

BUILDOUT STRATEGY (TRANCHE 2)

CURRENT STATUS

On September 1, 2021, Modern Mining officially went live with its objective of building out a 2MW Flagship immersion cooled mining facility in Medicine Hat Alberta (the **“Flagship Facility”**). It is expected that 480 miners will be required to fill the Flagship Facility and to get it to peak profitability.

On August 31, 2021, Modern Mining closed its first private placement investment round (**“Tranche 1”**). It was management’s objective to raise \$3,000,000¹ in funds in order to fill out the first megawatt in the Flagship Facility. We are proud to announce that we raised \$2,930,672 in subscription proceeds (shares and convertible debt) and an additional \$750,000 of corporate debt, for a total of \$3,680,672.

Since launching, we have deployed the majority of those funds in order to secure all of the infrastructure required to commence operations, including a transformer capable of handling 2MW worth of power, as well as 10,000 litres of dielectric fluid, switchgear, custom made immersion tanks, pumps, etc. The cost of such infrastructure, and the related installation costs, will be approximately \$850,000, which is aligned with our Tranche 1 projections.

Modern Mining has acquired 200 miners and we have deployed 160 of these miners in an air-cooled environment. We expect to deploy 40 more miners in November. With our currently deployed 160 miners, we are producing 1 Bitcoin every 10 days (in an air-cooled environment). Once all 200 miners have been deployed in an air-cooled environment, we expect to mine 1 Bitcoin every 8 days.

Upon final deployment of all 200 miners in our Flagship Facility in January 2022, we expect the rate of production improve to approximately 1 Bitcoin every 6 days or approximately 61 Bitcoins a year. At a projected price of \$50,000 USD an approximate cost of \$7,500 USD per Bitcoin, our fleet of 200 miners will yield approximately \$3,250,000 (\$2,950,000 USD) in annual profits on the \$2.93M of subscriptions received in Tranche 1.²

SHORT-TERM PLAN – TRANCHE 2

In the immediate future, Modern Mining is launching a second private placement (**“Tranche 2”**) in order to fill the second megawatt of the Flagship Facility. Up to 2,000,000 Class B non-voting Common shares (the **“Shares”**) will be issued at a subscription price of \$1.75 per share for a total of \$3,500,000 in subscription proceeds. Tranche 2 will have no floor in order to allow Modern Mining to deploy subscription proceeds as they are received.

¹ All amounts denominated in CAD unless stated otherwise.

² Assuming price and mining difficulty move in general alignment.

In order to complete the second megawatt, management projects that the Flagship Facility will require an additional \$395,000 of infrastructure. The remainder of subscription proceeds will go towards miners.³ In the event that Tranche 2 is fully subscribed, Modern Mining expects to acquire an additional 200 miners for a total of 400 miners. Profits will be reinvested in order to acquire the remaining 80 miners necessary to fill the Flagship Facility.

Upon reaching capacity, it is expected that the Flagship Facility will generate \$9,687,318 a year in revenue with projected expenses of \$1,514,735, resulting in profits of \$8,172,582.

THE VALUATION

In Tranche 1, we issued 4,361,344⁴ Shares to subscribers at a subscription price of \$0.50. An additional 1,869,146 in stock options were issued to the directors of Modern Mining for a total of 6,230,490 Shares. Where the full 2,000,000 Shares are subscribed for, the directors of Modern Mining will receive an additional 857,144 Shares for a total of 9,087,634 Shares issued and outstanding. The potential also exists for the \$750,000 convertible debt, along with 2 years interest at 12%/year, to be converted to shares (at \$0.50/share), resulting in an additional 1,860,000 Shares issued, along with 797,142 Shares issued to directors of Modern Mining, for a grand total of 11,744,776 Shares.

Since completing Tranche 1, Modern Mining has significantly de-risked the investment, proving that we have the ability to secure miners (a major risk with mining startups) and we commenced generating profits for investors 17 days after launching. Now that Modern Mining is generating profits, all valuations will be calculated as a multiple of expected EBITDA.

At \$1.75 a share, Modern Mining will have a post-money valuation of \$20,553,358, which equates to approximately 2.5X EBITDA. Modern Mining expects Tranche 2 to be the last time shares are issued at a valuation below 3X EBITDA.

It should be noted that Bitcoin mining is unlike many other technology businesses as it contains no consumer risk (i.e. there is no risk that the customers will not be interested in purchasing the product and there is no delay in building the market). Instead, Bitcoin mining is similar to commodity producers without the long lead times. Upon successfully mining Bitcoin, the market is completely liquid and therefore the value of the Bitcoin mined can be determined and sold on the open market at any time. This allows revenues and profits to be generated immediately upon deployment of the mining hardware.

Generally, two primary risks exist. The first being the price of Bitcoin and the second being mining difficulty. While the price of Bitcoin is volatile, over its 12 years of existence, it has proven to be upwardly

³ The cost of miners is tied to the price of Bitcoin and therefore the cost of miners has increased since the closing of Tranche 1.

⁴ \$750,000 of convertible debt was issued where the interest is payable by way of issuance of Class B Common shares but the investor has indicated a preference to receive interest payments in cash.

volatile. See our *Tranche 2 Investment Thesis* for further discussion. Mining difficulty continues to increase as additional miners are added to the network. For the purposes of our one-year projections, we have assumed that the price of Bitcoin will generally track to mining difficulty.

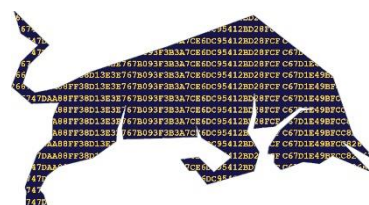
MID-TERM PLAN

Modern Mining has commenced an extensive search for our next facility. We have been in discussions with power providers and intermediaries in Alberta, Manitoba, British Columbia, Quebec, the Yukon, the Northwest Territories, Texas, Kentucky, Ohio, and El Salvador and, in doing so, have conducted research into stranded gas, flare gas, hydro, solar, wind, geothermal and nuclear power. We will continue to search for the lowest price power options with a preference for ESG sourced power.

We are pursuing two options simultaneously. Under option 1, Modern Mining would seek to secure and fill an additional sub-10MW facility in order to facilitate rapid expansion. Discussions are underway with respect to such a facility. Under option 2, Modern Mining would seek to build out a 30MW+ facility in order to achieve its next objective of securing 1+ exahash of mining hashpower. In the event that Modern Mining is able to secure such a facility, it would likely be necessary to raise funds through a going-public transaction. Management is in the process of gathering information relating to the possibility of such an option.

LONG-TERM PLAN

While our objective is to eventually go public, our focus is on the continued expansion of the business by way of continuing to secure low-price power. Our objective is to become a top-5 hashrate mining operator in Canada within 5 years. Modern Mining will continue to make announcements and release updates as these expansion plans are finalized.



THE MODERN MINING TEAM