MODERN

- MINING -

Modern Mining Ltd.

Bitcoin mining is a unique investment opportunity because the business can generate profits within weeks of your investment.*

*MM commenced mining operations in a temporary air-cooled environment 17 days following the close of Tranche 1 and mined its first Bitcoin 15 days later.

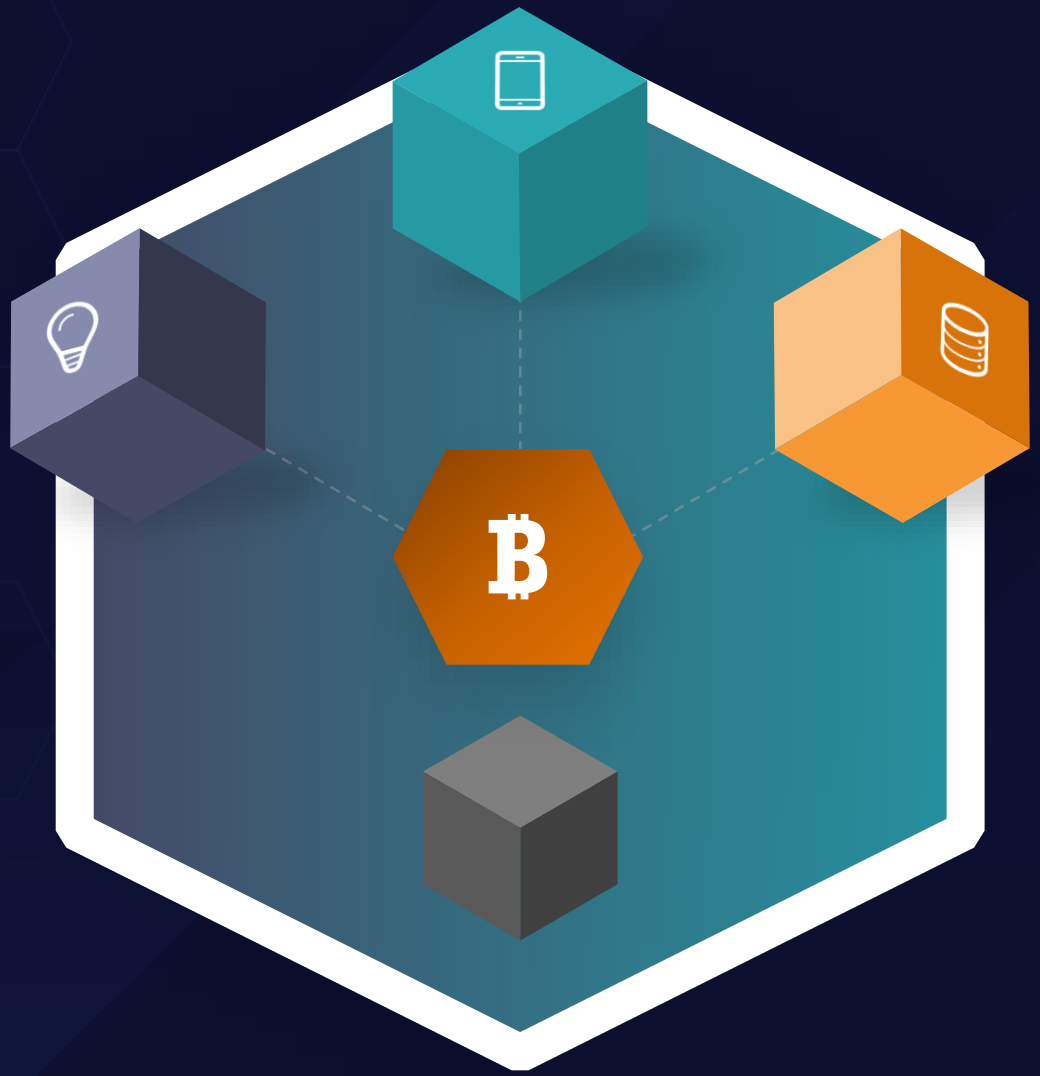
Modern Mining presents investors with an opportunity to invest in one of the most innovative and profitable Bitcoin mining operations in the world.

Modern Mining (MM) is excited to offer our investors an opportunity to invest in a state-of-the-art immersion cooling mining operation that utilizes the best mining machines available in the world today. Located in Medicine Hat, Alberta, MM's Flagship Facility will have access to cheap electricity and low-cost real estate. Utilizing cutting-edge immersion cooled mining (i.e. immersing the mining equipment in tanks filled with dielectric fluid), MM will be able to produce enhanced hashrates (which is how miners make money) with reduced cooling costs, resulting in greater profitability through our mining equipment.

