

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): March 28, 2023

Stronghold Digital Mining, Inc.

(Exact Name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

001-40931

(Commission File Number)

86-2759890

(IRS Employer Identification No.)

595 Madison Avenue, 28th Floor  
New York, New York

(Address of principal executive offices)

10022

(Zip Code)

(845) 579-5992

Registrant's telephone number, including area code

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value \$0.0001 per share	SDIG	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

## **Item 1.01 Entry into a Material Definitive Agreement.**

### **B&M Settlement Agreement**

On March 28, 2023, Stronghold Digital Mining, Inc. (the “Company”) and its affiliate, Stronghold Digital Mining Holdings, LLC (“Holdings”), entered into a Settlement Agreement and Mutual Release (the “Settlement Agreement”) with Bruce - Merrilees Electric Co. (“B&M”). Pursuant to the Settlement Agreement, B&M eliminated an estimated \$11.4 million outstanding payable in exchange for a (i) Promissory Note in the amount of \$3,500,000 (the “Promissory Note”) and (ii) Stock Purchase Warrant for the right to purchase from the Company 3,000,000 shares of the Company’s Class A common stock at an exercise price of \$0.0001 per share (the “Warrant”). Pursuant to the Settlement Agreement, B&M released ten 3000 kVA transformers to the Company and cancelled ninety transformers remaining under a pre-existing order with a third-party supplier. The terms of the Settlement Agreement also include a mutual release of all claims as of the date thereof and representations, warranties, and covenants customary for transactions of this type.

Pursuant to the Promissory Note, the first \$500,000 of the principal amount shall be payable by Holdings in four equal monthly installments of \$125,000 beginning on April 30, 2023, so long as (i) no Default or Event of Default has occurred or is occurring under the Credit Agreement and (ii) no PIK Option has been elected by the Company. The remaining principal balance of \$3,000,000 shall be due upon demand by B&M at the earlier to occur of (i) 90 days following the Company’s payment in full of its current indebtedness to WhiteHawk Capital Partners L.P. (“WhiteHawk Capital”) or receipt of consent from WhiteHawk Capital or (ii) the later to occur of one day following the Final Maturity Date or Payment in Full of the Obligation. The principal amount under the Promissory Note bears interest at 7.5%. All capitalized words used but not defined herein have the meanings assigned in the Credit Agreement or the First Amendment, each as defined below.

Pursuant to the Warrant, the Company has agreed to enter into a registration rights agreement with B&M for the shares underlying the warrants by April 4, 2023. The Warrant is being sold and issued without registration under the Securities Act of 1933, as amended (the “Securities Act”), in reliance on the exemptions provided by Section 4(a)(2) of the Securities Act as a transaction not involving a public offering and Rule 506 of Regulation D promulgated under the Securities Act as a sale to accredited investors, and in reliance on similar exemptions under applicable state laws.

### **Subordination Agreement**

Simultaneous with the entry into the Settlement Agreement, on March 28, 2023, the Company, Holdings and each of its subsidiaries entered into a Subordination Agreement with B&M and WhiteHawk Capital (the “Subordination Agreement”), pursuant to which all obligations, liabilities and indebtedness of every nature of the Company and each of its subsidiaries owed to B&M pursuant to the Settlement Agreement, Promissory Note and otherwise shall be subordinate and subject in right and time of payment to the prior payment of full of the Company’s obligation to WhiteHawk (as defined below) pursuant to the Credit Agreement.

### **WhiteHawk Credit Agreement Second Amendment**

As previously announced, on October 27, 2022, the Company entered into a secured credit agreement (the “Credit Agreement”) with WhiteHawk Finance LLC (“WhiteHawk”) to refinance the equipment financing agreement, dated June 30, 2021 by and between Stronghold Digital Mining Equipment, LLC (“Stronghold LLC”) and WhiteHawk (the “WhiteHawk Financing Agreement”), effectively terminating the WhiteHawk Financing Agreement. On February 6, 2023, the Company, Holdings, as borrower, their subsidiaries and WhiteHawk Capital, as collateral agent and administrative agent, and the other lenders thereto, entered into an amendment to the Credit Agreement (the “First Amendment”) in order to modify certain covenants, modify certain amortization payments and remove certain prepayment requirements contained therein. Simultaneous with the entry into the Settlement Agreement and the Subordination Agreement, on March 28, 2023, the Company, Holdings, as borrower, their subsidiaries and WhiteHawk Capital, as collateral agent and administrative agent, and the other lenders thereto, entered into a second amendment to the Credit Agreement (the “Second Amendment”). Pursuant to the Second Amendment, among other items, the terms “Permitted Indebtedness”, “Subordinated Indebtedness” and “Material Contracts” under the Credit Agreement were amended to include and account for the Settlement Agreement, Promissory Note and Warrant, and the Company’s obligations thereunder.

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The foregoing description of the Settlement Agreement, Promissory Note, Warrant, Subordination Agreement and Second Amendment are not intended to be complete and are qualified in their entirety by reference to the full text of the agreements, which are filed as Exhibits 10.1, 10.2, 10.3, 10.4 and 10.5 to this Current Report on Form 8-K and incorporated into this Item 1.01 by reference.

**Item 3.02. Unregistered Sales of Equity Securities.**

To the extent required by this Item 3.02, the information contained in Item 1.01 is incorporated herein by reference.

**Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On March 29, 2023, William Spence announced his retirement from the Company's board of directors and his role as co-chairman of the Company. The Company and Mr. Spence are in discussions to enter into a consulting arrangement whereby Mr. Spence will provide certain services to the Company related to fly ash, carbon sequestration and fuel sources.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

<b>Exhibit Number</b>	<b>Description</b>
<a href="#">10.1</a>	Settlement Agreement and Mutual Release, dated as of March 28, 2023, by and among Stronghold Digital Mining, Inc., Stronghold Digital Mining Holdings, LLC and Bruce-Merrilees Electric Co.
<a href="#">10.2</a>	Promissory Note, dated as of March 28, 2023 between Stronghold Digital Mining Holdings, LLC and Bruce-Merrilees Electric Co.
<a href="#">10.3</a>	Stock Purchase Warrant, dated as of March 28, 2023 between Stronghold Digital Mining, Inc. and Bruce-Merrilees Electric Co.
<a href="#">10.4</a>	Subordination Agreement, dated as of March 28, 2023 between WhiteHawk Capital Partners LP, Bruce-Merrilees Electric Co., Stronghold Digital Mining, Inc., Stronghold Digital Mining Holdings, LLC as Borrower, and each subsidiary of the Borrower listed therein.
<a href="#">10.5</a>	Second Amendment to Credit Agreement, dated as of March 28, 2023, by and among Stronghold Digital Mining, Inc. as Holdings and a Guarantor, Stronghold Digital Mining Holdings, LLC as Borrower, each subsidiary of the Borrower listed as a Guarantor therein, WhiteHawk Finance LLC and/or its affiliates or designees and the other lenders from time-to-time party thereto as Lenders and WhiteHawk Capital Partners LP, as Collateral Agent and Administrative Agent
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

STRONGHOLD DIGITAL MINING, INC

Date: April 3, 2023

By: /s/ Gregory A. Beard

Name: Gregory A. Beard

Title: Chief Executive Officer and Co-Chairman

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**SETTLEMENT AGREEMENT AND MUTUAL RELEASE**

This Settlement Agreement and Mutual Release (“Agreement”) is entered into as of March 28, 2023 between Stronghold Digital Mining, Inc., a Delaware corporation (“Stronghold” or, the “Company”), Stronghold Digital Mining Holdings, LLC (“Holdings”) and Bruce - Merrilees Electric Company, a Pennsylvania corporation (“B&M”) (the aforementioned parties being referred to hereinafter collectively as “the Parties” and individually as “Party”).

**RECITALS**

WHEREAS, Holdings and B&M are parties to a Master Services Agreement dated November 3, 2021 (the “MSA”);

WHEREAS, in the MSA, B&M agreed to provide certain project management and engineering services to Holdings; and

WHEREAS, disputes have arisen between the parties regarding their respective performances and obligations under the MSA; and

WHEREAS, the Parties have discussed their differences and have reached a compromise resolving all disputes existing between them as of the date of this Agreement, whether now known or discovered in the future, of any nature whatsoever.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants contained herein, the sufficiency of which is hereby acknowledged, and intending to be legally bound, the Parties agree as follows:

**TERMS****1. Settlement Benefits and Consideration.**

- A. Simultaneous with the entry into this Agreement, Stronghold will enter into a Stock Purchase Warrant with B&M, substantially in the form attached hereto as Exhibit A, pursuant to which B&M shall receive warrants (the “Warrants”) for the right to purchase from the Company 3,000,000 shares of Class A common stock, par value \$0.0001 per share (the “Shares”), of the Company.
  - B. Stronghold will issue a Promissory Note, in the amount of \$3,500,000.00 to B&M, substantially in the form attached hereto as Exhibit B (the “Promissory Note”), such Promissory Note to bear annual interest at a rate of 7.5% to be paid monthly.
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- C. B&M will fully and finally forgive and waive any and all of its right to payment from Stronghold or any of its affiliates for (1) Job #SV4266-000 (Strongbox 2.0) in the amount of \$5,251,719.87 (the balance of B&M invoice #9389) and (2) Job # BM4255-000 (Transformers) in the amount of \$6,175,000 (the balance of B&M Invoice #9499).
- D. On or before March 10, 2023, B&M shall have paid \$500,000 to JCL Energy (“JCL”) in full and complete satisfaction of any outstanding amounts owed to JCL for transformers to be used in Stronghold operations.
- E. So long as (i) no Default or Event of Default has occurred or is occurring (as those terms are defined in that certain Credit Agreement dated October 27, 2022 (as amended from time to time, the “Credit Agreement”) by and between Stronghold, Holdings, each Guarantor (as defined in the Credit Agreement) and WhiteHawk Finance LLC and/or its affiliates or designees and the other lenders from time to time party thereto (each a “Lender” and collectively, the “Lenders”), (ii) no PIK Option (as such term is defined in that certain First Amendment to Credit Agreement dated February 6, 2023 (the “First Amendment”)) has been elected by Holdings, and (iii) such payment to B&M is permissible under the terms of the Subordination Agreement (as defined below), Stronghold shall reimburse B&M for the \$500,000 payment to JCL referred to in Paragraph D above in four equal monthly installments of \$125,000, such installments due beginning on April 30, 2023 and thereafter on the last business day of the next three consecutive months. For the avoidance of doubt, in the event Stronghold makes any monthly installment payment to B&M, a corresponding amount shall be extinguished from the principal amount outstanding pursuant to Paragraph 1(b) of the Promissory Note. In the event Holdings elects to utilize the PIK Option pursuant to Section 2.04(c) of the Credit Agreement, Stronghold’s obligation to reimburse B&M as set forth in this paragraph shall also be paid in kind by capitalizing such interest and adding such amount to the principal amount outstanding under the Promissory Note. In such an event, B&M will be entitled to 7.5% annual interest paid monthly on each \$125,000 payment owed by Stronghold.
- F. B&M shall have (1) released ten (10) 3000kva transformers to Stronghold; and (2) fully cancelled the ninety (90) transformers remaining under the initial purchase for 100 transformers from JCL. Stronghold bears no responsibility for B&M’s failure to cancel any or all of the 90 transformers remaining.
- G. Simultaneous with the execution of this agreement, B&M shall enter into a Subordination Agreement (the “Subordination Agreement”), with WHITEHAWK CAPITAL PARTNERS LP (“WHITEHAWK”) , as the Senior Agent (as defined in the Subordination Agreement), B&M, as the Subordinated Creditor, and the other Loan Parties (as defined in the Subordination Agreement) party thereto, pursuant to which all obligations, liabilities and indebtedness of every nature of each Loan Party or any subsidiary of any Loan Party from time to time owed to B&M under the Subordinated Debt Documents (as defined in the Subordination Agreement), shall be subordinate and subject in right and time of payment to the prior Payment in Full of all Senior Debt (each as defined in the Subordination Agreement).

