests, long-term milestones, etc.

P2E distributions will be structured to encourage more play and greater involvement in the Lovecraft Labs family of games. The model is being constructed to allow players to potentially generate an appreciable revenue stream in addition to any increase in value of HPL and other player assets.

REAL FANTASY ACQUISITION

Lovecraft Labs has acquired all assets of the gaming entity, Real Fantasy, Inc. including the beta version of their advanced GPS mobile app Real Fantasy. The game itself includes thousands of assets representing three years of development and programming. These properties and related elements will provide the majority of the elements we need to launch the first three phases of the Lovecraft Labs Business Plan. (Available at LoveCraftLabs.com)

Additionally, these acquisitions include the RealFantasy.com domain name, website and brand trademark.

REVENUE GENERATION

The primary funding of the Lovecraft Labs launch will come from token sales as detailed above. Going forward, the Company is planning on a number of viable revenue streams to remain solvent and fully operational as well as allow for new games and upgrades. Finally, the broader goal is to keep P2E rewards as generous as possible to encourage the greatest possible interest in our properties and offer substantial potential rewards to our players.

Long-term operating revenues will be generated by in-game purchases. These will include entry fees, gaming assets (and asset 'bundles') and the most highly collectible NFTs (like our *Legends*) that will provide myriad bonuses to players and token holders.

OFFERS & PROMOTIONS

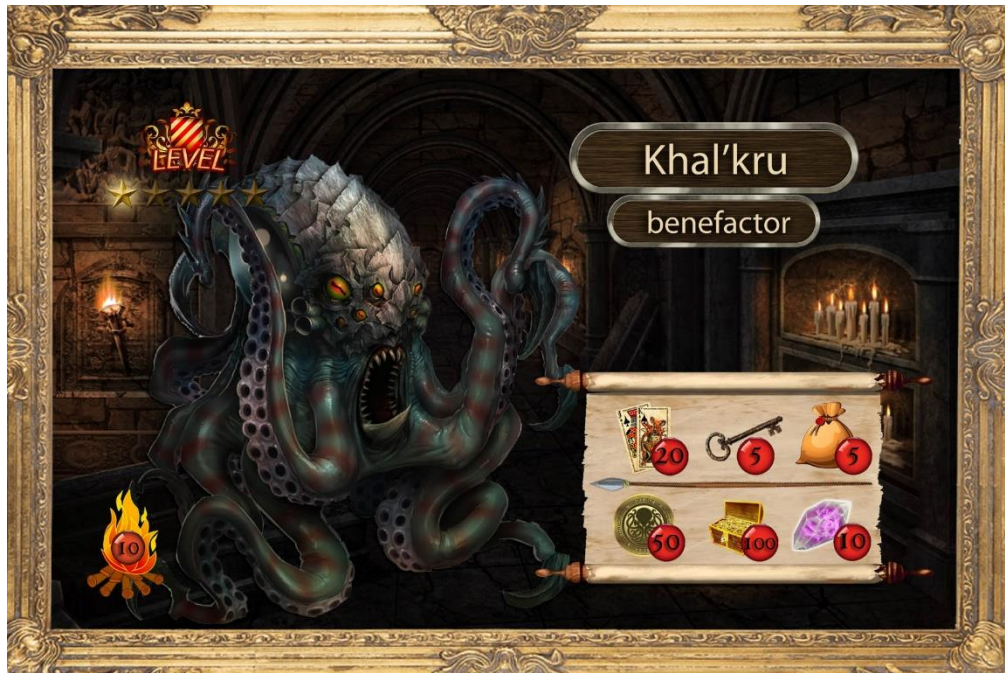
Prior to the Lovecraft Coin public release, a limited number of tokens will be made available for presale acquisition. The early partners that partake will receive a generous bonus token distribution. These units will be restricted and released to the owners in 33% increments at 6, 9, & 12-month thresholds.