Bitcoin Miners

What they do

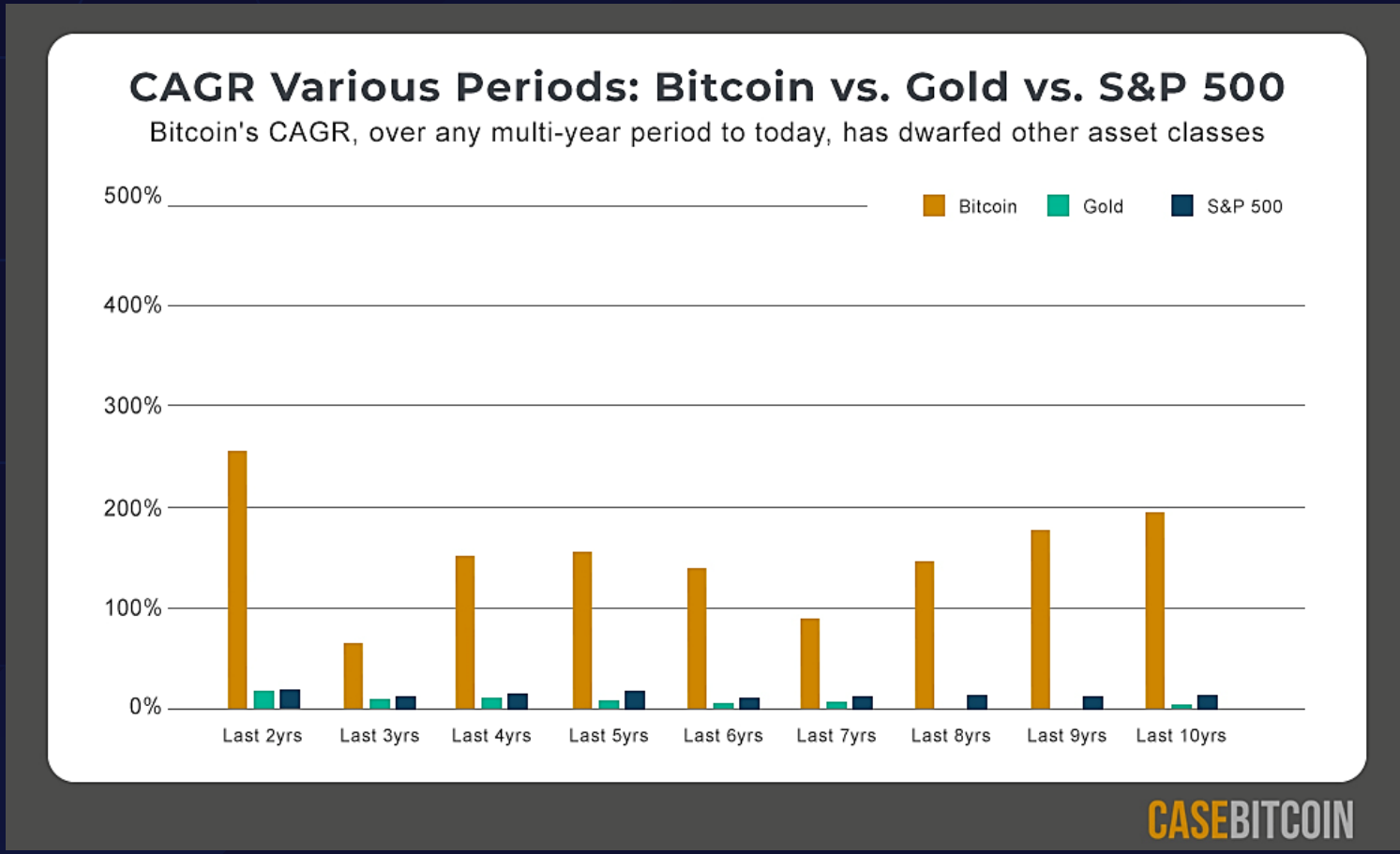
- Verify Transactions (Nodes)
- Combine Transactions
- Solve/Validate New Blocks
- Blockchain Additions
- Maintain Network
- Secure Network



What they get

- Block Rewards (6.25 BTC/block)
- Transaction Fees
- Frequent Payouts (Pools)
- Inflation Protection
- Alternative Asset Class
- Return on Investment

