

Loot Tickets: Tokenomics Overview

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LTT is the native cryptocurrency created on, and used within, Loot NFT World.

Unlike Bitcoin rewards that offers a predictable rate of issuance, LTT mined depends on user engagement and are issued pursuant to the *Proof of Play* protocol. Further, when redeemed in the ecosystem, they are retired from circulation. It is therefore not possible to accurately predict the future issuance and circulating supply of LTT.

On Loot NFT, members bid with bid units (BUN), a token of limited supply. Following the conclusion of an auction, BUN are trapped in the Oven (a time-locked wallet) and released once a week. Hence, there is a maximum amount of LTT that can be created due to the time-locked wallet. Since, BUN is required to mine LTT, the maximum that can be produced yearly is:

52 Weeks x Total Supply of BUN (500,000,000) / Rate of LTT Production

Here, the rate of LTT Production depends on each member's mining ratio, which has a range of 13 BUN to 1 LTT, 17:1, 21:1, 27:1, 34:1 and 42:1. These ratios are initial parameters that can be varied by members agreeing to a change (i.e., through a member governance process).

Further, LTT are mined on a per auction basis only if the ratio is met (and in multiples thereof). This can cause breakage, for e.g., if a member on a 13:1 mining ratio bids 10 BUN, they do not get 1 LTT. LTT are issued as rewards only when an auction concludes. In addition, members pay a joining fee to enter auctions that does not count towards LTT production.

Theoretically, the maximum range of LTT that can be produced yearly is between 619,047,572 and 1,999,999,976 LTT (42:1 to 13:1 mining ratios at 52 full Ovens per year, without taking into consideration joining fees and breakage). However, LTT production is expected to be significantly lower and could be varied by member governance to meet supply and demand requirements.

The circulating supply of LTT is difficult to predict (i.e., it is possible that with activity, LTT circulating supply remain low) as it depends on the attractiveness of offers for redemption. In the future, if the TALOS technology (this is the technology that runs the Loot NFT Ecosystem) is applied to real world sectors, LTT may soak up additional economic activity.