In the initial months, some tokens will be gifted and rewarded gratis to help build awareness of HPL, our P2E business model and upcoming projects. Units will be donated to crypto liquidity pools to be distributed in small quantities to existing cryptocurrency holders. Partnerships with others in the blockchain space will allow companies to allocate tokens to their communities of users/players that share similar interests to our offerings.

Lovecraft Legends will be a series of collectible and highly useful NFTs that benefit players/owners in myriad ways. Additionally, token airdrops and staking/sowing rewards (see below) will be offered to help build awareness and excitement and encourage early adoption of our token as a cryptocurrency *with utility* as well as a unique opportunity to get in on the ground floor of what we expect to be a notable endeavor in the play-to-earn landscape.

LEGENDS NFTs

In conjunction with our initial coin release and our first P2E game (Arkham Poker), the premiere *Lovecraft Legend* will be released. Most of these initial Legends will be promotional giveaways distributed in conjunction with various marketing efforts and partners. Legends will be limited, unique NFTs that we expect to be highly collectible as they will offer numerous benefits to the owners (see the Business Plan for more details).



AIRDROP

280,000,000 Lovecraft Coins (9.3% of the total supply) will be distributed gratis to individuals that own HPL during the airdrop period.

This period will begin in conjunction with, or shortly after, the launch of Phase Two and last for one year. The distribution schedule and allotment will be determined and made publicly available prior to the start of the airdrop promotion.

Airdrop tokens will be based primarily on the amount of HPL a player has staked and/or sown (see below). Additionally, other Company assets (most notably Legend NFTs and Artifacts) will likewise yield airdrop token bonuses.

Airdrop tokens will be distributed no less than once per week and be based on an account 'snapshot' or snapshot average over the qualifying period. Total airdrop quantities for each distribution will be detailed based on total tokens privately held, player assets owned and tokens staked/sown per distribution period.

Should the entire 280,000,000 allotment of airdrop tokens not be distributed within the 12 months, the airdrop period will be extended until such time as all airdrop tokens have been allocated in this manner.

Additional airdrop periods may be implemented based on the success of the first.

STAKING & SOWING

Players will be able to *stake* and/or *sow* some or all of their HPL Coins through the Company site (as well as secure third-party sites and liquidity pools). Staked/sown tokens will provide various benefits, the most notable initial benefit being the airdrop bonuses as explained above.

Staked/sown tokens will be unavailable to the owner while staked/sown. A player may, at any time, initiate the unstaking/unsowing of any amount of Tokens currently allocated. Staked tokens unstake at a rate of 25% per week, becoming fully available in 4 weeks. Sown tokens unsow at a rate of 10% per week, becoming fully available in 10 weeks. Sown tokens earn greater bonuses (through airdrops and other promotions) than staked tokens due to the longer commitment.

Additional benefits are being incorporated into our platform to encourage the acquisition and staking/sowing of more tokens. Aside from direct financial bonuses like airdrop tokens, other staking/sowing benefits will include free or discounted game assets and/or entries which can be earned through *Prestige* (see below). Other staking/sowing promotions will include certain offers only available to players/investors with HPL staked/sown at/to certain thresholds. This model has proven viable with other apps in the P2E space and a format Lovecraft Labs will emulate.

Staking/sowing is an excellent way to hedge against greater swings in cryptocurrency value and trading as staked/sown tokens are not immediately available. This system also

allows the Company to anticipate future activity for the Token based on fluctuations in upcoming unstaking/unsowing schedules.

ARTIFACTS AND PRESTIGE

Artifacts and Prestige are game elements that will apply to all Lovecraft Labs Games.

Artifacts are items players can earn, find, win, trade or buy that can be exchanged at some point for different types of game assets and/or functions. Different Artifacts will have different values with the most rare redeemable for the greatest rewards. Scrolls, Tomes and Idols will be the initial Artifacts.