Bitcoin's 10 Year Compounded Annual Growth Rate (CAGR)



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TECHNOLOGY | ETFs | News Wire | Company News — Feb 18, 2021

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BITCOIN · Published February 24

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FINANCE

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TECH

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By Chris Isidore, CNN Business

Updated 11:30 AM ET, Thu February 11, 2021

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21 October 2020

coindesk

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Omkar Godbole

Tue, March 2, 2021, 5:20 AM · 3 min read

QuickTake

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By Claire Ballentine and Katherine Greifeld

February 10, 2021, 6:06 AM EST *Updated on February 18, 2021, 2:06 PM EST*

Bitcoin News Over the Last 30 Days

yahoo/finance | Yahoo Finance Canada

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MARKETS

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Markets

Crypto Fund Inflows Hit Record $1.5B as Bitcoin Futures ETFs Go Live

Bitcoin dominated this week's inflows, with a 99% share. Last week, bitcoin's weekly inflows were at $70 million.

By Lyllah Ledesma · Oct 25, 2021 at 10:31 a.m. MDT · Updated Oct 25, 2021 at 10:43 a.m. MDT ·

CRYPTOCURRENCIES

Another Bitcoin ETF Is Coming. It's Cheaper Than the First.

yahoo/finance

BlockFi, Neuberger Berman join forces for crypto fund as Bitcoin ETFs boom

FINANCE

Mastercard says any bank or merchant on its vast network can soon offer crypto services

PUBLISHED MON, OCT 25 2021•9:00 AM EDT | UPDATED 57 MIN AGO

Why Immersion Cooled Bitcoin Mining?

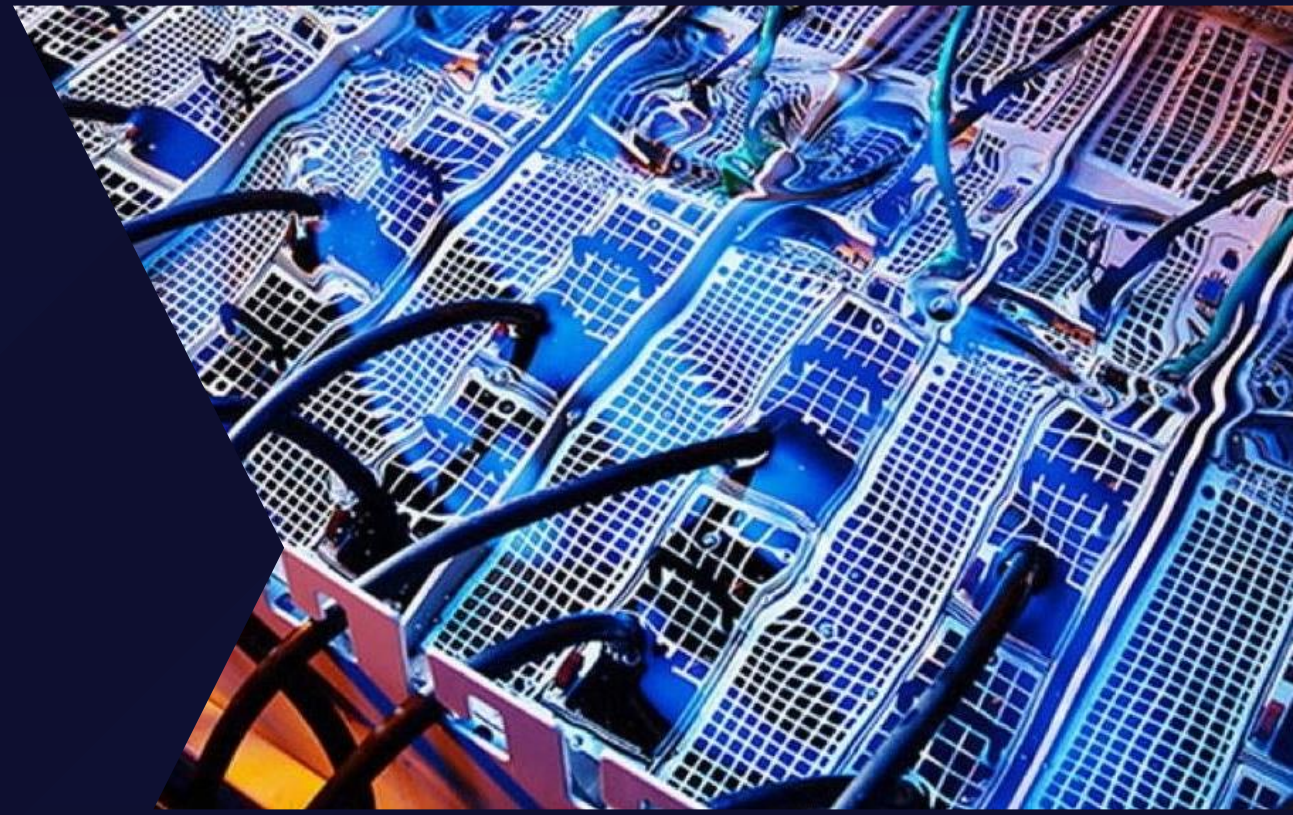
1. Mining profitability is based on a simple formula: (block rewards earned x BTC price) - (electricity costs + operating expenses).