2. Mutual Release. The Parties fully, finally, and mutually release, acquit, and forever discharge each other and their agents, consultants, sub-consultants, subcontractors, sub-subcontractors, attorneys, employees, officers, partners, members, shareholders, parents, subsidiaries, affiliates, principals, trustees, owners, directors, sureties, insurers, guarantors, successors, and all other persons and entities in privity with any of them, of and from any and all known or unknown disputes, claims, demands, claims of subrogation or indemnity, claims to any contract or subcontract balances or retainage, claims related to any express or implied warranty, claims related to any products or services sold by or on behalf of B&M to Stronghold or any of its affiliates on or prior to the date of this Agreement, claims for attorney's fees or defense, and causes of action of any kind whatsoever, whether held by assignment or otherwise, and whether sounding in tort, contract, or trespass, or arising by operation of law or statute, that either Party has or had against the other as of the date of this Agreement. For the sake of clarity, this mutual release does not apply to obligations arising under this Agreement, the Warrant, the Registration Rights Agreement or the Promissory Note. The provisions of any local, state, federal or foreign law, statute, judicial decision or other rule or regulation providing in substance that a release shall not extend to unknown or unsuspected claims, demands, damages or losses are hereby expressly waived.
3. Representations and Warranties of B&M. B&M represents and warrants on behalf of itself to the Company, as of the date hereof, that:
- A. The execution, delivery and performance by B&M of this Agreement, the documents attached hereto (the "Transaction Documents") to which it is a party, and the consummation of the transactions contemplated hereby and thereby are within the powers of B&M and have been duly authorized by all necessary action on the part of B&M, and no further consent, approval or authorization is required by B&M or its equity owners in order for B&M to perform its obligations hereunder or thereunder and consummate the transactions contemplated hereby and thereby, including, without limitation, the release and cancellation of the payables referred to in Paragraph 1.C above and acceptance of the Warrants and Promissory Note as contemplated hereunder and referred to in Paragraph 1.A and 1.B above, and that this Agreement constitutes (and the other Transaction Documents to which it is a party will constitute) a valid and binding agreement of B&M, enforceable in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement or creditors' rights generally or (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.
- B. The execution, delivery and performance by B&M of this Agreement, the Transaction Documents to which it is a party and the consummation of the transactions contemplated hereby and thereby require no order, license, consent, authorization or approval of, or exemption by, or action by or in respect of, or notice to, or filing or registration with, any governmental body, agency or official on the part of B&M.

- C. The execution, delivery and performance by B&M of this Agreement, the Transaction Documents to which it is a party and the consummation of the transactions contemplated hereby and thereby, do not and will not violate (i) the Articles of Incorporation (or similar constituent document) or shareholders agreement (or similar constituent document) of B&M, (ii) any material agreement to which B&M is a party or by which B&M or any of its property or assets is bound or (iii) any law, rule, regulation, judgment, injunction, order or decree applicable to B&M.
- D. B&M is an “accredited investor” within the meaning of Rule 501(a) under the Securities Act of 1933, as amended (the “Securities Act”), with such knowledge, sophistication and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Warrants which are being issued by Stronghold to B&M pursuant to Paragraph 1.A above. B&M acknowledges that it understands the risks inherent in an investment in the Warrants and the Shares and that it has the financial ability to fend for itself and bear the economic risk of, and to afford the entire loss of, its investment in the Warrants and the Shares.
- E. B&M understands that its investment in the Warrants and the Shares being acquired by B&M from Stronghold involves a high degree of risk. B&M understands that no U.S. federal or state agency or any other government or governmental agency has passed on or made any recommendation or endorsement of the Warrants or Shares being acquired by B&M from Stronghold. B&M represents and warrants that it has read and understands the risk factors relating to Stronghold set forth in the filings with the SEC prior to the date hereof (the “Company SEC Filings”), under the respective “Risk Factors” heading.
- F. B&M has made its own independent inquiry as to the legal, tax and accounting aspects of the transactions contemplated by this Agreement, and B&M has not relied on the Company, the Company’s legal counsel or the Company’s accounting advisors for legal, tax or accounting advice in connection with the transactions contemplated by this Agreement. B&M has determined based on its own independent review and due diligence investigation of the Company and such professional advice as it deems appropriate that the transactions contemplated by this Agreement, including the cancellation of the payables and the acquisition and ownership of the Shares (i) is consistent with its financial needs, objectives and condition, (ii) complies and is consistent with all investment policies, guidelines and other restrictions applicable to B&M, and (iii) is a fit, proper and suitable investment for B&M, notwithstanding the substantial risks inherent in such transactions, including investing in or holding the Warrants.
- G. B&M covenants that neither it nor any person acting on behalf of or pursuant to any understanding with it will engage in any transactions in the securities of Company (including “short sales,” as defined in Rule 200 of Regulation SHO under the Securities Exchange Act) of 1934, as amended (the “Exchange Act”) from the date of this Agreement to the time that the transactions contemplated by this Agreement are publicly disclosed by the Company.



- H. B&M understands that the Warrants have not yet been, and will not be, registered under the Securities Act, by reason of a specific exemption from the registration provisions of the Securities Act which depends upon, among other things, the bona fide nature of the investment intent and the accuracy of B&M's representations as expressed herein. B&M understands that the Warrants are "restricted securities" under applicable U.S. federal and state securities laws and that, pursuant to these laws, B&M must hold the Warrants indefinitely unless they are registered with the SEC and qualified by state authorities, or an exemption from such registration and qualification requirements is available.
- I. Except as otherwise contemplated by the Registration Rights Agreement and this Agreement, B&M understands that the Shares may be notated with the following legend or any legend required by the securities laws of any state to the extent such laws are applicable to the Warrants represented by the certificate, instrument, or book entry so legended:
- THE SHARES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH TRANSFER MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL IN A FORM SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933.
- J. B&M understands that no public market now exists for the Warrants, and that the Company has made no assurances that a public market will ever exist for the Warrants.
- K. B&M acknowledges and agrees that, other than its claim for payment of the outstanding amounts owed under the invoices referred to in Paragraph 1.C above (which claim is released under this Agreement), and excluding any rights and obligations arising under this Agreement or the other Transaction Documents, B&M has no other claim or cause of action of any kind whatsoever against Stronghold or any of its affiliates as of the date of this Agreement.
4. Representations and Warranties of the Company. The Company and Holdings, jointly and severally, represent and warrant to B&M, as of the date hereof, that:

- A. The Company has the authorized capitalization as set forth in the Company's Second Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation") and the Company SEC Filings. Except as disclosed in the Company SEC Filings or as is not material to the Company, (i) there are no outstanding options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, or exercisable or exchangeable for, any capital stock of the Company or any of its Subsidiaries, or contracts, commitments, understandings or arrangements by which the Company or any of its subsidiaries is or may become bound to issue additional capital stock of the Company or any of its subsidiaries or options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, or exercisable or exchangeable for, any capital stock of the Company or any of its Subsidiaries; (ii) there are no outstanding debt securities, notes, credit agreements, credit facilities or other agreements, documents or instruments evidencing indebtedness of the Company or any of its subsidiaries or by which the Company or any of its subsidiaries is or may become bound; and (iii) except for such agreements or arrangements that would result in the registration of less than 500,000 securities, there are no agreements or arrangements under which the Company or any of its subsidiaries is obligated to register the sale of any of their securities under the Securities Act (except pursuant to the Registration Rights Agreement).
- B. Each of the Company and its subsidiaries (which for purposes of this Section 4, shall in all instances expressly include Holdings), has been duly organized and is validly existing as a corporation or other legal entity, as applicable, in good standing (or its equivalent) under the laws of its jurisdiction of incorporation or organization. Each of the Company and its subsidiaries is duly qualified to do business and is in good standing as a foreign corporation or other legal entity in each jurisdiction in which its ownership or lease of its properties or the conduct of its business requires such qualification and has all corporate power and authority necessary to own or hold its properties and to conduct the businesses in which each is engaged as described in the Company SEC Filings, except where the failure to so qualify or have such power or authority would not reasonably be expected to have a material adverse effect (as defined below) or a material adverse effect on the ability of the Company to perform its obligations under, and consummate the transactions contemplated by, this Agreement.
- C. The execution, delivery and performance of this Agreement, the Transaction Documents and the consummation of the transactions contemplated hereby and thereby do not and will not conflict or result in a breach of or violation of or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any assets or properties of the Company or any of its subsidiaries pursuant to, any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound or to which any of the assets or properties of the Company or any of its subsidiaries is subject, which has not been waived nor will such action result in any violation of (i) the provisions of the Certificate of Incorporation or the Amended and Restated Bylaws of the Company or similar organizational documents of any of its subsidiaries or (ii) in any material respect, any applicable law or statute or any order, rule, regulation or judgment of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their assets, properties or operations.