Scrolls can be used for free, modest entry fees and the more inexpensive items such as common resources and other basic items. Tomes are the mid-value Artifacts and might be used for 'containers' of assets (much like a 'pack of cards' in other games) or be a valuable tool for acquiring certain uncommon/rare game resources. Idols are the rarest of the Artifacts and can be exchanged for some of the most coveted items in the Lovecraft Labs universe. This may include certain NFT Legends and/or other rare/legendary items (weapons, allies, missions, spells, etc.) to benefit players within the various games.

Prestige is a voucher system. While Artifacts can be traded for free items/elements, Prestige is used in conjunction with some form of payment, but affords holders of the Prestige other benefits, such as early or exclusive availability on certain purchases. An example of this would be when we're releasing new, limited product, in some cases we will allow players to use a certain amount of Prestige to acquire the offering prior to the general release date.

Artifacts can be obtained in various ways, usually as rewards for certain gameplay achievements and as bonuses that certain Legend NFTs offer. Prestige will be one of the benefits of staking/sowing Lovecraft Coins.

Both Artifacts and Prestige can be 'burned' (removed from circulation) in exchange for a set amount of Lovecraft Coins.

RELEASE SCHEDULE*

Pre-release investor token commitments	Q2-3 2022
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Phase One

Lovecraft Coin release

1st Lovecraft Legend release

Arkham Poker game release	Q3-4 2022
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Phase Two

Dungeon Run game release

Additional Lovecraft Legends NFT release(s)

Airdrop token launch	Q2 2023
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Phase Three

Real Fantasy revised P2E release

Lovecraft NFTs ("Ancient Ones") release	Q4 2023
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Phase Four

Real Cthulhu release	Q2 2024
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Future Games/Phases	TBA
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All games in the Lovecraft Labs family will feature P2E features.

*all projected dates are estimates only.

ARKHAM POKER

Our first project will be a minigame to launch in conjunction with the release of our Token. Arkham Poker is a draw poker game where players will be able to earn Gold (the most common in-game currency for upcoming Lovecraft Labs properties), Lovecraft Coins, and in rare cases, Artifacts – the most rare and valuable resources a player can collect and utilize within our family of games.

One entry of Arkham Poker consists of 10 traditional Draw Poker hands. Based on the quality of the hand after a single draw (0-5 cards), the player will be awarded a point total.



The individual scores from those 10 hands will be totaled to determine the bonuses the Player will receive.

Final Hand	Points	BONUS REWARDS			
		Point Total	Gold	Lovecraft Coins	Artifacts
Royal Flush (spades)	8000	10,000+	25,000	500,000	Idol
Royal Flush	4000	5001-9999	5,000	50,000	Tome
Straight Flush	250	1001-5000	2,500	10,000	Scroll
Four of a Kind	125	251-999	1,000	5,000	
Full House	35	159-249	750	1,000	
Flush	25	100-149	500	300	
Straight	20	75-99	400	200	
Three of a Kind	15	50-74	300	150	
Two Pair	10	25-49	200	100	
Jacks or Better	5	0-24	100	50	
Nada	1				

Free entries will be offered to the public through various promotions.

Additional entries to play Arkham Poker will be available for nominal fee.

DISCLAIMERS

This Lovecraft Coin Whitepaper is for informational purposes only. It does not constitute investment advice or any form of solicitation. Neither this document nor any other materials put forth by Lovecraft Labs should be constituted as an offer or solicitation for a security. Any Tokens received from the Company through gifting, promotion, airdrop, game rewards and/or bonuses, asset/NFT rewards and/or other methods do not represent, constitute or involve the exchange of value for any form of securities, investment units and/or form of ordinary shares in any project, in any platform, in the Company, or any other related property.

Ownership of Lovecraft Coins, as well as any other related assets, in no way constitutes any ownership or management interest in Lovecraft Labs or any of the Company properties. All intellectual property rights will forever remain the rights of the Company and no Token or asset ownership has the ability to transfer any of those rights.