2. Block rewards are generally based on TH/s and the cost of earning block rewards is dependent upon mining difficulty.

3. By utilizing immersion cooled mining, we can increase TH/s while simultaneously reducing the cost of electricity.

4. Immersion cooled mining is cutting-edge and just starting to be deployed in mining operations in the world today.

5. Immersion cooled mining will remain profitable significantly longer than other mining operations.



Buildout Process

Subscriptions – T1

In Tranche 1, MM raised ~$3.7M (debt and equity) for the purpose of securing the infrastructure and mining hardware necessary to build out 1MW of the 2MW Flagship Facility.

01

Acquisition and Setup & T2 Launch

MM has secured the infrastructure and the first 200 miners required to fill the 1st MW (with reinvestment). 120 of those miners are online and generating profits today.

MM is raising an additional $3.5M to complete the buildout of Tranche 2.

02

Operations & Growth

The Flagship Facility is expected to commence operations in January 2022.

MM Management will continue to work to secure additional power in order to facilitate continued growth. Preference will be given to low price ESG power.

03

Liquidity Event

Modern Mining expects to be involved in a liquidity event (IPO, merger, or takeout) within 3-5 years of launch. This expectation is based on Bitcoin halving cycles.

04

Investment Details

Profitability Analysis							
Tranche	**Capital Amount**	**Share Price**	**Shares Issued (Including Director Options @30%)**	**Cumulative TH/s (Purchased + Reinvestment)***	**Revenue****	**Expenses**	**EBITDA*****
1	$2,930,672	$0.50	8,887,632	31,516	$4,531,984	$708,633	$3,823,351
2	$3,500,000	$1.75	2,857,144	35,851	$5,155,333	$806,102	$4,349,231
TOTAL	**$6,430,672**		**11,744,776**	**67,367**	**$9,687,317**	**$1,514,735**	**$8,172,582**

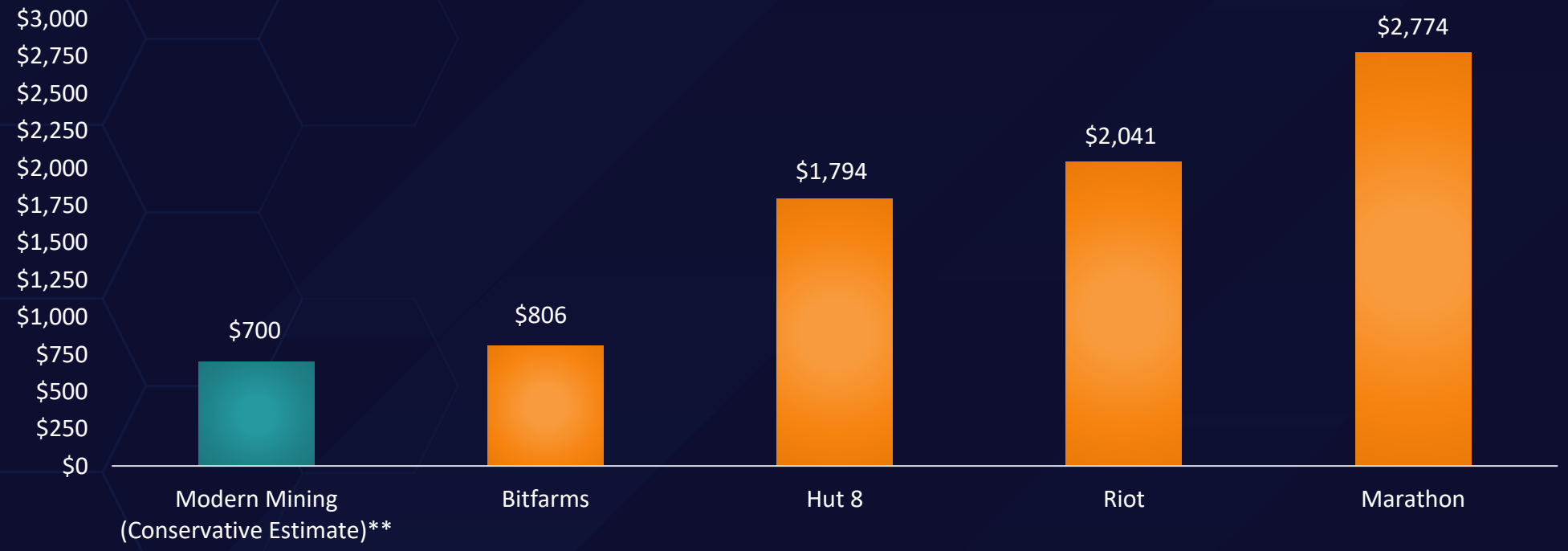
*Based on 12 months of operation from the time that all miners required to complete the facility are acquired using profits from operations.

