

DMEX white paper

The first decentralized mining power financial service platform

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Summary

Since Satoshi Nakamoto published "Bitcoin White Paper: A Peer-to-Peer Electronic Cash System" in 2008, Bitcoin was born and has been running stably for over a decade. The crypto asset industry started from scratch and is booming. At present, the industry has a total market value of over one trillion US\$. The mining market that supports the core blockchain projects, such as BTC, ETH, and Filecoin, has also developed rapidly. According to rough estimate, the mining market alone has exceeded tens of billions of dollars each year.

Since the birth of the crypto currency mining power market, countless wealth have been created. The number of people participate in the mining industry account for a relatively small proportion of the entire crypto asset participants. Many people want to participate in crypto currency mining, but they choose to wait and see or give up due to the high threshold for participation in the early stage of mining due to large investment, insufficient asset liquidity, and opaque income information. This made the miner group and ordinary crypto asset participants relatively separated from each other. The two parties failed to form a good relationship to potentially create great asset liquidity.

DMEX is the world's first decentralized cloud mining financial service platform. It was born with the hope of establishing a brand-new trust

system in the cloud mining power trading market through decentralized blockchain technology. It establishes rules through smart contracts to exclude human factors from causing harm to users. So that ordinary users can have a low barrier of entry and they can purchase cloud computing power to participate in crypto currency mining. And they can enjoy the mining rewards.

DMEX develops innovative ways to convert mining power to NFT tokens and enable the sales and trading of those cloud mining power. It also provides a variety of Defi options, such as NFT backed loan, NFT staked mining, etc. While allowing miners to lock in the expected profits in advance, users can also actively participate in the mining activities and reap awards with confidence. At the same time, as a decentralized platform, DMEX uses the DAO mechanism to make decisions over major events on the platform. This can ensure that all platform participants can vote for governance, participate in platform governance on an equal and fair basis, and protect their rights and interests from being infringed upon.

I. Background of the crypto currency mining market

1. The scale and prospects of the mining power market

According to rough estimate, not counting the recent price increase, the current value of the mining rewards generated by the three majot currencies of BTC, ETH, and Filecoin is more than 19.3 billion U.S. dollars each year. With other currencies, the mining rewards market is at least over 10 billion dollars each year.

Since the birth of Bitcoin, the mining industry has created many urban legends that many of the miners who entered the market in the early years have made huge amount of money. Based on the information, e.g. current currency prices, mainstream mining models, electricity bills, etc. provided on the website https://pool.btc.com/, the current annual mining yields of Filecoin, ETH, and BTC are about 300%, 150%, Around 80% respectively. That is very impressive compared to the rate of return of traditional industries. You only need to invest in mining machines or mining power, and with basic maintenance, you will get a considerable income. This is quite a rewarding investment.

2. Problems faced by ordinary users who want to participate in mining

For ordinary investors, cryptocurrency mining is still a relatively closed circle

in the encrypted asset industry. Many investors want to participate in crypto currency mining. But it's difficult for them to find any experienced miners to assist them. Participate on your own, there are a lot of things to consider, such as: what kind of coin should be mined, what brand of mining machine should be bought, what is the current rate of return, where to buy the mining machine, which miner can host your mining machines, the cost for each of these steps, etc.. For users who have not been involved in mining and have no miner friends, the threshold for participating in mining in the early stage is very high, causing many users who want to participate in mining choose to wait and see or give up.

3. Current pain points in the cloud mining power sales market

Purchasing cloud mining power is a low-threshold way for users to participate in mining. There are also many organizations selling cloud mining power currently. For example, Filecoin, a project that has attracted much attention in recent years, has pre-sold over 10 billion yuan of mining machines and cloud mining power before the main network is launched. However, there are many problems in the current cloud mining power sales market:

3.1 Most sellers are centralized sales agencies. There are frequent incidents that some sellers disappear after they sell the mining power without deliver their products

At present, the cloud mining power sold in the market basically comes from centralized institutions or platforms, and it completely relies on the seller's credibility. After some institutions pre—sale and obtain the users' payment, the mining machine or mining power cannot be redeemed for a long time. There are frequent incidents that some sellers disappear after they sell the mining power without deliver their products.

3.2 Many investors are not clear about effective storage mining power and cloud storage

Take Filecoin as an example. Some of the existing computing power products on the market sell only cloud storage. If you want to do actual mining, you need to store full data and provide additional Fil for staking to form effective storage computing power. That will truly generate corresponding Filecoin mining reward. Many cloud mining power products are not clear about what they actually sell. So it is very likely that investors only purchase cloud storage at the price of effective storage mining power. Investors still have to purchase Filecoin and stake them to turn what they have purchased into effective storage mining power. This not only makes users pay more costs and but also postpones the mining reward generation. This caused heavy losses for these investors.

3.3 The mining power purchased by users is not transparent

For the cloud computing power sold by traditional institutions, many users cannot know the nodes corresponding to the mining power they bought and the percentage of their own mining power relative to the network node. As a result, investors are not clear about the true mining power they own, which makes them unable to calculate the income. The expected income is not transparent enough.

3.4 Mining power cannot be transferred and cannot be withdrawn

Most of the existing mining power is purchased from centralized platforms.

Once the mining power is bought, you can't easily transfer or sell the mining power. It depends on whether the mining power seller supports it. So the investors will lose the liquidity of the asset after the purchase.