- D. The execution, delivery and performance by the Company and Holdings of this Agreement and the Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby are within the powers of the Company and Holdings, as applicable, and have been duly authorized by all necessary action on the part of the Company and Holdings, and no further consent, approval or authorization is required by the Company or Holdings or their respective equity owners in order for the Company and Holdings to perform their respective obligations hereunder or thereunder and consummate the transactions contemplated hereby and thereby, including, without limitation, the issuance of the Warrants and Shares upon exercise of the Warrants, the reservation of the Shares for issuance, the listing of such Shares on The Nasdaq Global Market, the repayment of the principal and interest under the Promissory Note, and that this Agreement constitutes (and the other Transaction Documents to which they are a party will constitute) a valid and binding agreement of the Company and Holdings, enforceable in accordance with its terms, except (i) for the consent of WHITEHAWK and any affiliates thereof; (ii) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement or creditors' rights generally or (iii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.
- E. The Company is eligible to use Form S-3 for the registration of securities. The reports of the Company required to be filed by it under the Securities Act and the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, for the 12 months preceding the date of this Agreement did not, at the time they were filed, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; *provided, however*, that information disclosed in such reports shall be deemed to be modified by information disclosed in subsequently filed reports filed before the date of this Agreement. As of their respective dates, the financial statements of the Company included in the Company SEC Filings complied in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto as in effect as of the time of filing. The Company is not currently contemplating to amend or restate any of the financial statements (including, without limitation, any notes or any letter of the independent accountants of the Company with respect thereto) included in the Company SEC Filings (the "Financial Statements"), nor is the Company currently aware of facts or circumstances which would require the Company to amend or restate any of the Financial Statements, in each case, in order for any of the Financials Statements to be in compliance with U.S. generally accepted accounting principles and the rules and regulations of the SEC. The Company has not been informed by its independent accountants that they recommend that the Company amend or restate any of the Financial Statements or that there is any need for the Company to amend or restate any of the Financial Statements.

- F. The Warrants and Shares, when issued and delivered in exchange for the release and cancellation of the payables identified in Paragraph 1.C above in accordance with the terms and for the consideration set forth in this Agreement, will be duly and validly authorized and issued, fully-paid and non-assessable, free and clear of all encumbrances, liens, equities or claims and any preemptive or similar rights. The Shares that may be issued upon conversion of the Shares or the exercise of any Warrants have been duly reserved for issuance. Subject to the accuracy of the representations and warranties of B&M in this Agreement, the offer and issuance by the Company of the Warrants and Shares is exempt from registration under the Securities Act.
- G. Except as disclosed in the Company SEC Filings, since the date of the Company's most recent audited financial statements contained in a Form 10-K, there has been no material adverse change and no material adverse development in the business, assets, liabilities, properties, operations (including results thereof), condition (financial or otherwise) or prospects of the Company or any of its subsidiaries. Neither the Company nor any of its subsidiaries has taken any steps to seek protection pursuant to any law or statute relating to bankruptcy, insolvency, reorganization, receivership, liquidation or winding up, nor does the Company or any Subsidiary have any knowledge or reason to believe that any of their respective creditors intend to initiate involuntary bankruptcy proceedings or any actual knowledge of any fact which would reasonably lead a creditor to do so. The Company and its Subsidiaries, individually and on a consolidated basis, are not as of the date hereof, and after giving effect to the transactions contemplated hereby to occur at the Closing, will not be Company Insolvent (as defined below). For purposes of this Section 4.G, "Company Insolvent" means, with respect to the Company and its subsidiaries, on a consolidated basis, (A) the present fair saleable value of the Company's and its subsidiaries' assets is less than the amount required to pay the Company's and its subsidiaries' total indebtedness, (B) the Company and its subsidiaries are unable to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured or (C) the Company and its subsidiaries intend to incur or believe that they will incur debts that would be beyond their ability to pay as such debts mature.
- H. All disclosure provided to B&M regarding the Company and its subsidiaries, their businesses and the transactions contemplated hereby, furnished by or on behalf of the Company or any of its subsidiaries is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

- I. There is no investment banker, broker, finder or other intermediary which has been retained by, will be retained by or is authorized to act on behalf of the Company who would be entitled to any fee or commission from Company or B&M for soliciting the exchange upon consummation of the transactions contemplated by this Agreement.
- J. The Company acknowledges and agrees that, other than the warranty claims it has submitted to B&M (which claims are released under this Agreement), and excluding any rights and obligation arising under this Agreement, the Company has no other claim or cause of action of any kind whatsoever against B&M as of the date of this Agreement.

5. Covenants.

- A. From the date hereof until the date on which B&M shall have sold all of the Registrable Securities, the Company shall timely file all reports required to be filed with the SEC pursuant to the Exchange Act, and the Company shall not terminate its status as an issuer required to file reports under the Exchange Act even if the Exchange Act or the rules and regulations thereunder would no longer require or otherwise permit such termination. The Company shall take all actions necessary to maintain its eligibility to register the Registrable Securities for resale by B&M on Form S-3 (as defined in the Registration Rights Agreement).
- B. Neither the Company nor any of its subsidiaries shall take any action which could be reasonably expected to result in the delisting or suspension of the Common Stock on the Nasdaq Global Market. The Company shall pay all fees and expenses in connection with satisfying its obligations under this Section 5.B.
- C. The Company shall timely file a Current Report on Form 8-K describing all the material terms of the transactions contemplated by the Transaction Documents in the form required by the Exchange Act (including any attachments thereto, the "8-K Filing"). From and after the filing of the 8-K Filing, the Company shall disclose all material, non-public information (if any) provided to B&M by the Company or any of its subsidiaries or any of their respective officers, directors, employees or agents in connection with the transactions contemplated by the Transaction Documents. In addition, effective upon the filing of the 8-K Filing, the Company acknowledges and agrees that any and all confidentiality or similar obligations under any agreement, whether written or oral, between the Company, any of its subsidiaries or any of their respective officers, directors, affiliates, employees or agents, on the one hand, and B&M or any of their affiliates, on the other hand, shall terminate.

- D. The Company shall not, and the Company shall use best faith efforts to cause each of its subsidiaries and each of its and their respective officers, directors, employees and agents not to, provide B&M with any material, non-public information regarding the Company or any of its subsidiaries from and after the date hereof without the express prior written consent of B&M (which may be granted or withheld in such Buyer's sole discretion). In the event of a breach of any of the foregoing covenants, including, without limitation, Section 5.D of this Agreement, or any of the covenants or agreements contained in any other Transaction Document, by the Company, any of its subsidiaries, or any of its or their respective officers, directors, employees and agents (as determined in the reasonable good faith judgment of B&M), in addition to any other remedy provided herein or in the Transaction Documents, B&M shall have the right, following reasonable consultation with Stronghold, to make a public disclosure, in the form of a press release, public advertisement or otherwise, of such breach or such material, non-public information, as applicable. B&M shall have no liability to the Company, any of its subsidiaries, or any of its or their respective officers, directors, employees, affiliates, stockholders or agents, for any such disclosure.
- E. So long as any of the Warrants remain outstanding, the Company shall take all action necessary to at all times have authorized, and reserved for the purpose of issuance, no less than 100% of the maximum number of Shares issuable upon conversion of all the Warrants then outstanding (collectively, the "Required Reserve Amount"). If at any time the number of shares of Common Stock authorized and reserved for issuance is not sufficient to meet the Required Reserve Amount, the Company will promptly take all corporate action within its power necessary to authorize and reserve a sufficient number of shares, including, without limitation, calling a special meeting of stockholders to authorize additional shares to meet the Company's obligations pursuant to the Transaction Documents, in the case of an insufficient number of authorized shares, and recommending that the Company's stockholders vote in favor of approval of an increase in such authorized number of shares.
- F. Certificates evidencing Shares shall not be required to contain the legend set forth in Section 3.I above or any other legend (i) while a registration statement (including a Registration Statement) covering the resale of such Shares is effective under the Securities Act, (ii) following any sale of such Shares pursuant to Rule 144 under the Securities Act (assuming the transferor is not an affiliate of the Company), (iii) if such Securities are eligible to be sold, assigned or transferred under Rule 144 (provided that B&M provides the Company with reasonable assurances that such Shares are eligible for sale, assignment or transfer under Rule 144 which shall not include an opinion of B&M counsel), (iv) in connection with a sale, assignment or other transfer (other than under Rule 144), provided that B&M provides the Company with an opinion of counsel to B&M, in a generally acceptable form, to the effect that such sale, assignment or transfer of the Shares may be made without registration under the applicable requirements of the Securities Act or (v) if such legend is not required under applicable requirements of the Securities Act (including, without limitation, controlling judicial interpretations and pronouncements issued by the SEC). If a legend is not required pursuant to the foregoing, the Company shall no later than two (2) Trading Days (or such earlier date as required pursuant to the 1934 Act or other applicable law, rule or regulation for the settlement of a trade initiated on the date B&M delivers such legended certificate representing such Shares to the Company) following the delivery by B&M to the Company or the transfer agent (with notice to the Company) of a legended certificate representing such Shares (endorsed or with stock powers attached, signatures guaranteed, and otherwise in form necessary to affect the reissuance and/or transfer, if applicable), together with any other deliveries as reasonably required by the Company's transfer agent, as directed by B&M, either: (A) credit the aggregate number of shares of Common Stock to which B&M shall be entitled to B&M's or its designee's balance account with DTC through its Deposit/Withdrawal at Custodian system or (B) issue and deliver (via reputable overnight courier) to B&M or its designee, a certificate representing such Shares that is free from all restrictive and other legends, registered in the name of B&M or its designee. The Company shall be responsible for any transfer agent fees or DTC fees with respect to any issuance of Shares or the removal of any legends with respect to any Shares in accordance herewith.

