

Modern Mining Buildout Strategy

The Plan

Modern Mining will complete the buildout of the immersion cooled mining facility and then will acquire miners/hashpower aggressively with an objective of taking the company public. Modern Mining will utilize three methods to acquire additional hashpower: (1) additional share subscription rounds (i.e. private placements) at increasing prices per round will be used primarily to acquire new miners, (2) approximately 30% of profits generated (in Bitcoin) will be reinvested into new miners, and (3) Modern Mining may borrow against the mining hardware to facilitate the acquisition of additional miners. It is management's objective to get Modern Mining listed on a designated stock exchange within 3-5 years, if not sooner (see below).

Prior to the closing of Tranche 1, there are 100 Class A Common (voting) shares issued and outstanding. The 4 directors of Modern Mining, Shawn Banack, Jason McCagherty, Ryan Chernesky and Sebastian Elawny each hold 25 Class A Common shares. Investors will subscribe for Class C Common (non-voting) shares of the Corporation. Management will receive no compensation until at least the completion of Tranche 2. No dividends will be paid on the Class A Shares without the prior consent of the Class C Common share shareholders. Management will be compensated primarily by way of performance warrants which will result in management receiving Class C Common shares. Performance warrants will be triggered at the time of completion of successful private placements, deployment of capital and/or listing on one or more designated exchanges. Management's objective is to maintain 30% of the shares of the corporation issued in any particular private placement.

Tranche 1

Modern Mining is raising up to \$3M to facilitate the buildout of the facility and the acquisition of the initial miners in order to take advantage of the highly profitable environment in place today. It is expected that the initial build-out costs will be approximately \$820K. Management has secured \$700K of debt to commence with the buildout of the facility while completing the private placement. It is expected that the buildout of the facility will take up to 120 days. Management has secured the majority of the equipment and/or contracts necessary to commence operations.

As discussed above, management will not receive any compensation and will instead be compensated by way of performance warrants equal to 30% of the funds raised. Consequently, where the full \$3M has been raised, the pre-money valuation of the corporation would be \$900K and the post-money valuation would be \$3.9M. Where a lesser amount is raised, the pre and post money valuations would be adjusted accordingly.

Management has acquired a tax opinion with respect to the shares being qualified investments for RRSP/TFSA purposes. Most large institutions do not allow for investments in private corporations and/or cryptocurrency businesses. Management has secured the ability for investors to be able to invest through their RRSPs/TFSA's through a reputable trustee. Investors interested in investing through an RRSP/TFSA should contact Modern Mining for details.

Future Tranches

Immediately following the closing of Tranche 1, Modern Mining will commence the opening of Tranche 2 at a higher price per share than Tranche 1. This should be possible on the basis that Modern Mining will be immediately profitable once operations commence. Concurrently with the opening of Tranche 2, management will complete the buildout of the mining facility and commence operations. Proceeds from Tranche 2 will be dedicated to the acquisition of additional miners which will increase the hashpower per dollar invested and should result in greater profitability for shareholders. This process will be repeated, until such time that Modern Mining is listed on a designated stock exchange. Once electricity consumption exceeds 2 MW, expansion of the operation itself will be financed by way of reinvestment of profits generated by the mining operation and additional private placements.

Tranche Breakdown & Analysis

The following provides a synopsis of the steps, expected hashpower and potential public valuation of Modern Mining based on Hut8, a mining company listed on the TSX. The projections below are based on the corporation raising the low-end target for each tranche, reinvestment of Bitcoin back into the mining operation on a monthly basis and no borrowing against assets to finance additional purchases.

Tranche 1 - \$3,000,000

Tranche	Capital Amount	Share Issuance Price	Cumulative TH/s - Purchased	Revenue	Expenses	EBITDA	Comparable Public Valuation	Comparable Public Share Price
1	\$3,000,000	\$0.50	41,716	\$4,240,376	\$937,972	\$3,302,404	\$20,857,916	\$2.67

While the minimum raise required to go live in Tranche 1 is \$500K due to the additional financing acquired by management, amounts in excess of this minimum will go directly towards the acquisition of additional hashpower. Shares will be issued at a price of \$0.50 per share and will allow the corporation to acquire 41,716 TH/s of hashpower where the full \$3M is raised. At today's prices and difficulty, this would produce EBITDA of approximately \$3,302,204 in a 12 month period. Upon completion of this phase, the comparable public valuation would be approximately \$2.67/share. This tranche is expected to close on or about August 31, 2021.