II. DMEX introduction

1. DMEX introduction

DMEX (Decentralized Mining Exchange) is the world's first decentralized mining power financial service platform. We convert mining power into NFT assets based on the Erc721 protocol to enable the easy sale and transfer of the mining power. It is compatible with the smart contract architecture based on the Ethereum blockchain (such as the Huobi Heco chain). It pioneers a new way to acquire Filecoin mining power through NFT derivatives. It allows investors to reduce potential financial losses caused by insufficient transparency of Filecoin mining machines and mining power related information. DMEX will start with the Filecoin mining market and will gradually expands to other mining products demanded by the market, such as BTC and ETH.

2. DMEX platform vision

DMEX is committed to create a decentralized cloud mining financial platform with tokenized mining power. The platform provides investors with low threshold for user participation, transparent mining machine monitoring, automated revenue distribution, shared market risk, and community-based platform governance.

The DMEX platform strives to use the decentralized smart contract

technology, the DAO governance concepts, and a combination of NFTization + Defi financial instruments to solve the issues in the traditional cloud mining power trading market, like investors sometimes not getting the proper mining rewards, insufficient liquidity for the buyer's asset, opaque mining income and other issues. The goal of the platform is to reduce the threshold for investors to confidently participate in cryptocurrency mining and safely receive the proper mining rewards.

3. DMEX platform design concepts

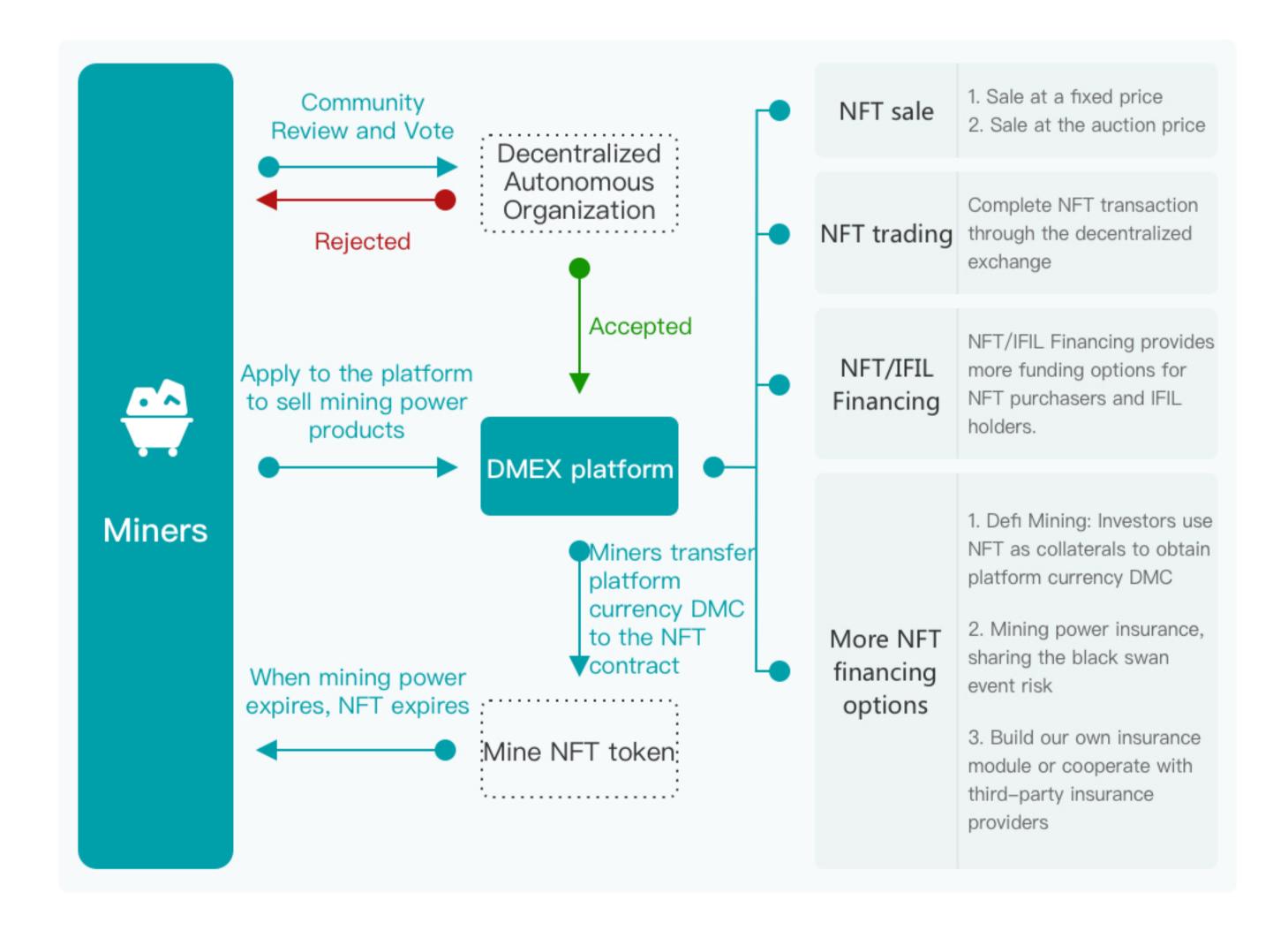
The DMEX platform provides effective mining power in NFT (non-fungible token). The mining power NFT can be sold and transferred on the decentralized platform. Users can obtain effective cloud mining power for one year or other time elapses by holding NFT. During the valid period, the NFTs can be transferred freely. We also plan to provide Defi features, such as supporting NFT staked lending, NFT staked mining, etc. In this way, the issuer of mining power can lock in stable income in advance, and the investors purchases NFT to obtain mining income. The investors can also obtain additional return through the Defi features.