- G. The Parties shall use best faith efforts to enter into the Registration Rights Agreement pursuant to which the Shares issuable upon exercise of the Warrants will be registered under the Securities Act no later than five (5) Trading Days following the execution of this Agreement.
6. Agreement Voluntarily Entered into by Each of the Parties Hereto. This Agreement is executed voluntarily by each of the Parties hereto without any duress or undue influence on the part, or on behalf, of any of them. The Parties hereto represent and warrant to each other that they have read and fully understand each of the provisions of this Agreement and have relied on the advice and representations of competent legal counsel of their own choosing.
7. Taxes. For U.S. federal and applicable state and local income tax purposes, the Company and B&M hereby acknowledge and agree (i) that notwithstanding the form of the payable, the Warrants and Shares are treated as equity of the Company and (ii) to file all tax returns consistent with the tax treatment described in clause (i).
8. Interpretation. This Agreement has been negotiated at arm's length and between and among Persons sophisticated and knowledgeable in the matters dealt with in this Agreement. In addition, this Agreement was drafted by experienced and knowledgeable legal counsel for each of the Parties hereto. Accordingly, none of the Parties hereto shall be presumptively entitled to have any provisions of the Agreement construed against any of the other Parties hereto in accordance with any rule of law, legal decision or doctrine. The provisions of this Agreement shall be interpreted in a reasonable manner to affect the purposes of the Parties hereto and this Agreement.
9. No Admission of Liability. The Parties hereto agree that this Agreement is the result of a compromise of disputed issues, and that the execution and delivery of this Agreement by any of the Parties hereto shall not constitute or be construed as an admission of any liability or wrongdoing on the part of any of them.

10. Entire and Integrated Agreement. This Agreement, together with the other Transaction Documents, is intended by the Parties hereto as a final expression of their agreement and is intended to be a complete and exclusive statement of the agreement and understanding of the Parties hereto with respect to the subject matters contained herein. This Agreement, together with the other Transaction Documents, supersedes any and all prior promises, representations, warranties, agreements, understandings, and undertakings between or among the Parties hereto with respect to such subject matters and there are no promises, representations, warranties, agreements, understandings, or undertakings with respect to such subject matters other than those set forth or referred to herein.
11. No Third Party Beneficiaries. This Agreement does not and shall not be interpreted to create any rights in any Person not a Party to the Agreement.
12. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties and to their respective successors and assigns.
13. Notices. All notices, requests and other communications to any party hereunder shall be in writing (including electronic transmission via email) and shall be given,  
  
if to the Company, to:  
  
and if to B&M, to:  
  
or to such other address or email address and with such other copies as such party may hereafter specify for the purpose of notice. All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5 p.m. in the place of receipt and such day is a business day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding business day in the place of receipt.
14. Severability. If any provisions of this Agreement, or the application thereof, shall for any reason or to any extent be construed by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement, and application of such provisions to other circumstances, shall remain in effect and be interpreted so as best to reasonably effect the intent of the Parties hereto.
15. Governing Law and Venue. The laws of the Commonwealth of Pennsylvania shall control the validity, construction, interpretation and enforceability of this Agreement. The parties agree that any action, suit, or proceeding arising from or relating to this Agreement shall be brought in the Lawrence County Court of Common Pleas, Pennsylvania or in the United States District Court for the Western District of Pennsylvania. The parties submit to the exclusive jurisdiction of such courts in any such action, suit, or proceeding.



16. No Recourse Against Non-Parties. All claims or causes of action that may be based upon, arise out of or relate to this Agreement, or the negotiation, execution or performance of this Agreement, may be made only against the entities that are expressly identified as parties hereto. No person who is not a named party to this Agreement, including any director, officer, employee, member, partner (general or limited), security holder, affiliate, agent, attorney or representative of any named party to this Agreement (“Non-Party Affiliates”), shall have any liability (whether in contract or in tort, in law or in equity, or based upon any theory that seeks to impose liability of an entity party against its owners or affiliates) for any obligations arising under, in connection with or related to this Agreement or for any claim based on, in respect of, or by reason of this Agreement or its negotiation or execution; and each party waives and releases all such claims and obligations against any such Non-Party Affiliates. Non-Party Affiliates are expressly intended as third party beneficiaries of this provision of this Agreement.

**IN WITNESS WHEREOF**, the Parties hereto have executed this Agreement as of the date set forth below the respective signatures below.

**STRONGHOLD DIGITAL MINING, INC.**

/s/ Gregory A. Beard  
Gregory A. Beard  
Chief Executive Officer

Dated:

**STRONGHOLD DIGITAL MINING HOLDINGS, LLC**

/s/ Gregory A. Beard  
Gregory A. Beard  
Authorized Person

Dated:

**BRUCE - MERRILEES ELECTRIC COMPANY**

/s/ Jay H. Bruce  
Jay H. Bruce

President & CEO

Dated:

Acknowledged and accepted by:

**WHITEHAWK CAPITAL PARTNERS LP**

/s/ Robert Louzan  
Robert Louzan  
Managing Partner  
Dated:

## PROMISSORY NOTE

\$3,500,000.00

Pittsburgh, Pennsylvania  
March 28, 2023

FOR VALUE RECEIVED, STRONGHOLD DIGITAL HOLDINGS, LLC, a Delaware limited liability company (the “**Borrower**”), hereby unconditionally promises to pay to the order of BRUCE - MERRILEES ELECTRIC CO. (the “**Noteholder**”) the principal amount of \$3,500,000.00 (THREE MILLION FIVE HUNDRED THOUSAND DOLLARS) (the “**Loan**”), together with all accrued interest thereon, as provided in this Promissory Note (this “**Note**”).

1. Payment Dates.

(a) Interest Payment Dates. Interest on the principal amount of the Loan shall be payable monthly, in arrears, beginning on April 30, 2023 and on the last Business Day (defined below) of every month (each such day a “**Payment Date**”) thereafter until all principal amounts outstanding under this Note shall be paid in full.

(b) Principal Payment Dates. So long as (i) no Default or Event of Default has occurred or is occurring (as those terms are defined in that certain Credit Agreement dated October 27, 2022 (as amended from time to time, the “**Credit Agreement**”) by and between Stronghold, the Borrower, each Guarantor (as defined in the Credit Agreement) and WhiteHawk Finance LLC, and (ii) no PIK Option (as such term is defined in that certain First Amendment to Credit Agreement dated February 6, 2023) has been elected by the Borrower, the Borrower shall pay \$500,000 of the principal amount of the Loan in four equal monthly installments of \$125,000 on each of the four initial Payment Dates.

(c) The remaining principal balance of \$3,000,000.00 shall be due and owing upon demand at the earlier to occur of (i) ninety (90) days following Borrower’s payment in full of its current indebtedness to WhiteHawk Capital Partners L.P. or receipt of consent from WhiteHawk Capital Partners L.P. to payment by Borrower to Bruce & Merrilees Electric Company, or (ii) that later to occur of one (1) day following the Final Maturity Date (as such term is defined in the Credit Agreement) or Payment in Full (as such term is defined in the Credit Agreement) of the Obligation (as such term is defined in the Credit Agreement) under the Credit Agreement.

2. Interest.

(a) Interest Rate. The principal amount outstanding under this Note from time to time shall bear interest at a rate per annum (the “**Interest Rate**”) equal to SEVEN AND ONE HALF percent (7.50%).

(b) Computation of Interest. All computations of interest hereunder shall be made on the basis of a year of 365/366 days, as the case may be, and the actual number of days elapsed. Interest shall begin to accrue on the Loan on the date of this Note. For any portion of the Loan that is repaid, interest shall not accrue on the date on which such payment is made.

(c) Interest Rate Limitation. If at any time the Interest Rate payable on the Loan shall exceed the maximum rate of interest permitted under applicable law, such Interest Rate shall be reduced automatically to the maximum rate permitted.

3. Payment Mechanics.

(a) Manner of Payment. All payments of principal and interest shall be made in US dollars no later than 2:00 PM on the date on which such payment is due. Such payments shall be made by wire transfer of immediately available funds to the Noteholder's account at a bank specified by the Noteholder in writing to the Borrower from time to time.

(b) Application of Payments. All payments shall be applied, *first*, to fees or charges outstanding under this Note, *second*, to accrued interest, and, *third*, to principal outstanding under this Note.

(c) Business Day. Whenever any payment hereunder is due on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day, and interest shall be calculated to include such extension. "**Business Day**" means a day other than Saturday, Sunday, or other day on which commercial banks in Pittsburgh, Pennsylvania are authorized or required by law to close.

4. Representations and Warranties. The Borrower represents and warrants to the Noteholder as follows:

(a) Existence. The Borrower is a limited liability company duly formed, validly existing, and in good standing under the laws of the state of its organization.

(b) Compliance with Law. The Borrower is in compliance in all material respects with all laws, statutes, ordinances, rules, and regulations applicable to or binding on the Borrower, its property, and business.

(c) Power and Authority. The Borrower has the requisite power and authority to execute, deliver, and perform its obligations under this Note.

(d) Authorization; Execution and Delivery. The execution and delivery of this Note by the Borrower and the performance of its obligations hereunder have been duly authorized by all necessary limited liability company action in accordance with applicable law. The Borrower has duly executed and delivered this Note.

5. Events of Default. The failure of the Borrower to pay any principal or interest on the Loan within ten (10) days after the date such amount is due shall constitute an “**Event of Default**” hereunder.

6. Remedies. Upon the occurrence and during the continuance of an Event of Default, the Noteholder may, at its option, by written notice to the Borrower declare the outstanding principal amount of the Loan, accrued and unpaid interest thereon, and all other amounts payable hereunder immediately due and payable.

7. Governing Law. This Note and any claim, controversy, dispute, or cause of action (whether in contract, tort, or otherwise) based on, arising out of, or relating to this Note and the transactions contemplated hereby shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

8. Disputes.

(a) Submission to Jurisdiction.

(i) The Borrower irrevocably and unconditionally (A) agrees that any action, suit, or proceeding arising from or relating to this Note may be brought in the Lawrence County Court of Common Pleas, Pennsylvania or the United States District Court for the Western District of Pennsylvania, and (B) submits to the exclusive jurisdiction of such courts in any such action, suit, or proceeding. Final judgment against the Borrower in any such action, suit, or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(ii) Nothing in this Section 8(a) shall affect the right of the Noteholder to bring any action, suit, or proceeding relating to this Note against the Borrower or its properties in the courts of any other jurisdiction.

(iii) Nothing in this Section 8(a) shall affect the right of the Noteholder to serve process upon the Borrower in any manner authorized by the laws of any such jurisdiction.

(b) Venue. The Borrower irrevocably and unconditionally waives, to the fullest extent permitted by law, (i) any objection that it may now or hereafter have to the laying of venue in any action, suit, or proceeding relating to this Note in any court referred to in Section 8(a), and (ii) the defense of inconvenient forum to the maintenance of such action, suit, or proceeding in any such court.

(c) Waiver of Jury Trial. THE BORROWER HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY RELATING TO THIS NOTE OR THE TRANSACTIONS CONTEMPLATED HEREBY, WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER THEORY.