**Revenue is based on a $50,000 USD price per Bitcoin.

***EBITDA assumes that price of Bitcoin will move in lockstep with mining difficulty of the network.

Valuation Comparables

Enterprise Value ($/CAD) per TH/s*



*Based on publicly disclosed hashrate in October/November news releases. Enterprise value is market cap + debt less cash and cryptocurrency holdings. Market cap is as of November 15, 2021 for all comparable companies, while debt, cash, and cryptocurrency holdings are from most recently reported financial statements.

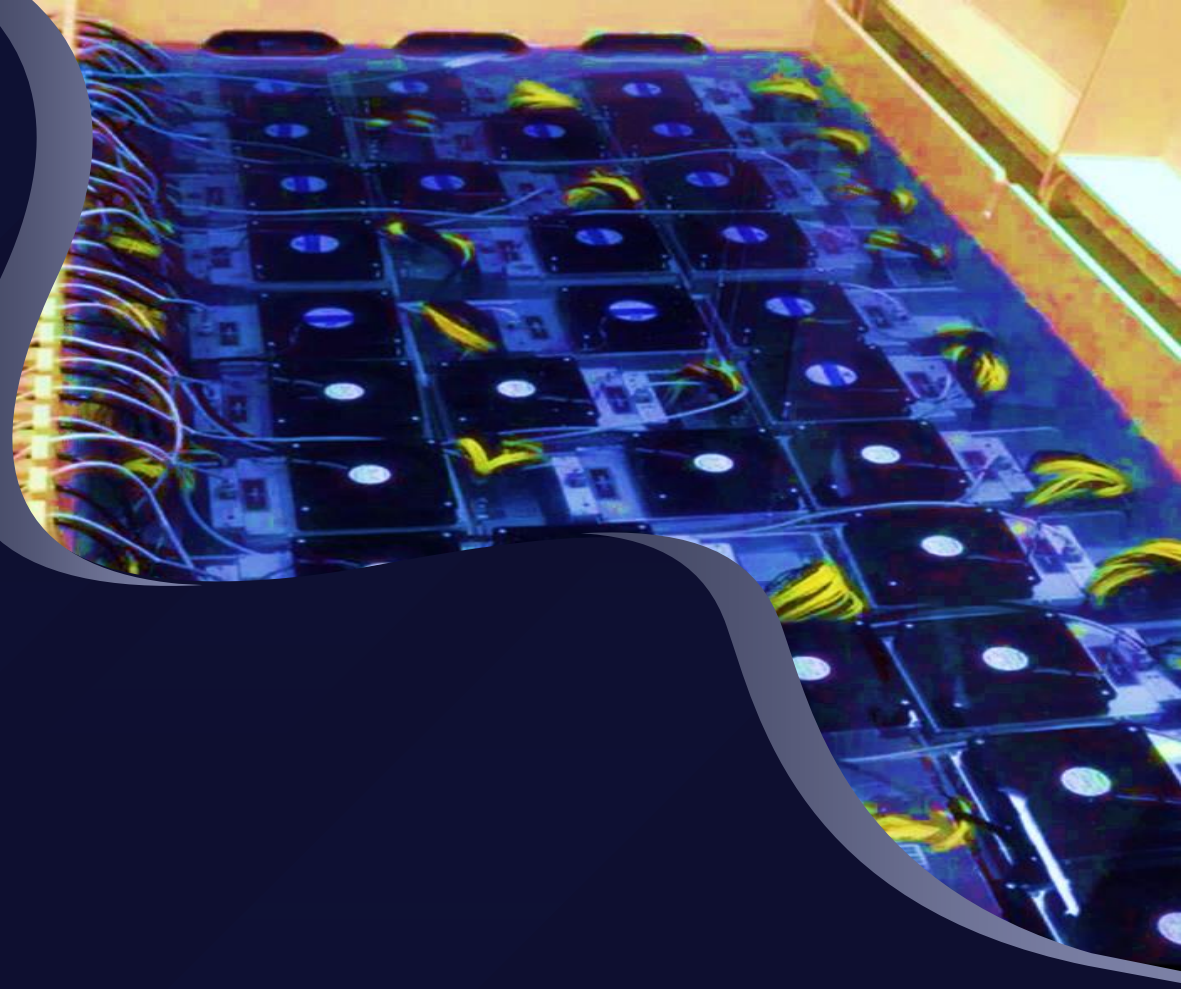
**Modern Mining Tranche 2 utilizes an EV per TH/s of $306; upon buildout execution and further de-risking, a conservative EV per TH/s of $700 may be attained.