DMEX has the following characteristics by turning effective mining power into NFT:

1) Clearly define effective computing power. NFT products purchased on the DMEX platform are all effective storage mining power. Users can obtain income based on the smart contracts when they purchase the mining NFTs.

The mining power information can be verified on the blockchain.

- ② Mining node information is independent and complete. The node information is corresponding to the NFT attribute. The user holding NFT holds the corresponding real mining power.
- ③ The mining power NFTs can be transferred through the DMEX or outside of the platform.
- 4 NFT holders can participate in additional Defi features, such as NFT collateral lending, NFT staked mining, etc, to earn additional return.



III. DMEX Features

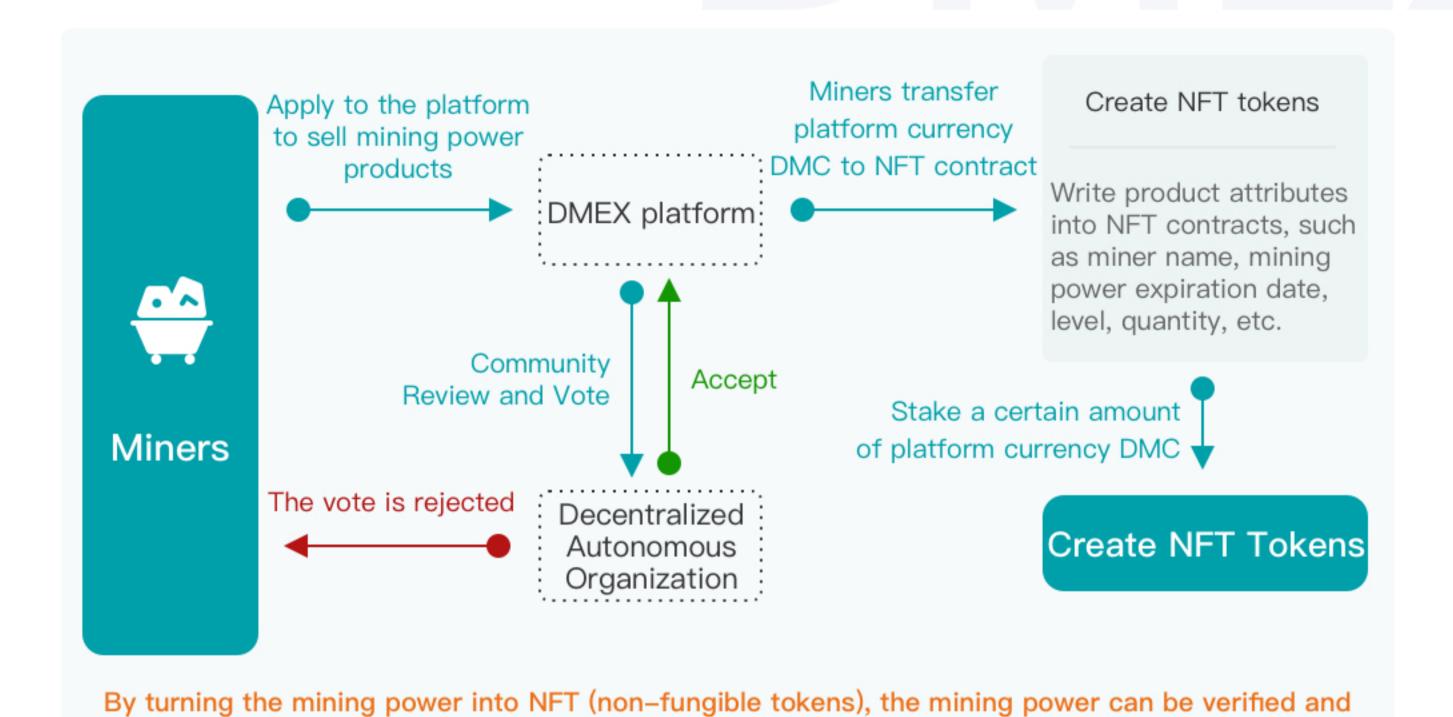
1. NFTization of mining power

1.1 What is NFT?

NFT is called non-fungible token. Our common tokens (such as BTC, ETH, etc.) are fungible. There is no difference between each BTC, which can be swapped and divided. The important feature of NFT is that each NFT is unique and has a unique identifier. Two NFTs are not interchangeable. The smallest unit is 1 and indivisible. For example, in cloud mining power NFT products, each cloud mining power sold corresponds to an NFT on the chain, with a unique ID. So each NFT corresponds to a unique and transparent mining income.

1.2 How DMEX turns mining power into NFT?

The DMEX platform supports miners to list their own cloud mining power products by submitting an application. In the application, the miners specify the attributes of the mining power products to be sold, such as the node information of the mining power provider, the valid period of the mining power, the unit of effective mining power, etc. The application will be reviewed and voted by the community DAO. If the application is approved, the NFT products can be created and sold.