Throughout all Company documents, the terms "Coin" and "Token" are used interchangeably to indicate the cryptocurrency created and distributed by the Company. The "Company" refers to the entity existing to create, operate and manage all Company business including the creation and distribution of Lovecraft Coins and all Lovecraft Labs entertainment products.

Lovecraft Labs rejects any responsibility for any direct or consequential loss or damage of any kind whatsoever arising directly or indirectly from: (i) reliance on any information provided by the Company, (ii) any error, omission or inaccuracy in any such information; or (iii) any action resulting from such information.

Lovecraft Coins, to the extent allowed by law, are made available 'as is' with no guarantees or warranties as to availability, functionality and/or future uses or valuation. The Company has no involvement with the Hive Blockchain beyond what is expressed in this document and what is necessary to operate the Company and create/manage upcoming projects. Lovecraft Labs does not warrant nor represent that tokens are reliable, current or error-free or that technical defects can or will be corrected. The Company cannot guarantee the ownership or delivery method of token buying, selling, trading, holding except as under the management and oversight of the Company; specifically the storage and management systems necessary to operate the website(s) and/or app(s) controlled by the Company.

Neither this Whitepaper, nor any copy or part thereof, may be transmitted to any country where distribution or dissemination of these documents and its information is prohibited or restricted.

No regulatory authority has examined or approved of any of the information set out in this document. The publication, distribution or dissemination of these terms do not imply that the applicable laws, regulatory requirements or rules have been complied with.

To the fullest extent permitted by the applicable laws, regulations and rules, Lovecraft Labs, its founders, team members and any third party involved in the project shall not be liable for any direct, indirect, special, incidental, consequential or other losses of any kind, in tort, contract or otherwise (including but not limited to loss of revenue, income or profits, and loss of use or data), arising out of or in connection with any acceptance of or reliance on the information in this Whitepaper, or any part thereof and/or information provided on the LovecraftLabs.com web page or Business Plan document(s).

To the fullest extent permitted by applicable law, neither Lovecraft Labs nor any of the Company parties, contractors or subsidiaries be liable for any indirect, special, incidental, consequential, or exemplary damages of any kind (including, but not limited to, where related to loss of revenue, income or profits, loss of use or data, or damages for business interruption) arising out of or in any way related to the distribution or use of Lovecraft Coins, regardless of the form of action, whether based in contract, tort (including, but not limited to, simple negligence, whether active, passive or imputed), or any other legal or equitable theory (even if the party has been advised of the possibility of such damages and regardless of whether such damages were foreseeable), arising out of or relating to our tokens or the use of or inability to use said tokens.

All statements contained in this Whitepaper, Company webpages, statements made in press releases or in any place accessible by the public and oral statements that may be made by Lovecraft Labs, its founders, team members and any third party involved in the project and acting on behalf of the Company, that are not statements of historical fact constitute “forward-looking statements”. No information in this Whitepaper should be considered to be business, legal, financial or any other kind of advice regarding contribution or participation to the development of the Company and/or any of its projects. Lovecraft Labs does not make or intend to make, and hereby disclaims, any representation, warranty or undertaking in any form whatsoever to any entity or person, including any representation, warranty or undertaking in relation to the truth, accuracy, and completeness of any of the information set out in this Whitepaper.

Lovecraft Coin owners are responsible for implementing reasonable measures for securing their own wallet, vault or other storage mechanism used to receive and hold these Tokens and other Company-created assets, including any requisite private key(s) or other credentials necessary to access such storage mechanism(s). If any private key(s) or other access credentials are lost, the

holder may lose access to their Tokens and/or assets. Lovecraft Labs is not responsible for any losses, costs or expenses relating to lost access credentials. The Company shall have no obligations in any form or whatsoever to you in respect to your Tokens.

It is the Token holder's entire responsibility to withhold, collect, report and remit the correct taxes to the appropriate tax authorities regarding any received Tokens and/or other Lovecraft Labs assets as well as applicable taxable profits from the selling or transfer of any of these assets.

Any information provided herein is subject to change. All dates and estimates are approximate only.