Last Updated: November 15, 2021

Corporate Valuation

Following the Tranche 2 raise, it is expected that MM will have a **post-money valuation of ~$20.55M**, or ~2.5X EBITDA.

It is MM management's view that the **Tranche 2 share issuance price of $1.75** (as compared to the Tranche 1 share issuance price of $0.50) is **representative of the fair-market value** of the business.



Corporate Valuation
(Continued)

The increase in share price is a result of the significant de-risking of the investment that has taken place since the completion of Tranche 1. Reduced risk factors are as follows:

- At the time of the Tranche 1 raise, no assurance could be given that sufficient funds would be raised to complete the buildout of the Flagship Facility. With **~$3.7M secured**, the funds required to commence operations and generate profits have been secured.
- Securing miners is a significant risk in the mining industry. By acquiring 200 miners MM has **proven its ability to safely secure miners**.
- In deploying 120 miners in an air-cooled environment, MM is **currently generating revenues and profits.**

Corporate Valuation
(Continued)

- Upon deployment of the capital raised in Tranche 2, MM will **immediately generate revenue and profit** due to the liquidity of the Bitcoin market.
- Upon completion of the Flagship Facility, the **fair-market value of the business is expected to be significantly greater** than the capital deployed.
- Tranche 2 is expected to be the **final raise wherein investors will be able to invest at a discounted multiple of EBITDA**. Based on market research, MM management is of the view that a fully operational mining facility **should trade at a multiple in excess of 6X EBITDA (Conservatively $700/TH x $8.1m = $47.2m, $4.01/share)**.

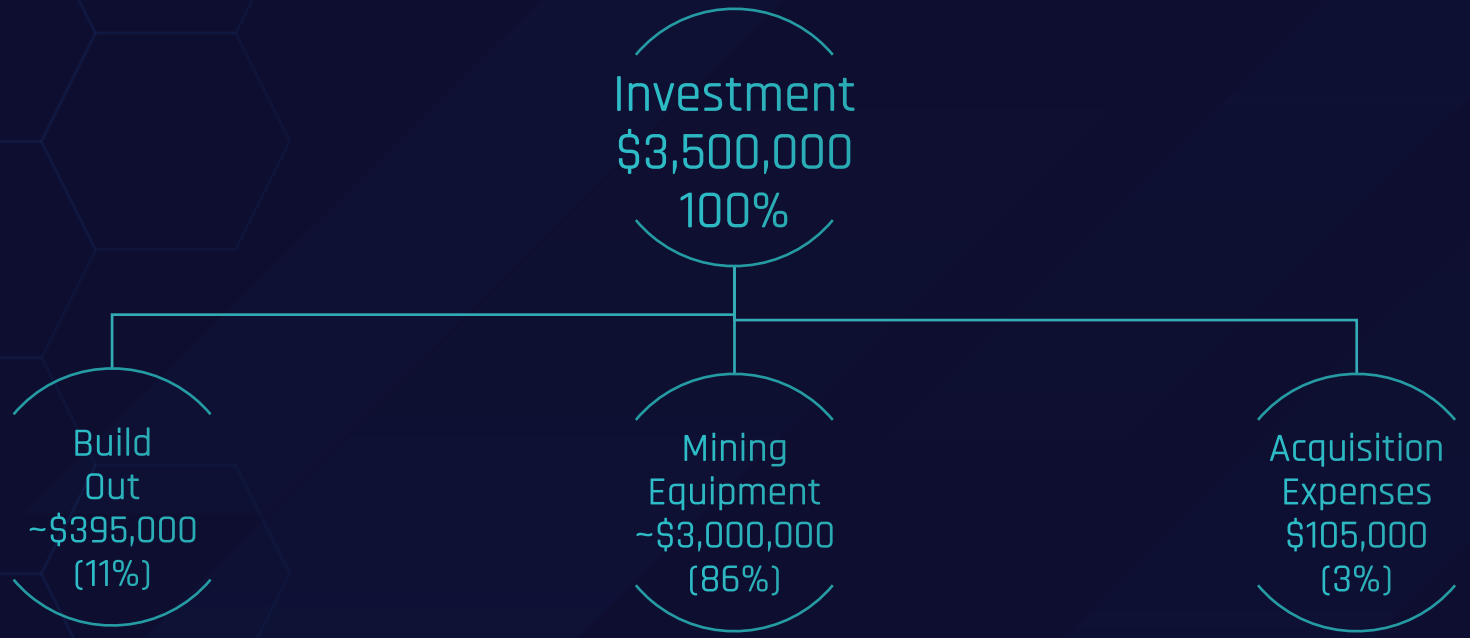
Corporate Valuation
(Continued)