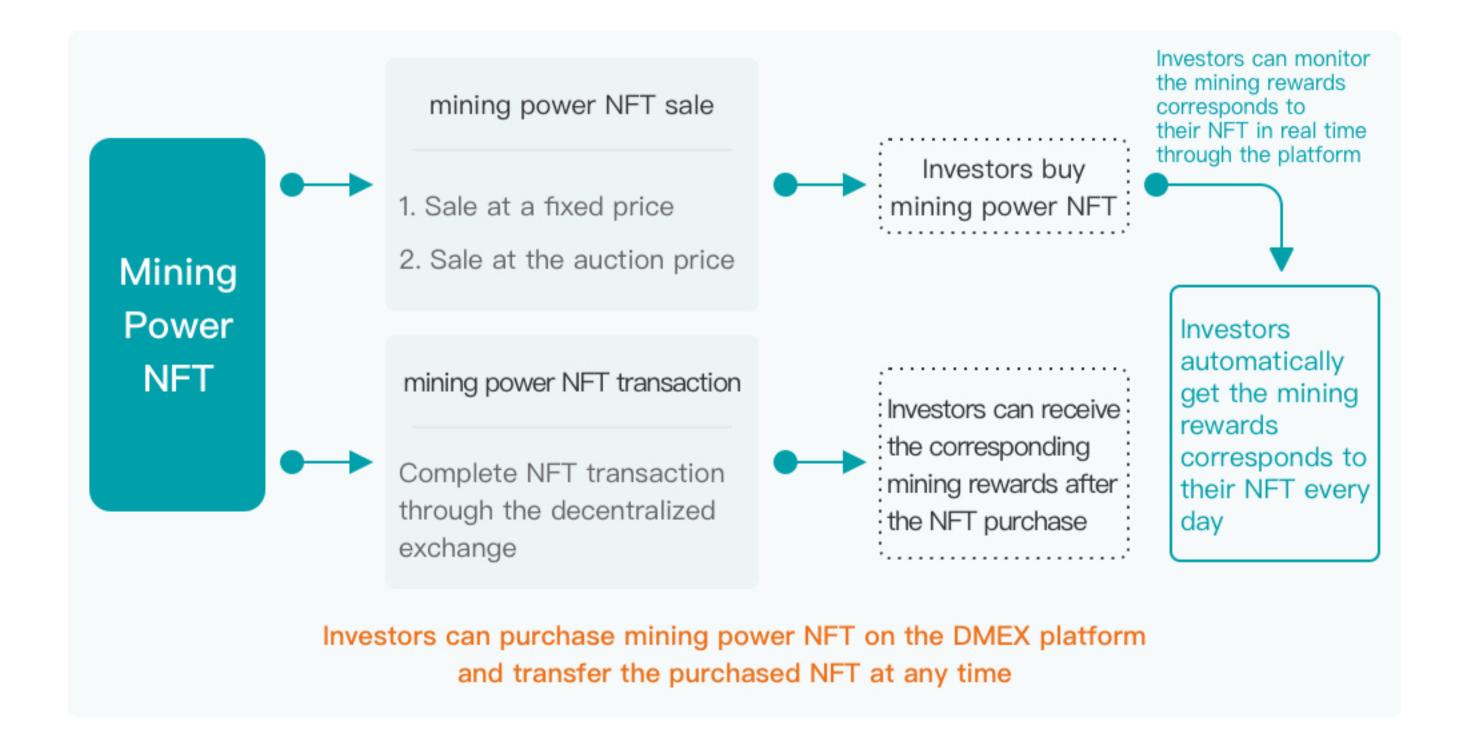


transferred, and the miners can lock in stable income in advance

2. Sale and trading of mining power NFT products

NFT products can be sold on DMEX after voting by DAO. The platform supports two ways of sale, e.g., at a fixed price or by auction. After users buy NFT, they can check the corresponding computing power of the NFT they bought through the wallet. The mining income will be distributed automatically every day.

At the same time, NFT holders can transfer NFTs at any time through the platform's decentralized trading market according to their own capital need or their expectations of future returns. They can obtain asset liquidity or lock in income expectations in advance.



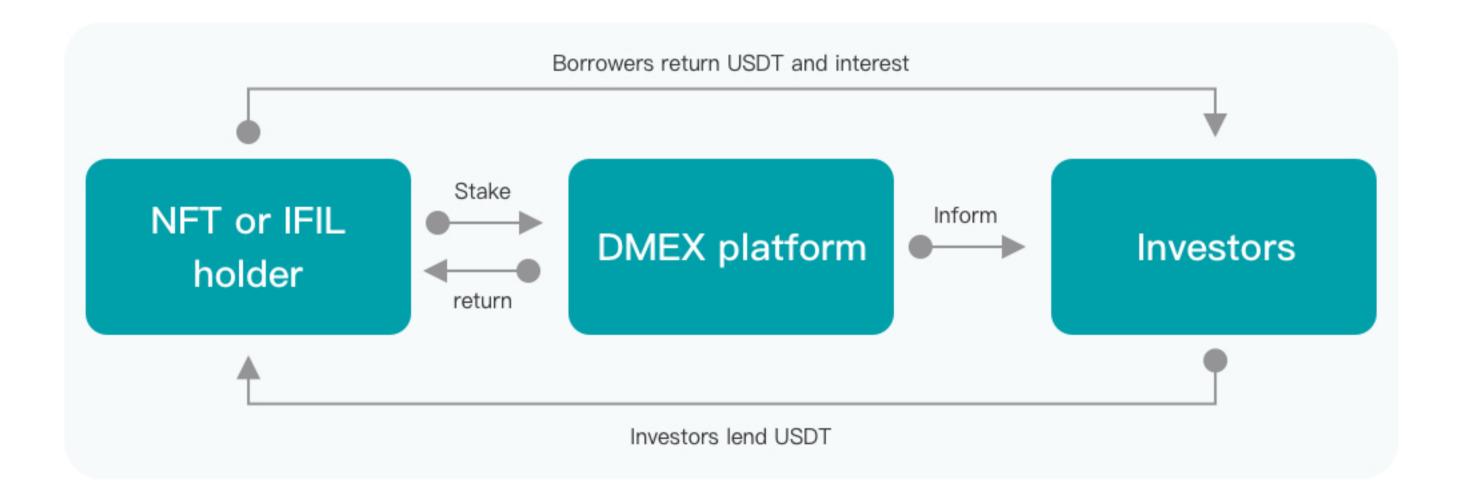
3. NFT/IFIL based loan

3.1 What is IFIL?

IFIL is a token mapped by FIL through the DMEX platform based on the Ethereum public chain. Users who hold IFIL can exchange FIL one-to-one from the Filecoin network. When users purchase FIL's NFT through the platform, the FIL income will be distributed by the miners daily to the users' accounts in the form of IFIL.