9. Successors and Assigns. This Note may be assigned or transferred by the Noteholder to any individual, corporation, company, limited liability company, trust, joint venture, association, partnership, unincorporated organization, governmental authority, or other entity.

10. Integration. This Note and the Settlement Agreement and Mutual Release entered into on even date herewith constitutes the entire contract between the Borrower and the Noteholder with respect to the subject matter hereof and supersedes all previous agreements and understandings, oral or written, with respect thereto. This Note and the rights and obligations evidenced hereby are subordinate in the manner and to the extent set forth in that certain Subordination Agreement (the "Subordination Agreement"), dated as of March 28, 2023 between WHITEHAWK CAPITAL PARTNERS LP, as the Senior Agent (as defined therein), BRUCE & MERRILEES ELECTRIC COMPANY, as the Subordinated Creditor, and the other Loan Parties (as defined therein) party thereto, to the indebtedness (including interest). For the avoidance of doubt, Borrower shall not be entitled to make, and Noteholder shall not be entitled to receive, any payment under or pursuant to this Note if such payment is prohibited under the Subordination Agreement or the Credit Agreement. 11. Amendments and Waivers. No term of this Note may be waived, modified, or amended, except by an instrument in writing signed by the Borrower and the Noteholder. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

12. No Waiver; Cumulative Remedies. No failure by the Noteholder to exercise and no delay in exercising any right, remedy, or power hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, or power hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, or power. The rights, remedies, and powers herein provided are cumulative and not exclusive of any other rights, remedies, or powers provided by law.

13. Severability. If any term or provision of this Note is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Note or render such term or provision invalid or unenforceable in any other jurisdiction.

14. Counterparts. This Note and any amendments, waivers, consents, or supplements hereto may be executed in counterparts, each of which shall constitute an original, but all of which taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page to this Note by facsimile or in electronic (“pdf” or “tif”) format shall be as effective as delivery of a manually executed counterpart of this Note.

15. Electronic Execution. The words “execution,” “signed,” “signature,” and words of similar import in this Note shall be deemed to include electronic and digital signatures and the keeping of records in electronic form, each of which shall be of the same effect, validity, and enforceability as manually executed signatures and paper-based recordkeeping systems, to the extent and as provided for under applicable law, including the Electronic Signatures in Global and National Commerce Act of 2000 (15 U.S.C. § 7001 *et seq.*), the Electronic Signatures and Records Act of 1999 (N.Y. State Tech. Law §§ 301-309), and any other similar state laws based on the Uniform Electronic Transactions Act.

[Signature Page Follows]

IN WITNESS WHEREOF, the Borrower has executed this Note as of the date first set forth above.

STRONGHOLD DIGITAL HOLDINGS, LLC

By /s/ Gregory A. Beard  
Name: Gregory A. Beard  
Title: Authorized Person

ACKNOWLEDGED AND ACCEPTED BY  
BRUCE & MERRILEES ELECTRIC COMPANY

By /s/ Jay H. Bruce  
Name: Jay H. Bruce  
Title: President & CEO



THE SECURITY REPRESENTED BY THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS ("STATE ACTS"), AND MAY NOT BE SOLD, ASSIGNED, PLEDGED OR TRANSFERRED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR STATE ACTS OR AN EXEMPTION FROM REGISTRATION THEREUNDER. THE TRANSFER OF THE SECURITY REPRESENTED BY THIS CERTIFICATE MAY ALSO BE SUBJECT TO THE RESTRICTIONS DESCRIBED IN SECTION 8 HEREOF, AND NO TRANSFER OF THE SECURITY REPRESENTED BY THIS CERTIFICATE SHALL BE VALID OR EFFECTIVE UNLESS AND UNTIL THE TERMS AND CONDITIONS RELATING TO SUCH RESTRICTIONS HAVE BEEN COMPLIED WITH.

**Stronghold Digital Mining, Inc.**

STOCK PURCHASE WARRANT

Date of Issuance: March 28, 2023  
(the "Date of Issuance")

Certificate No. W-BM1

FOR VALUE RECEIVED, Stronghold Digital Mining, Inc., a Delaware corporation (the "Company"), hereby grants to Bruce - Merrilees Electric Co., a Pennsylvania corporation, and/or its registered assigns (the "Registered Holder") the right (this "Warrant") to purchase from the Company a number of shares of Class A common stock, par value \$0.0001 per share, of the Company ("Common Stock"), equal to the Warrant Share Number at a price per share equal to \$0.0001 (the "Exercise Price"). This Warrant, and any additional warrants issued from time to time pursuant to the terms hereof, are collectively referred to herein as the "Warrants." Certain capitalized terms used herein are defined in Section 6, unless the context otherwise requires. The amount and kind of securities obtainable pursuant to the rights granted hereunder are subject to adjustment pursuant to the provisions contained in this Warrant.

This Warrant is subject to the following provisions:

Section 1. Exercise of Warrant.

1A. Exercise Period. The holder of this Warrant may exercise, in whole or in part (but not as to a fractional share of Common Stock), the purchase rights represented by this Warrant at any time and from time to time after the Date of Issuance to and including the tenth (10<sup>th</sup>) anniversary hereof (the "Exercise Period").

1B. Exercise Procedures.

(i) This Warrant shall be deemed to have been exercised (in whole or in part) when the Company has received all of the following items (as the case may be from time to time, the "Exercise Time");

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(a) a completed Exercise Agreement, executed by the Person exercising all or part of the purchase rights represented by this Warrant (the “Purchaser”);

(b) if this Warrant is not registered in the name of the Purchaser, an assignment or assignments in the form of Exhibit A attached hereto (each, an “Assignment”) evidencing the assignment of this Warrant to such Purchaser, in which case the Registered Holder shall have complied with the provisions set forth in Section 8; and

(c) either (x) wire transfer of immediately available funds or a check payable to the Company in an amount equal to the product of the Exercise Price and the number of shares of Common Stock being purchased upon such exercise (the “Aggregate Exercise Price”) or (y) the surrender to the Company of debt or equity securities of the Company having a Market Price equal to the Aggregate Exercise Price (provided that, for purposes of this Section 1B(i)(c), the Market Price of any note or other debt security or any preferred stock shall be deemed to be equal to the aggregate outstanding principal amount or liquidation value thereof plus all accrued and unpaid interest thereon or accrued or declared and unpaid dividends thereon).

(ii) As an alternative to the exercise of this Warrant as provided in Section 1B(i), the holder of this Warrant may exchange all or part of the purchase rights represented by this Warrant by delivering a completed Exercise Agreement that such holder is exchanging this Warrant (or a portion thereof) for an aggregate number of shares of Common Stock specified in the Exercise Agreement, from which the Company shall withhold and not issue to such holder a number of shares of Common Stock with an aggregate Market Price equal to the Aggregate Exercise Price of the shares of Common Stock specified in such Exercise Agreement (and such withheld shares shall no longer be issuable under this Warrant).

(iii) The Purchaser shall not be required to deliver the original of this Warrant in order to effect an exercise hereunder. On or before the fourth Trading Day following the Exercise Time (or such earlier date as required pursuant to the 1934 Act or other applicable law, rule or regulation for the settlement of a trade of such shares of Common Stock initiated at the applicable Exercise Time)(the “Share Delivery Date”), the Company shall, upon the request of the Purchaser, either (X) credit such aggregate number of shares of Common Stock to which the Purchaser is entitled pursuant to such exercise (“Warrant Exercise Shares”) to the Purchaser’s or its designee’s balance account with The Depository Trust Company (“DTC”) through its Deposit/Withdrawal at Custodian system, or (Y) issue and deliver (via reputable overnight courier) to the address as specified in the Exercise Agreement, a certificate, registered in the name of the Purchaser or its designee, for the Warrant Exercise Shares.

(iv) Notwithstanding the time period described in Section 1B(iii), the Warrant Exercise Shares shall be deemed to have been issued to the Purchaser at the Exercise Time, and the Purchaser shall be deemed for all purposes to have become the record holder of such Warrant Exercise Shares at the Exercise Time.

(v) The issuance from time to time of Warrant Exercise Shares or any new Warrant shall be made without charge to the Registered Holder or the Purchaser for any issuance tax in respect thereof or other cost incurred by the Company in connection therewith. Each Warrant Exercise Share shall upon payment of the Exercise Price therefor, be fully paid and nonassessable and free and clear of all liens.

(vi) The Company shall not close its books against the transfer of this Warrant or any Warrant Exercise Shares in any manner which interferes with the timely exercise of this Warrant. The Company shall from time to time take all such action as may be necessary to assure that the par value per share of the unissued Common Stock acquirable upon exercise of this Warrant is at all times equal to or less than the Exercise Price then in effect.

(vii) The Company shall provide reasonable assistance and cooperation to any Registered Holder or Purchaser in connection with any filings required to be made with, or approvals required to be obtained of, any Governmental Authority by such Registered Holder or Purchaser prior to or in connection with any exercise of this Warrant (including by making any filings required to be made by the Company).

(viii) Notwithstanding any other provision hereof, if an exercise of any portion of this Warrant is to be made in connection with a registered public offering or the sale of the Company or any direct or indirect parent of the Company, the exercise of any portion of this Warrant may, at the election of the holder hereof, be conditioned upon the consummation of such registered public offering or sale, in which case such exercise shall not be deemed to be effective until the consummation of such transaction.

(ix) The Company shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock solely for the purpose of issuance upon the exercise of the Warrants, such number of shares of Common Stock issuable upon the exercise of all outstanding Warrants. The Company shall take all such actions as may be necessary to assure that all such shares of Common Stock may be so issued without violating the Company's governing documents, any applicable Law or any requirements of any U.S. securities exchange upon which shares of Common Stock may be listed. The Company shall not take any action which would cause the number of authorized but unissued shares of Common Stock to be less than the number of such shares required to be reserved hereunder for issuance upon exercise of the Warrants.