The following is demonstrative of corporate valuation as a multiple of EBITDA resulting from the deployment of miners from Tranche 1 (200 miners), Tranche 2 (240 miners) and the complete 2MW Flagship Facility (480 miners, including reinvestment):

EBITDA Multiples								
Tranche	**EBITDA***	**2X**	**3X**	**4X**	**5X**	**6X**	**7X**	**8X**
1	$3,823,351	$7,646,702	11,470,053	15,293,404	$19,116,755	$22,940,106	$26,763,457	$30,586,808
2	$4,349,231	$8,698,462	13,047,693	17,396,924	$21,746,155	$26,095,386	$30,444,617	$34,793,848
TOTAL	**$8,172,582**	**16,345,164**	**24,517,746**	**32,690,328**	**40,862,910**	**49,035,492**	**57,208,074**	**65,380,656**

*See table in slide 10.

Use of Investor Funds



*Expenses include shipping costs, initial setup costs, insurance premiums, transactions/conversion fees, and referral fees; where such expenses do not reach ~3% of investor funds, excess funds will be utilized to purchase additional miners.

*Exterior electrical completed in Tranche 1. Funds will be used to acquire additional immersion tanks, internal electrical, dry coolers, pumps, dielectric fluid, SMART monitors, and miners for additional 1MW capacity.

Investment Summary

- Subscription proceeds from Tranche 2 will be used to complete the buildout the second megawatt of our immersion cooled mining facility.
- Expected annual profits following completion of the Tranche 2 investment (aggregate subscription Tranche 1 and 2 proceeds of $6.43M) will be in excess of $6.15M (excluding reinvestment).
- Additional miners to be acquired using Tranche 2 subscription proceeds and such miners to be deployed in an air-cooled environment to generate profits while buildout of Flagship Facility is being completed (if possible).
- Flagship Facility expected to commence in January 2022.

Investment Summary (Continued)

- All miners acquired by MM have been, and will continue to be, state-of-the-art (S19s, S19 Pros, S19j Pros, and T19s).
- Overclocking of miners by 30-40% without risk of damage or life reduction available due to immersion cooled environment.
- Future subscribers will be investing into a profitable immersion-cooled mining business and subscription prices will be adjusted accordingly.
- Future investment rounds will be used to continue expansion of MM operations.

Our Advantages

MINER TECHNOLOGY

Only the latest, most efficient, highly-reliable miners are used in our highly-efficient immersion cooling operation.

LOW ELECTRICITY PRICES

We have negotiated dependable low-cost electricity pricing with the City of Medicine Hat.

PROCUREMENT CONTACTS

Miner procurement is always a key risk. We have a network of reliable contacts to ensure the safe and timely delivery of miners.

STATE-OF-THE-ART FACILITIES

Our customized facility will use state-of-the-art immersion cooling technology, have 24/7 monitoring and security, and will allow for enhanced hashrate with reduced overhead.

EXPERIENCE

We have several years of successful cryptocurrency mining, investing, and management experience.