3.2 NFT/IFIL backed lending process

After the user stakes NFT or IFIL to the contract, USDT can be loaned. The principal and interest can be repaid at maturity. The lenders can publish their loan terms or negotiate with the borrowers on the platform to obtain a low-risk high-yield investment return. If the borrower fails to repay the loan as agreed upon, the contract will automatically transfer the NFT or IFIL to the lender's account.



Decentralized mining power NFT backed lending provides more funding options for NFT purchasers and FIL holders.

4. Additional financing options

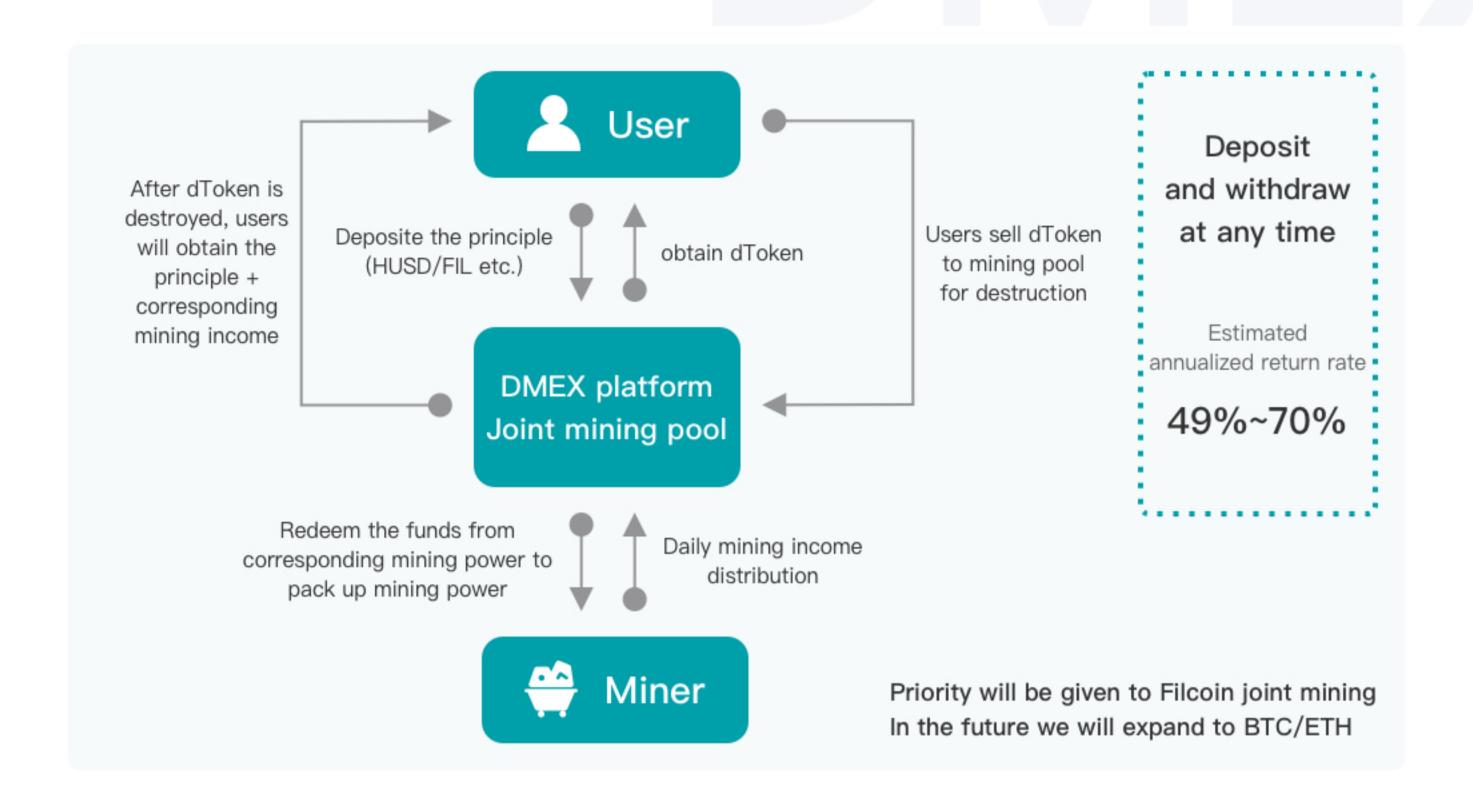
In addition to the daily stable mining income, investors who hold NFT can also participate in other Defi activities to obtain more returns:

Defi mining: users stake NFT or IFIL to obtain platform currency DMC.

Mining insurance: sharing black swan risks, such as the risk of failure to distribute mining rewards or the risk of devaluation of mining revenue.

5. Decentralized joint mining

DMEX platform will prioritize the launch of Filecoin decentralized joint mining. Users can deposit FIL to the joint mining pool to obtain the corresponding pool's mining income. Users are free to deposit and withdraw both the principle and the income at any time.