(x) The Company shall not effect the exercise of any portion of this Warrant, and the Purchaser shall not have the right to exercise any portion of this Warrant, pursuant to the terms and conditions of this Warrant and any such exercise shall be null and void and treated as if never made, to the extent that after giving effect to such exercise, the Purchaser together with the other Attribution Parties collectively would beneficially own in excess of 4.99% (the “Maximum Percentage”) of the Common Stock outstanding immediately after giving effect to such exercise. For purposes of the foregoing sentence, the aggregate number of shares of Common Stock beneficially owned by the Purchaser and the other Attribution Parties shall include the number of shares of Common Stock held by the Purchaser and all other Attribution Parties plus the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which the determination of such sentence is being made, but shall exclude shares of Common Stock which would be issuable upon exercise of the remaining, unexercised portion of this Warrant beneficially owned by the Purchaser or any of the other Attribution Parties. For purposes of this Section 1B.(x), beneficial ownership shall be calculated in accordance with Section 13(d) of the 1934 Act. For purposes of determining the number of outstanding shares of Common Stock the Purchaser may acquire upon the exercise of this Warrant without exceeding the Maximum Percentage, the Purchaser may rely on the number of outstanding shares of Common Stock as reflected in (x) the Company’s most recent Annual Report on Form 10-K, Quarterly Report on Form 10-Q, Current Report on Form 8-K or other public filing with the SEC, as the case may be, (y) a more recent public announcement by the Company or (z) any other written notice by the Company or the Transfer Agent, if any, setting forth the number of shares of Common Stock outstanding (the “Reported Outstanding Share Number”). If the Company receives an Exercise Agreement from the Purchaser at a time when the actual number of outstanding shares of Common Stock is less than the Reported Outstanding Share Number, the Company shall (i) notify the Purchaser in writing of the number of shares of Common Stock then outstanding and, to the extent that such Exercise Notice would otherwise cause the Purchaser’s beneficial ownership, as determined pursuant to this Section 1B.(x), to exceed the Maximum Percentage, the Purchaser must notify the Company of a reduced number of Warrant Exercise Shares to be acquired pursuant to such Exercise Agreement (the number of shares by which such purchase is reduced, the “Reduction Shares”) and (ii) as soon as reasonably practicable, the Company shall return to the Purchaser any exercise price paid by the Purchaser for the Reduction Shares. For any reason at any time, upon the written or oral request of the Purchaser, the Company shall within one (1) Business Day confirm orally and in writing or by electronic mail to the Purchaser the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Purchaser and any other Attribution Party since the date as of which the Reported Outstanding Share Number was reported. In the event that the issuance of shares of Common Stock to the Purchaser upon exercise of this Warrant results in the Purchaser and the other Attribution Parties being deemed to beneficially own, in the aggregate, more than the Maximum Percentage of the number of outstanding shares of Common Stock (as determined under Section 13(d) of the 1934 Act), the number of shares so issued by which the Purchaser’s and the other Attribution Parties’ aggregate beneficial ownership exceeds the Maximum Percentage (the “Excess Shares”) shall be deemed null and void and shall be cancelled ab initio, and the Purchaser shall not have the power to vote or to transfer the Excess Shares. As soon as reasonably practicable after the issuance of the Excess Shares has been deemed null and void, the Company shall return to the Purchaser the exercise price paid by the Purchaser for the Excess Shares. Upon delivery of a written notice to the Company, the Purchaser may from time to time increase (with such increase not effective until the sixty-first (61<sup>st</sup>) day after delivery of such notice) or decrease the Maximum Percentage to any other percentage not in excess of 9.99% as specified in such notice; provided that any such increase in the Maximum Percentage will not be effective until the sixty-first (61<sup>st</sup>) day after such notice is delivered to the Company. For purposes of clarity, the shares of Common Stock issuable pursuant to the terms of this Warrant in excess of the Maximum Percentage shall not be deemed to be beneficially owned by the Holder for any purpose including for purposes of Section 13(d) or Rule 16a-1(a)(1) of the 1934 Act. No prior inability to exercise this Warrant pursuant to this paragraph shall have any effect on the applicability of the provisions of this paragraph with respect to any subsequent determination of exercisability. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 1B.(x) to the extent necessary to correct this paragraph or any portion of this paragraph which may be defective or inconsistent with the intended beneficial ownership limitation contained in this Section 1B.(x) or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitation contained in this paragraph may not be waived and shall apply to a successor holder of this Warrant.

1C. Exercise Agreement. Upon any exercise of this Warrant, the exercise agreement to be delivered by the Purchaser pursuant to Section 1B(i)(a) shall be substantially in the form attached hereto as Exhibit B (the "Exercise Agreement"), except that if the Warrant Exercise Shares are not to be issued in the name of the Purchaser, the Exercise Agreement shall also state the name of the Person to whom the certificates for such Warrant Exercise Shares are to be issued, and if the number of Warrant Exercise Shares to be issued in connection with such exercise does not include all the shares of Common Stock purchasable hereunder, it shall also state the name of the Person to whom a new Warrant, if requested by Purchaser, for the unexercised portion of the rights hereunder is to be delivered. Such Exercise Agreement shall be dated the actual date of execution thereof.

Section 2. Adjustment of Number of Warrant Exercise Shares. In order to prevent dilution of the rights granted under this Warrant, the number of shares of Common Stock obtainable upon exercise of this Warrant shall be subject to adjustment from time to time as provided in this Section 2 (including Sections 2A and 2D).

#### 2A. Customary Adjustments.

(i) Subdivision or Combination of Common Stock. If the Company at any time prior to the expiration of the Exercise Period subdivides (by any stock split, stock dividend, reclassification, recapitalization or other similar transaction) one or more classes of its Common Stock into a greater number of shares, the number of shares of Common Stock obtainable upon exercise of this Warrant shall be proportionately increased. If the Company at any time prior to the expiration of the Exercise Period combines (by reverse stock split, reclassification, recapitalization or other similar transaction) one or more classes of its Common Stock into a smaller number of shares, the number of shares of Common Stock obtainable upon exercise of this Warrant shall be proportionately decreased.

(ii) Reorganization, Reclassification, Consolidation, Merger or Sale. Prior to the consummation of any Organic Change, the Company shall make appropriate provision to insure that each holder of the Warrants shall thereafter have the right to acquire and receive, in lieu of or in addition to (as the case may be) the shares of Common Stock immediately theretofore acquirable and receivable upon the exercise of such holder's Warrant, such cash, stock, securities or other assets or property as would have been issued or payable in such Organic Change (if the holder had exercised this Warrant immediately prior to such Organic Change) with respect to or in exchange for the number of shares of Common Stock immediately theretofore acquirable and receivable upon exercise of such holder's Warrant had such Organic Change not taken place. In any such case, the Company shall make appropriate provision with respect to such holders' rights and interests to insure that the provisions of this Section 2 and Sections 3 and 4 shall thereafter be applicable to the Warrants (including, in the case of any such consolidation, merger or sale in which the successor entity or purchasing entity is other than the Company, an immediate adjustment in the number and class of securities acquirable and receivable upon exercise of the Warrants). The Company shall not effect any Organic Change, unless prior to the consummation thereof, the successor entity (if other than the Company) which would result from such Organic Change assumes irrevocably and in writing, expressly for the benefit of each holder of Warrants (which assumption shall, unless such Organic Change is a bona fide third party transaction undertaken with a Person or Persons who are not Affiliates of the Company or its Subsidiaries, be in form and substance reasonably satisfactory to the Registered Holder), the obligation to deliver to each holder of the Warrants such cash, stock, securities or other assets or property as, in accordance with the foregoing provisions, such holder may be entitled to acquire.

(iii) Certain Events. If any event occurs of the type contemplated by the provisions of this Section 2A, but not expressly provided for by such provisions (including the granting of stock appreciation rights, phantom stock rights or other rights with equity features), then the Company shall make an appropriate adjustment in the number of shares of Common Stock obtainable upon exercise of this Warrant so as to protect the rights of the holder of this Warrant; provided that, no such adjustment pursuant to this Section 2A(iii) shall decrease the number of shares of Common Stock obtainable as otherwise determined pursuant to this Section 2A.

2B. [Reserved].

2C. [Reserved].

2D. Notices. The Company shall give written notice to the Registered Holder:

(i) promptly and in any event within one (1) day, upon any adjustment to the number of shares of Common Stock obtainable upon exercise of this Warrant pursuant to Section 2A, setting forth in reasonable detail and certifying the calculation of such adjustment;

(ii) [reserved];

(iii) at least ten (10) Business Days prior to the date on which the Company closes its books or takes a record (x) with respect to any dividend or distribution upon the Common Stock, (y) with respect to any *pro rata* subscription offer to holders of Common Stock or (z) for determining rights to vote with respect to any Organic Change, dissolution or liquidation; and

(iv) at least ten (10) Business Days prior to the date on which any Organic Change, dissolution or liquidation shall take place;

or, in the case of any of the foregoing clauses (ii) through (iv) above, such shorter period of time to the extent determined by the Company Board in good faith that it would not be reasonably practicable for the Company to provide such notice at least ten (10) Business Days prior, in which case the Company shall provide such notice as promptly as reasonably practicable prior. Without the prior written consent of the Registered Holder, no such notice shall contain any material, non- public information regarding the Company or any of its subsidiaries.

Section 3. Liquidating Dividends. If at any time prior to the expiration of the Exercise Period, the Company declares or pays a dividend upon the Common Stock payable otherwise than in cash out of earnings or earned surplus (determined in accordance with generally accepted accounting principles, consistently applied) except for a stock dividend payable in shares of Common Stock (a "Liquidating Dividend"), then the Company shall pay to the Registered Holder, at the time of payment thereof, cash, in an amount equal to the portion of the Liquidating Dividend that would have been paid to the Registered Holder had this Warrant been fully exercised immediately prior to the date on which a record is taken for such Liquidating Dividend, or, if no record is taken, the date as of which the record holders of Common Stock entitled to such dividends are to be determined.

Section 4. Purchase Rights. If at any time prior to the expiration of the Exercise Period, the Company grants, issues or sells any Options, Convertible Securities or other rights to acquire securities of the Company or other property *pro rata* to the record holders of any class of Common Stock ("Purchase Rights"), then the Registered Holder shall be entitled to aggregate Purchase Rights, upon terms no less favorable than those offered to the record holders of Common Stock, equal to the Purchase Rights that the Registered Holder would have been entitled had this Warrant been fully exercised immediately prior to the date on which a record is taken for the issuance of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Common Stock are to be determined for the issuance of such Purchase Rights.