Tranche 2 - \$2,500,000 - \$5,000,000

Tranche	Capital Amount	Share Issuance Price	Cumulative TH/s - Purchased	Revenue	Expenses	EBITDA	Comparable Public Valuation	Comparable Public Share Price*
2	\$2,500,000	\$1.00	89,374	\$9,084,816	\$2,009,563	\$7,075,253	\$44,687,156	\$4.04

Management's objective is to close Tranche 2 as quickly as possible to allow the corporation to acquire additional miners and to increase the value of its shares. It is expected that this round will run simultaneously with the buildout of the facility and therefore it is possible that this round closes before Modern Mining becomes profitable. It is expected that Tranche 2 investors will pay a \$0.50 premium (1X) over Tranche 1 investors to properly reflect the reduced risk being taken at this stage. The \$2.5M of subscription proceeds will result in an additional 47,658 of TH/s and will push EBITDA up over \$7M, resulting in a comparable public valuation of approximately \$4.04/share. This tranche is expected to close 1-3 months after Tranche 1.

Tranche 3 - \$3,000,000 - \$6,000,000

Tranche	Capital Amount	Share Issuance Price	Cumulative TH/s - Purchased	Revenue	Expenses	EBITDA	Comparable Public Valuation	Comparable Public Share Price*
3	\$3,000,000	\$2.00	146,777	\$14,919,766	\$3,300,254	\$11,619,512	\$73,388,597	\$5.65

Depending on the amounts raised in Tranches 1 and 2, Tranche 3 may not be necessary as this value may have been created already. In the event that Tranche 3 is necessary, it is expected that investors will subscribe for shares at a \$1.50 premium (3X) over Tranche 1 and a \$1.00 premium (1X) over Tranche 2. The corporation will acquire another 57,403 of TH/s resulting in annual EBITDA in excess of \$11.5M, resulting in a comparable public valuation of approximately \$5.65/share. With a total public corporate valuation of approximately \$73M, management will consider whether, based on market conditions, Modern Mining should pursue a listing on the Canadian Securities Exchange (CSE). This tranche should be completed 1-3 months after Tranche 2 has been completed.

Tranche 4 - \$4,000,000 - \$8,000,000

Tranche	Capital Amount	Share Issuance Price	Cumulative TH/s - Purchased	Revenue	Expenses	EBITDA	Comparable Public Valuation	Comparable Public Share Price*
4	\$4,000,000	\$4.00	235,571	\$23,945,527	\$5,296,754	\$18,648,773	\$117,785,267	\$8.24

Depending on whether Modern Mining has decided to pursue a CSE listing, this round may not be necessary. In the event that Tranche 4 is required, it is expected that investors will subscribe for shares at a \$3.50 premium (7X) being over Tranche 1, a \$3.00 premium (3X) over Tranche 2 and a \$2.00 premium (1X) over Tranche 3. The corporation will acquire another 88,794 TH/s which will result in EBITDA of over \$18.5M and a comparable public valuation of \$8.24/share. This tranche should be completed 1-3 months after Tranche 3.

Total - \$12,500,000 - \$22,000,000

Tranche	Capital Amount	Share Issuance Price	Cumulative TH/s - Purchased	Revenue	Expenses	EBITDA	Comparable Public Valuation	Comparable Public Share Price*
1	\$3,000,000	\$0.50	41,716	\$4,240,376	\$937,972	\$3,302,404	\$20,857,916	\$2.67
2	\$2,500,000	\$1.00	89,374	\$9,084,816	\$2,009,563	\$7,075,253	\$44,687,156	\$4.04
3	\$3,000,000	\$2.00	146,777	\$14,919,766	\$3,300,254	\$11,619,512	\$73,388,597	\$5.65
4	\$4,000,000	\$4.00	235,571	\$23,945,527	\$5,296,754	\$18,648,773	\$117,785,267	\$8.24
Total	\$12,500,000	-	235,571	\$23,945,527	\$5,296,754	\$18,648,773	\$117,785,267	\$8.24

Where Modern Mining successfully raises \$12.5M, it will have acquired 235,571 TH/s and would have a comparable public valuation of \$8.24/share if listed on the TSX. With a comparable public valuation of approximately \$115M, management will consider whether a listing on the TSX is appropriate. It is possible that this process could be completed in under 2 years from the closing of Tranche 1. Where all of the above is achieved, investors will have achieved returns as follows: Tranche 1 - 16.48X, Tranche 2 - 8.24X, Tranche 3 - 4.12X and Tranche 4 - 2.03X.