The decentralized joint mining will be executed in two stages:

Genesis period: When users deposit FIL to the mining pool, the joint mining pool will issue a corresponding token to the users, i.e. Dmtoken. When the mining pool's total mining power is less than T*25iFIL (This baseline number only represents the initial number set by the platform developers. This number is subjected to future changes), the mining income will be distributed from the total mining power in the entire joint mining pool. When the mining pool's total mining power reaches T*25FIL, genesis period will be concluded. During the genesis period users cannot withdraw their FIL. Miners are allowed to withdraw up to T*25FIL.

Growth period: upon entering the growth period, the mining income will be proportionately distributed according to the proportion of issued dToken in holding. During this period, users can sell their dToken back to the mining pool for destruction so as to redeem their principles and the mining incomes.

Upon the conclusion of the 540 days mining period, the collateral token amount will be determined by the weighed multiplication of the the quantity of DmToken in the final collateral pool and the length of time.

Miner pools operate independent from each other. Each miner is independent. All projects from the same miner will enter the same mining power pool. For each joint mining campaign, the mining income will be distributed as below: 20% to the miners, 5% to the platform and 75% to the users.

IV. DMEX risk control system

DMEX has a rigorous decentralized risk control system, which is implemented through DAO, risk control contracts, and risk sharing funds managed by DAO. Through this risk control system, NFT issuers can be effectively managed to ensure that the NFT mining revenue can be redeemed as agreed.

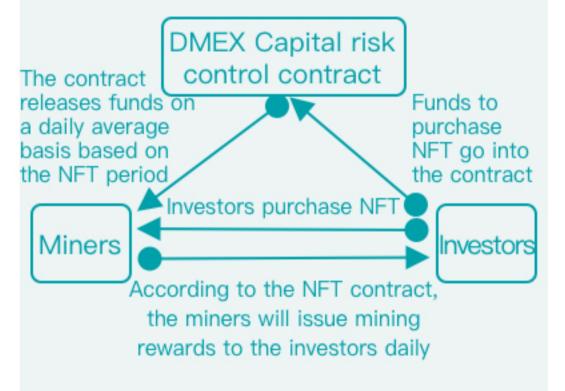
DAO(Decentralized Autonomous Organization)

Pre-sale review

Pre-sale: DAO review

Before the sale, the miner submits the mining power sales data, and the DAO will vote to control the amount of mining power sold by a single miner

Supervision of the mining reward distribution of the NFT



If a miner does not release the daily mining rewards according to the NFT contract, or the mining reward is continuously lower than the market average by more than 20%, the community can vote to terminate the release of the contract funds, and the remaining funds will be returned to the investor based on the user's NFT holding ratio

Set up risk control funds

After-sales: establishment of risk sharing funds

The fund will be managed by voting of the DAO community. If there is an extreme event of the miner, which causes huge economic losses to the investors, the platform risk sharing fund will be used for investor compensation

DAO review:

When a miner submits NFT product sales information to the platform, it must disclose its own company or personal information. The application will be reviewed by the DAO community and be voted upon. The miners can only sell NFT products after the vote is passed. When a user purchases an NFT, it is equivalent to signing an electronic purchase and sale contract with the seller (permanent traceability on the chain). The seller needs to behave according to the NFT agreement.

DMEX Capital Risk Control Contract:

When a user purchases a mining power NFT, all funds will enter the DMEX capital risk control contract. The contract releases funds to the mining power issuer on an average daily basis based on the NFT period. If the miner does not issue daily income according to the NFT agreement, or the mining income is continuously lower than the market average by more than 20%, the community DAO can initiate a vote to terminate the release of contract funds. And the remaining funds are returned to users in proportion to the user's NFT holdings.

Risk control funds:

DMEX platform token DMC will reserve a certain percentage as the risk control funds, which will be managed by DAO. If extreme miner incidents

occur and cause huge economic losses to users, the community can initiate a vote. If the vote is passed, the risk control fund will be used to compensate for the loss.

V. DAO governance mechanism

The DMEX platform is committed to build a decentralized platform run by the community DAO. Each platform token DMC holder has the right to participate in the platform governance on an equal footing. They can participate in platform decision—making governance by voting. The DMEX DAO governance mechanism is implemented in two stages based on the progress of platform development and operation:

The first stage: the preparation stage of DMEX platform's launch

DMEX team members and consultants are will unite the community based on DMEX's common interests, values and visions. In order to realize the openness and transparency of the decision-making process, we will select 7 representatives from the DMEX team and advisory members to start the governance of DMEX.

We set the contract management authority of each section of the platform token to a multi-signature wallet, and only when there are 4 votes or more of 7 representatives of a proposal can we make adjustments and decisions to achieve DMEX governance objectives.

The second stage: After the DAO is launched

After the DMEX platform and its DAO governance mechanism were

successfully launched, the community can re-elect the co-managers of the multi-signature wallet through the proposal and voting mechanism. DMEX aims to be managed autonomously by the community DAO and operate in a clear and transparent manner. The community can vote on proposals to change system parameters and align personal interests with common community interests.

DAO can initiate, including but not limited to, voting on the following proposals or system parameters:

NO	Governance matters can be voted
1	Eligibility review for NFT sale
2	Adjustment of the channel fee rate for NFT sale
3	Hashrate NFT transaction rate adjustment
4	Defi rate adjustments such as mining power NFT backed lending
5	The risk control contract suspends fund release, if following appears: 1. The mining power issuer has not issued earnings for 7 consecutive days; 2. The mining yield has been lower than the market average for 7 consecutive days, reaching 20%

6	When a miner fails to fulfill the contract and causes a significant financial loss to the user, the voting of the risk fund is activated
7	Eligibility review for miners' decentralized joint mining product
8	Eligibility review for adjustment of DMC mining percentage parameter

VI. DMEX platform technical architecture



VII. DMEX platform token DMC

The token issued by the DMEX platform is called DMC (Decentralized Mining Coin for short). As the equity token of the DMEX platform, DMC holders can participate in the future development and governance of the DMEX platform and share the success of the DMEX platform.