ACCOUNTABILITY

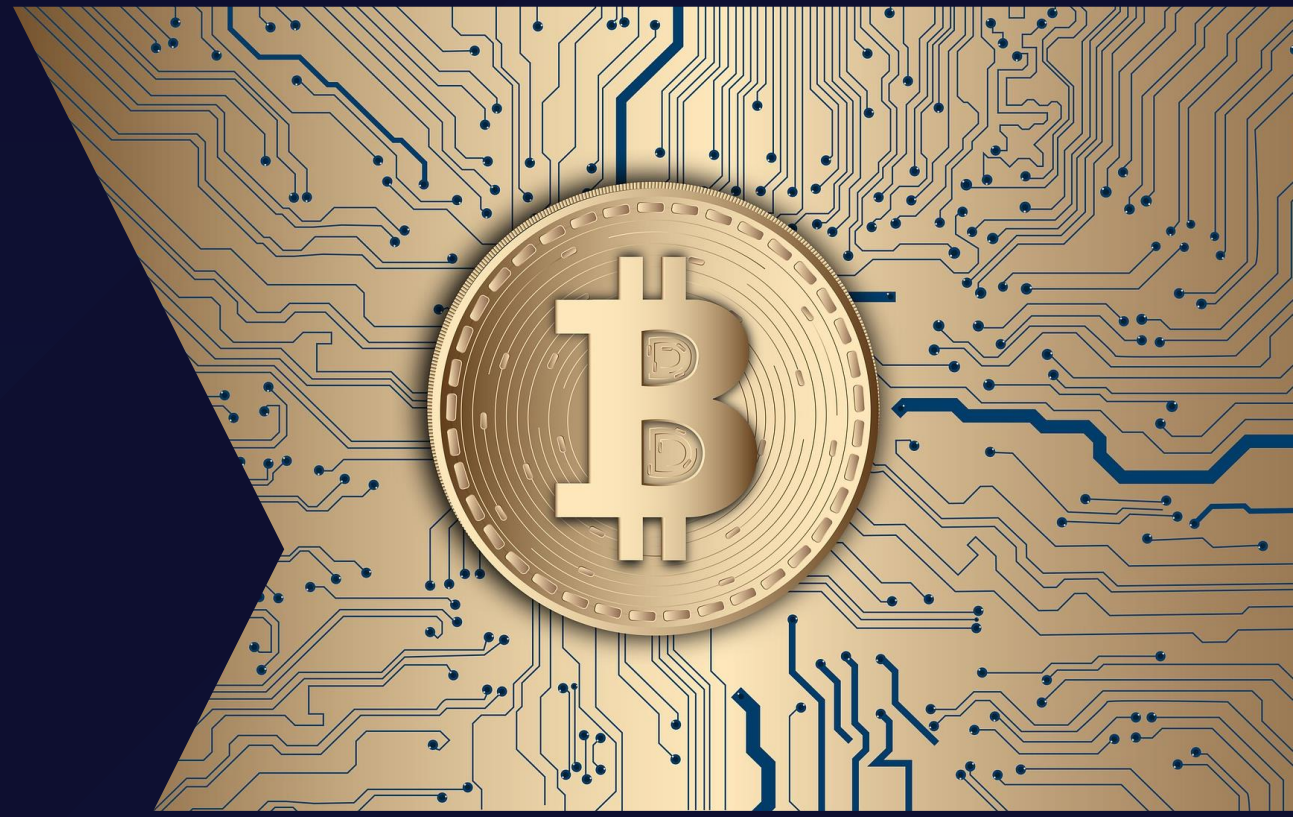
Transparency and accountability are critical to our success – frequent social media updates and annual financials will be provided to investors.

Investment Risks

- The price of Bitcoin routinely hits all-time highs and is interspersed with sharp pullbacks. While we are bullish on Bitcoin, ultimately the market sets the price. If the price of Bitcoin pulls back significantly or does not increase at or above the rate of difficulty increases, profits will be reduced or even nil.

- Miner prices change daily due to Bitcoin price fluctuations. While the price and potential valuations utilize up-to-date values, the expected amounts of TH/s acquired and subsequent valuations may fluctuate.

- Other risks, such as regulatory, network security, wallet security, miner failure or obsolescence, and more, are also inherent in cryptocurrency investments.



Key Takeaways

1. Invest in a business that is already generating profits and has an extremely high probability of generating considerably more profit within months of the date of your investment.
2. Investment proceeds will be used to complete our world-class immersion cooled mining facility in Medicine Hat, Alberta.
3. Valuation of the business (at any reasonable EBITDA multiple) is expected to be significantly higher than the subscription price for Tranche 2.
4. Cryptocurrencies and mining have associated risks; should you require advice, we recommend that you consult with independent advisors.

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