Section 5. No Duplication Notwithstanding anything contained herein to the contrary, if the provisions of more than one sub-section of Section 2 (including Sections 2A and 2D), Section 3 or Section 4 could require, in connection with a single transaction or issuance, an adjustment to the number of shares of Common Stock obtainable upon exercise of this Warrant and/or issuance of additional Warrants, rights or securities to the Registered Holder under this Warrant, only one such provision shall apply, without duplication, and only one adjustment or issuance shall be made in connection therewith (it being understood, for the avoidance of doubt, that with respect to any single transaction, the Registered Holder may be entitled either to such an adjustment or to the issuance of additional rights or securities, as is more favorable to the Registered Holder, but not both), and there shall be no adjustment or issuance of rights or other securities to the Registered Holder pursuant to this Warrant with respect to (i) Common Stock issued or issuable upon exercise of the Warrants or in respect of any Purchase Rights granted, issued or sold to the holder of this Warrant pursuant to Section 4, or (ii) the issuance of any Common Stock or other securities upon conversion, exchange or exercise of any securities outstanding on the date hereof.

Section 6. Definitions. The following terms have meanings set forth below:

"1934 Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

"Affiliate" has the meaning set forth in Rule 12b-2 of the 1934 Act.

"Attribution Parties" means, collectively, the following Persons and entities: (i) any direct or indirect Affiliates of the Registered Holder or Purchaser or any of the foregoing, (ii) any Person acting or who could be deemed to be acting as a Group (as defined in the 1934 Act) together with the Registered Holder or Purchaser or any of the foregoing and (iii) any other Persons whose beneficial ownership of the Company's Common Stock would or could be aggregated with the Registered Holder's or Purchaser's and the other Attribution Parties for purposes of Section 13(d) of the 1934 Act. For clarity, the purpose of the foregoing is to subject collectively the Registered Holder or Purchaser, as applicable, and all other Attribution Parties to the Maximum Percentage.

“Business Day” means a day other than Saturday, Sunday or any day on which banks located in the State of New York are authorized or obligated to close.

“Governmental Authority” means any (i) government, (ii) governmental or quasi- governmental authority of any nature (including any governmental agency, branch, department, official or entity and any court or other tribunal) or (iii) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power of any nature, in each case, whether federal, state, local, municipal, U.S. or non U.S., supranational or of any other jurisdiction.

“Law” means all laws, statutes, rules, regulations, codes, injunctions, decrees, orders, ordinances, registration requirements, disclosure requirements and other pronouncements having the effect of law of the United States, or any U.S. state, county, city or other political subdivision or of any Governmental Authority.

“Market Price” means as to any security the average of the closing prices of such security’s sales on all U.S. securities exchanges on which such security may at the time be listed, or, if there have been no sales on any such exchange on any day, the average of the highest bid and lowest asked prices on all such exchanges at the end of such day, or, if on any day such security is not so listed, the average of the highest bid and lowest asked prices on such day in the U.S. over- the-counter market as reported by OTC Market Group Inc., or any similar successor organization, in each such case averaged over a period of eleven (11) Trading Days consisting of the day as of which “Market Price” is being determined and the ten (10) consecutive Trading Days prior to such day. If at any time such security is not listed on any U.S. securities exchange or quoted in the U.S. over-the-counter market, the “Market Price” shall be the fair value thereof reasonably determined in good faith by the Company Board (without applying any marketability, minority or other discounts); provided that, if the Registered Holder in good faith disputes such determination, fair value shall be determined (without applying any marketability, minority or other discounts) by an appraiser jointly selected by the Company and the Registered Holder. The Company and the Registered Holder shall instruct such appraiser that it may not assign a fair value greater than the greatest value determined by either such party nor less than the lowest value determined by either such party. The determination of such appraiser shall be final and binding on the Company and the Registered Holder, and the fees and expenses of such appraiser shall be paid by the Company; provided that, if such appraiser determines that the actual fair value of the relevant consideration is (i) less than five percent (5%) more or less (as the case may be) than the fair value as determined by the Company Board, and (ii) closer to the fair value as determined by the Company Board than to the fair value as determined by, then such fees and expenses shall be paid by the Registered Holder.

“Organic Change” means any recapitalization, reorganization, reclassification, consolidation, merger, sale of all or substantially all of the Company’s assets or other similar transaction, in each case which is effected in such a way that the holders of Common Stock are entitled to receive (either directly or upon subsequent liquidation) cash, stock, securities or other assets or property with respect to or in exchange for Common Stock.



“Person” means an individual, a partnership, a limited liability company, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, a Governmental Authority or another entity.

“Registration Rights Agreement” means that certain registration rights agreement, by and among the Company and the Registered Holder relating to, among other things, the registration of the resale of the shares of Common Stock issuable upon exercise of this Warrant, as may be amended from time to time.

“Subsidiary” means, with respect to any Person, any corporation, partnership, limited liability company, association or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (ii) if a partnership, limited liability company or other business entity, a majority of the partnership, limited liability company or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a partnership, limited liability company or other business entity if such Person or Persons shall be allocated a majority of partnership, limited liability company or other business entity gains or losses or shall be or control the managing member or general partner of such partnership, limited liability company or other business entity.

“Trading Day” means, any day on which the Common Stock is traded on The Nasdaq Global Market, or, if such market is not the principal trading market for the Common Stock, then on the principal securities exchange or securities market on which the Common Stock is then traded, provided that “Trading Day” shall not include any day on which the Common Stock is scheduled to trade on such exchange or market for less than 4.5 hours or any day that the Common Stock is suspended from trading during the final hour of trading on such exchange or market (or if such exchange or market does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00:00 p.m., New York time) unless such day is otherwise designated as a Trading Day in writing by the Registered Holder.

“Warrant Share Number” means 3,000,000.

Section 7. No Voting Rights; Limitations of Liability. This Warrant shall not entitle the holder hereof to any voting rights or other rights as a shareholder of the Company. No provision hereof, in the absence of affirmative action by the holder of this Warrant to purchase Common Stock, and no enumeration herein of the rights or privileges of such holder shall give rise to any liability of such holder for the Exercise Price of Common Stock acquirable by exercise hereof or as a shareholder of the Company.

Section 8. Assignment and Transfer. Subject to the transfer conditions and restrictions referred to in the legend endorsed hereon, this Warrant and all rights hereunder are transferable, in whole or in part, without charge to the Registered Holder, upon surrender of this Warrant with a properly executed Assignment at the principal office of the Company. In connection with any such transfer, the Company shall issue in the name of the transferee a new Warrant of like kind representing the same rights represented by this Warrant. Any transfer in violation of the transfer conditions or restrictions referred to in the legend endorsed hereon shall be void *ab initio*.

Section 9. Warrant Exchangeable for Different Denominations. This Warrant is exchangeable, upon the surrender hereof by the Registered Holder at the principal office of the Company, for new Warrants of like tenor representing in the aggregate the purchase rights hereunder, and such new Warrants shall represent such portion of the rights hereunder as is designated by the Registered Holder at the time of such surrender. The date the Company initially issues this Warrant shall be deemed to be the “Date of Issuance” hereof regardless of the number of times new certificates representing the unexpired and unexercised rights formerly represented by this Warrant shall be issued. All Warrants representing portions of the rights hereunder are referred to herein as “Warrants.”

Section 10. Replacement. If any certificate evidencing the Warrants is lost, stolen, destroyed or mutilated, the Company shall (at its expense), upon receipt of evidence reasonably satisfactory to the Company (an affidavit of the Registered Holder shall be deemed to be satisfactory) of the ownership of the Warrants, execute and deliver in lieu of such certificate a new certificate of like kind representing the same rights represented by such lost, stolen, destroyed or mutilated certificate and dated the date of such lost, stolen, destroyed or mutilated certificate.

Section 11. Notices. All notices, requests and other communications hereunder must be in writing and will be deemed to have been duly given only if delivered personally against written receipt or by facsimile transmission against facsimile confirmation or mailed by prepaid first class certified mail, return receipt requested, or mailed by overnight courier prepaid, to (x) the Company, at its principal executive office, with copies (which shall not constitute notice) to [ ], and (y) the Registered Holder, at [ ]. All such notices, requests and other communications will (i) if delivered personally to the address as provided in this Section 11, be deemed given on the day so delivered, or, if delivered after 5:00 p.m. local time of the recipient or on a day other than a Business Day, then on the next proceeding Business Day, or if delivered by facsimile transmission or email as provided in this Section 11, be deemed delivered upon confirmation of receipt, (ii) if delivered by mail in the manner described above to the address as provided in this Section 11, be deemed given on the earlier of the third (3<sup>rd</sup>) Business Day following mailing or upon receipt and (iii) if delivered by overnight courier to the address as provided for in this Section 11, be deemed given on the earlier of the first (1<sup>st</sup>) Business Day following the date sent by such overnight courier or upon receipt, in each case regardless of whether such notice, request or other communication is received by any other Person to whom a copy of such notice is to be delivered pursuant to this Section 11. Either party hereto from time to time may change its address, facsimile number, email address or other information for the purpose of notices to that party by giving notice specifying such change to the other party.

Section 12. Absence of Restrictions. The Company acknowledges and agrees that the Registered Holder is not a fiduciary or agent of the Company and that the registered Holder shall have no obligation to (a) maintain the confidentiality of any information provided by the Company or (b) refrain from trading any securities while in possession of such information in the absence of a written non-disclosure agreement signed by an officer of the Registered Holder that explicitly provides for such confidentiality and trading restrictions. In the absence of such an executed, written non-disclosure agreement, the Company acknowledges that the Registered Holder may, subject to any restrictions under applicable law, freely trade in any securities issued by the Company, may possess and use any information provided by the Company in connection with such trading activity, and may disclose any such information to any third party.

Section 13. Remedies.

(i) The Company hereby agrees that, in the event that the Company violates any provisions of this Warrant (including the obligation to deliver shares of Common Stock upon the exercise thereof), the remedies at Law available to the holder of this Warrant may be inadequate. In such event, the Registered Holder shall have the right, in addition to all other rights and remedies any of them may have, to specific performance and/or injunctive or other equitable relief to enforce or prevent any violations by the Company of this Warrant and/or any other Warrants.