1. Token basic information

Name: DMC

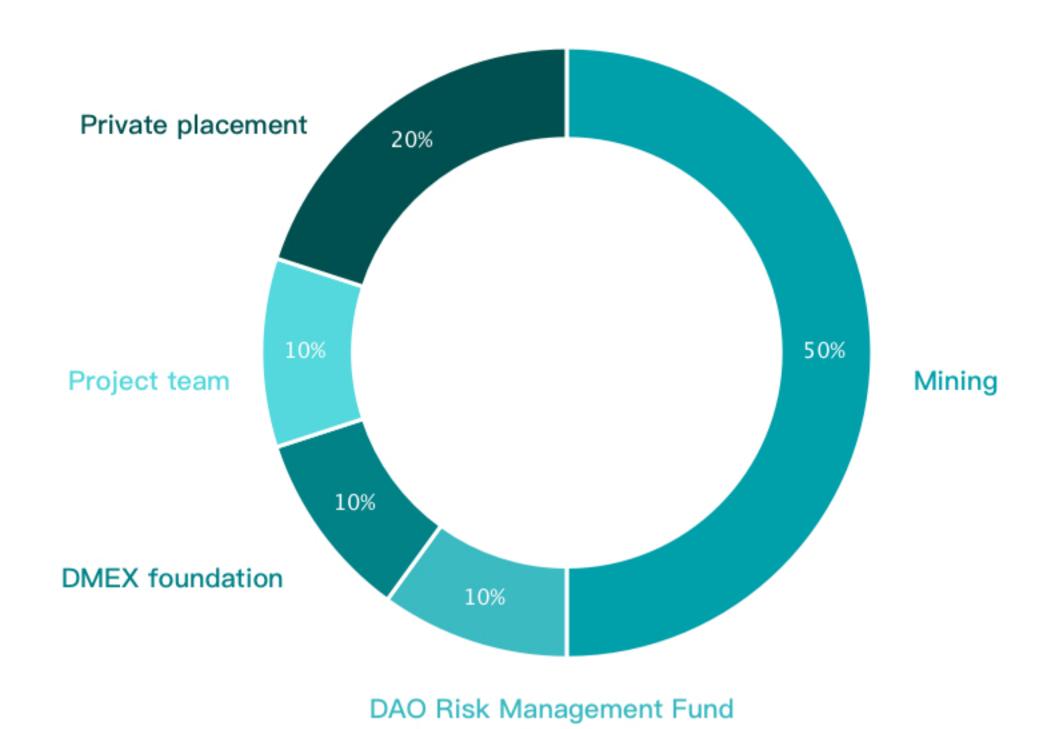
Total issuance: 100 million

Block time: 3 seconds on average (based on Heco chain)

Block reward: 5DMC for every block

Half period: the reward will reduce by half every half calendar year

2. Token distribution and unlocking rules



DMC total issuance: 100 million

- 50 million will be generated by mining

Obtain by participating in behavioral mining, liquidity mining, and staked mining on the platform.

– 10 million DAO Risk Management Fund

Reserve for the risk sharing fund, managed by DAO to prevent extreme events.



- 10 million for DMEX Foundation

Allocated as community incentives to provide the support for maintaining the active engagement of the entire community.



10 million for DMEX development team

Incentive for the project team to develop and operate the platform on a long-term basis. A lock-up period of 3 years applies. The amount will be evenly released every month over a 36 months period.

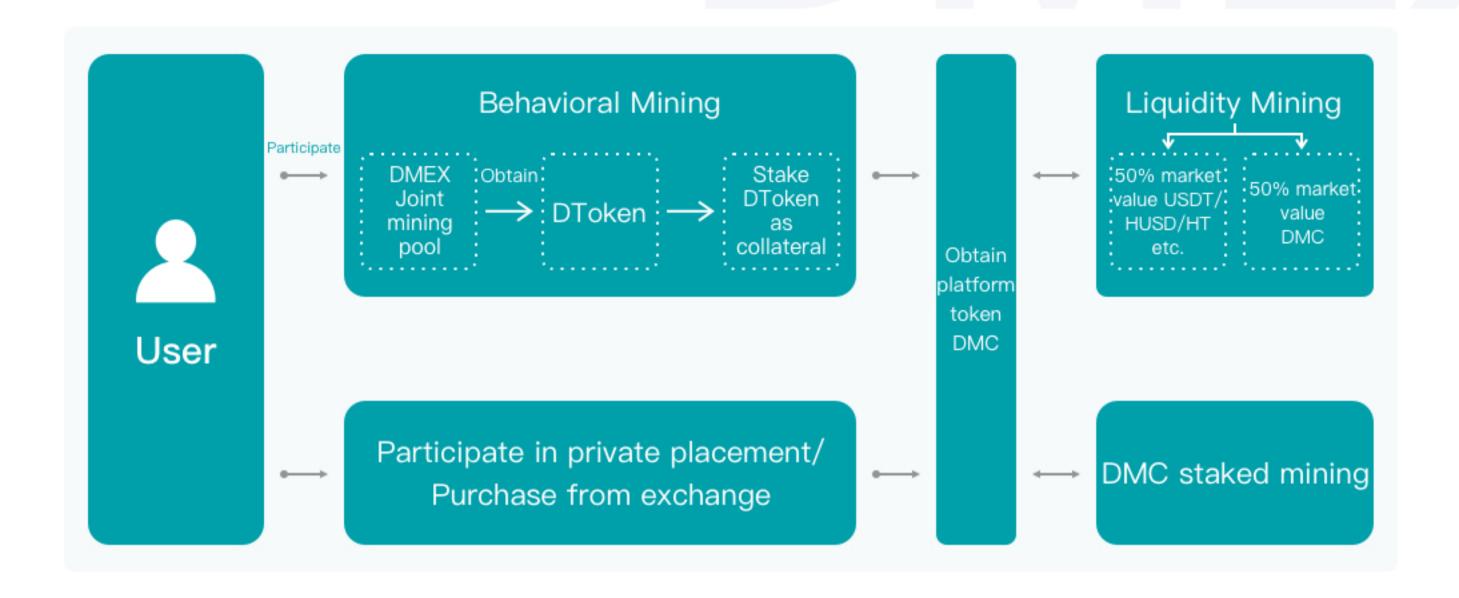


- 20 million in private placement

Reserved for the early contributors and angel investors. 20% will releaseupon the launch of the project. The remaining portion will be released evenly every quarter within 12 months, i.e. 20% release every quarter.

3. Mining model

The block reward of DMEX platform token DMC is 5 DMC. For DMC, 30% is obtained from behavioral mining, 60% is obtained from liquidity mining, 10% is obtained from staked mining. The block reward will reduce by half every half calendar year.



3.1 Behavioral mining

Users stake dToken as collateral to obtain DMC

How to obtain DMC with behavioral mining:

- ① Users deposit HUSD/FIL to participate in platform joint mining to obtain dToken;
- 2 Users stake dToken as collateral to obtain platform token DMC.

3.2 Liquidity mining

Launch platform token DMC liquidity mining, users can stake transaction pairs such as USDT/DMC, HUSD/DMC, HT/DMC to obtain platform token DMC.

3.3 Staked mining

Users can pledge mainstream assets such as USDT/HUSD/HT/HBTC and platform token DMC as collateral to earn more DMC.

4. Buyback and destruction

DMEX platform will collect part of the mining income from joint mining and 2/1000 of the dToken repurchase and destruction amount as the platform fee on a daily basis; the platform will use 80% of the total platform revenue to repurchase and destroy the platform coin DMC on a monthly basis until the total quantity of remaining DMC tokens is 21 million.

VIII. Project roadmap

• 2021.04

Improve and perfect the DAO governance mechanism. Support added for more DeFi functions

• 2021.03

Release the ETH/BTC joint mining product. Support added for DMC proof of stake mining

• 2021.02

Issue platform token DMC. Release FIL joint mining product.
Support added for DMC liquidity mining and Proof of Work mining

• 2020.12

Support added for decentralized tradings of mining power NFT

• 2020.11

Platform came online. Support added for mining power tokenization and mining power NFT sale

• 2020.10

Project development began. Whitepaper was written

• 2020.9

DMEX is conceptualized. The technical logic is verified

IX. Disclaimer

- 1. The content of this document shall not be interpreted as forced participation in token sales. Any behavior related to this white paper shall not be regarded as participating in the token sale, including requesting a copy of this white paper or sharing this white paper with others.
- 2. The DMEX team will continue to make reasonable attempts to ensure that the information in this white paper is true and accurate. During the development process, the platform may be updated, including but not limited to platform mechanisms, tokens and their mechanisms, and token distribution. Part of the content of the document may be adjusted accordingly in the new version of the white paper as the project progresses. The team will publish the updated content to the public by publishing announcements or the new version of the white paper on the website. Participants must obtain the latest version of the white paper in time, and adjust their decisions in time according to the updated content. DMEX expressly stated that it will not be liable for any losses caused by participants (a) relying on the content of this document, (b) inaccuracies in the information in this article, and (c) any behavior caused by this article.
- 3. The team will spare no effort to achieve the goals mentioned in the document. However, due to the existence of force majeure, the team cannot fully complete the promise.

- 4. As the platform token of DMEX, DMC is an important tool for platform efficiency, not an investment product. Owning DMC does not mean granting its owner the ownership, control, and decision—making power over DMEX. As the encrypted token used in DMEX, DMC does not belong to the following categories: (a) any kind of currency; (b) securities; (c) equity of legal entities; (d) stocks, bonds, notes, warrants, Certificates or other documents granting any rights.
- 5. The value-added of DMC depends on the market rules and the demand after the application is implemented. It may not have any value. The team does not make a commitment to its value-added, and is not responsible for the consequences caused by its value increase or decrease.
- 6. To the fullest extent permitted by applicable laws, the team is responsible for damages and risks arising from participating in DMC, including but not limited to direct or indirect personal damage, loss of commercial profits, loss of commercial information or any other economic losses Not liable.
- 7. DMEX complies with any regulatory regulations and industry self—discipline declarations that are conducive to the healthy development of the token sales industry. Participants' participation means that they will fully accept and comply with such inspections. At the same time, all information disclosed by participants to complete such inspections must be complete and accurate.

- 8. DMEX clearly communicates possible risks to participants. Once participants participate in DMC, it means that they have confirmed that they understand and agree to the various terms and conditions in the detailed rules, and accept the potential risks of this platform at their own risk.
- 9. Citizens of countries that prohibit the public sale of tokens are not allowed to participate.