(ii) If the Company shall fail, for any reason or for no reason, on or prior to the 4th Trading Day following the Exercise Time, to issue and deliver to the Purchaser (or its designee) a certificate for the number of Warrant Exercise Shares to which the Purchaser is entitled and register such Warrant Exercise Shares on the Company's share register or, to credit the balance account of the Purchaser's or its designee with DTC for such number of Warrant Exercise Shares to which the Purchaser is entitled upon the Purchaser's exercise of this Warrant (as the case may be) (a "Delivery Failure"), then, in addition to all other remedies available to the Registered Holder, (X) the Company shall pay in cash to the Registered Holder on each day after the Share Delivery Date and during such Delivery Failure an amount equal to 2% of the product of (A) the sum of the number of shares of Common Stock not issued to the Registered Holder or Purchaser on or prior to the Share Delivery Date and to which the Registered Holder and Purchaser are entitled, multiplied by (B) any trading price of the Common Stock selected by the Registered Holder in writing as in effect at any time during the period beginning on the applicable Exercise Time and ending on the applicable Share Delivery Date, and (Y) the Registered Holder, upon written notice to the Company, may void its Exercise Agreement with respect to, and retain or have returned, as the case may be, any portion of this Warrant that has not been exercised pursuant to such Exercise Agreement; provided that the voiding of an Exercise Agreement shall not affect the Company's obligations to make any payments which have accrued prior to the date of such notice pursuant to this Section 13.(ii) or otherwise. Nothing shall limit the Holder's right to pursue any other remedies available to it hereunder, at law or in equity, including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing shares of Common Stock (or to electronically deliver such shares of Common Stock) upon the exercise of this Warrant as required pursuant to the terms hereof.

Section 14. Amendment and Waiver. No amendment of any provision of this Warrant shall be valid unless the same shall be in writing and signed by the Company and the Registered Holder.

Section 15. Enforcement. If (a) this Warrant is placed in the hands of an attorney for collection or enforcement or is collected or enforced through any legal proceeding or the holder otherwise takes action to collect amounts due under this Warrant or to enforce the provisions of this Warrant or (b) there occurs any bankruptcy, reorganization, receivership of the company or other proceedings affecting company creditors' rights and involving a claim under this Warrant, then the Company shall pay the costs incurred by the Registered Holder for such collection, enforcement or action or in connection with such bankruptcy, reorganization, receivership or other proceeding, including, without limitation, attorneys' fees and disbursements.

Section 16. Descriptive Headings; Governing Law. The descriptive headings of the several sections and paragraphs of this Warrant are inserted for convenience only and do not constitute a part of this Warrant. All matters arising out of or relating to this Warrant and the transactions contemplated hereby (including its interpretation, construction, performance and enforcement) shall be governed by and construed in accordance with the internal laws of the State of Delaware without giving effect to any choice or conflict of Law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of laws of any jurisdictions other than those of the State of Delaware.

Section 17. Registration Rights. In connection with the issuance of the Warrants to hereto, the Company and Registered Holder shall use best faith efforts to enter into a Registration Rights Agreement no later than five (5) Trading Days after the date hereof.

\* \* \* \* \*

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer as of the Date of Issuance.

**STRONGHOLD DIGITAL MINING, INC.**

By: /s/ Greg Beard

Name: Greg Beard  
Title: CEO

*[Signature Page – Warrant]*

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**ACKNOWLEDGED AND AGREED:**

**BRUCE - MERRILEES ELECTRIC CO.**

By: /s/ Jay H. Bruce  
Name: Jay H. Bruce  
Title: President & CEO

*[Signature Page – Warrant]*

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ASSIGNMENT

FOR VALUE RECEIVED, \_\_\_\_\_ hereby sells, assigns and transfers all of the rights of the undersigned under the attached Warrant (Certificate No. W-\_\_) with respect to the number of shares of the Common Stock covered thereby set forth below, unto:

Names of Assignee

Address of Assignee

Number of Underlying Shares Assigned

**[Assignor]**

By: \_\_\_\_\_

Name:

Title:

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EXERCISE AGREEMENT

To:

Dated:

The undersigned, pursuant to the provisions set forth in the attached Warrant (Certificate No. W-\_\_), hereby agrees to subscribe for the purchase of \_\_\_\_\_ shares of the Common Stock covered by such Warrant.

Check one box:

- I am attaching a cashier's, personal or certified check, or have arranged for a wire transfer of immediately available funds to the Company, in an amount equal to the Aggregate Exercise Price.
- I hereby surrender to the Company debt or equity securities of the Company having a Market Price equal to the Aggregate Exercise Price.
- In lieu of paying cash, I have elected to receive such lesser number of shares of Common Stock as determined pursuant to Section 1B(ii) of the attached Warrant.

By: \_\_\_\_\_  
Name:  
Title:

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SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (this "Agreement") is entered into as of March 28, 2023, by and among, Bruce - Merrilees Electric Co., Pennsylvania corporation (the "Subordinated Creditor"), Whitehawk Capital Partners LP, as "Senior Agent" (as hereinafter defined) for all "Senior Lenders" (as hereinafter defined) party to the Credit Agreement described below and each of the other "Loan Parties" (as hereinafter defined) from time to time party hereto.

**RECITALS**

A. Stronghold Digital Mining Holdings, LLC (the "Borrower"), Stronghold Digital Mining, Inc., a Delaware corporation ("Holdings"), each Subsidiary of the Borrower listed as a "Guarantor" on the signature pages thereto (together with Holdings and each other Person that executes a joinder agreement and becomes a "Guarantor" thereunder or otherwise guaranties all or any part of the Obligations (as therein defined), each a "Guarantor" and collectively, the "Guarantors"), the lenders from time to time party thereto (each a "Lender" and collectively, the "Lenders"), Whitehawk Capital Partners LP ("Whitehawk Capital"), as collateral agent for the Lenders (in such capacity, together with its designees, successors and assigns, the "Collateral Agent") and Whitehawk Capital, as administrative agent for the Lenders (in such capacity, together with its designees, successors and assigns, the "Administrative Agent" and together with the Collateral Agent, each an "Agent" and collectively, the "Agents") have entered into a Credit Agreement dated as of October 27, 2022 (such agreement, as amended, restated, supplemented or otherwise modified from time to time, being hereinafter referred to as the "Credit Agreement"), pursuant to which, among other things, Senior Lenders have agreed, subject to the terms and conditions set forth in the Credit Agreement, to make certain loans and financial accommodations to the Borrower. The Borrower and each of the other Loan Parties and Senior Agent have entered or will enter into various "Senior Debt Documents" (as hereinafter defined) pursuant to which all of the Borrower's obligations to the Senior Creditors under the Credit Agreement and the other Senior Debt Documents are or will be guaranteed by each other Loan Party and all such obligations and guarantees are secured by liens on and security interests in substantially all of the now existing and hereafter acquired real and personal property (tangible or intangible) of each Loan Party (the "Collateral").

B. The Borrower is obligated to Subordinated Creditor with respect to that certain Settlement Agreement and Release, dated as of the date hereof (the "Subordinated Creditor Agreement") and the "Subordinated Creditor Note" (hereinafter defined) pursuant to which Subordinated Creditor has extended certain financial accommodations to the Borrower.

C. Except as set forth in B. above, neither any Loan Party nor any Subsidiary of any Loan Party has any obligation or liability to Subordinated Creditor.

As an inducement to and as one of the conditions precedent to the agreement of Senior Agent and Senior Lenders to make certain loans and provide certain commitments to Borrower and the other Loan Parties on or around the date hereof under, and subject to the terms and conditions of, the Credit Agreement, Senior Agent and the Senior Lenders have required the execution and delivery of this Agreement by Subordinated Creditor and each Loan Party party hereto in order to, among other things, set forth the relative rights and priorities of Senior Agent, each Senior Lender and the Subordinated Creditor.

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NOW, THEREFORE, in order to induce Senior Agent and Senior Lenders to make certain loans to Borrower on or around the date hereof under, and subject to the terms and conditions of, the Credit Agreement, and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereto hereby agree as follows:

1. Definitions. Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Credit Agreement. The following terms shall have the following meanings in this Agreement:

“B&M Permitted Payments” has the meaning ascribed to such term in the Credit Agreement.

“B&M Permitted Payments Conditions” has the meaning ascribed to such term in the Credit Agreement.

“Bankruptcy Code” has the meaning ascribed to such term in the Credit Agreement.

“Collateral” shall have the meaning assigned to the term “Collateral” in each Senior Debt Document and, for the avoidance, shall, for purposes of this Agreement, include any and all property and asset of each Loan Party and each Subsidiary of any Loan Party whether or not such Subsidiary is an obligor, borrower or guarantor under any Senior Debt Document or any Subordinated Debt Document.

“Debt” means Senior Debt or Subordinated Debt, as the context requires.

“Debtor Relief Law” has the meaning ascribed to such term in the Credit Agreement.

“Disposition” or “Dispose” means the sale, assignment, transfer, license, lease (as lessor), exchange, or other disposition (including any sale and leaseback transaction) of any property by any person (or the granting of any option or other right to do any of the foregoing).

“Distribution” shall mean, with respect to any indebtedness, obligation or security, (a) any payment or distribution, direct or indirect, by any Person of cash, securities or other property, by set-off or otherwise, (b) any redemption, purchase or other acquisition of such indebtedness, obligation or security by any Person, (c) any repurchase, redemption, retirement, defeasance, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of such indebtedness, (d) in any payment to retire, or to obtain the surrender of, of such indebtedness or (d) the granting of any lien or security interest to or for the benefit of the holders of such indebtedness, obligation or security in or upon any property of any Person.

“Enforcement Action” shall mean to:

(a) take from or for the account of any Loan Party or any other guarantor of the Senior Debt and/or the Subordinated Debt, by set-off or in any other manner, the whole or any part of any moneys which may now or hereafter be owing by any Loan Party or any such guarantor with respect to the Senior Debt and/or the Subordinated Debt,

(b) ask, demand, sue for payment of, or to initiate or participate with others in any suit, action or proceeding against any Loan Party of the Senior Debt and/or the Subordinated Debt or any such guarantor to (i) enforce payment of or to collect the whole or any part of the Senior Debt and/or the Subordinated Debt, or (ii) commence judicial enforcement of any of the rights and remedies under the Senior Debt Documents and/or the Subordinated Debt Documents or applicable law or at equity with respect to the Subordinated Debt,

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- (c) commence or join with other Persons to commence a Proceeding, including under any Debtor Relief Law, or initiate a filing of a petition for relief under any Proceeding, including under any Debtor Relief Law,
- (d) send a notice of default under or with respect to or accelerate any Senior Debt and/or any Subordinated Debt,
- (e) receive or exercise any put option or to cause any Loan Party or any such guarantor to honor any redemption or mandatory prepayment obligation with respect to any Senior Debt and/or any Subordinated Debt,
- (f) receive or exercise any right or remedy with respect to the Senior Debt (whether under the Senior Debt Documents, applicable law or otherwise) and/or the Subordinated Debt (whether under the Subordinated Debt Documents, applicable law or otherwise), or
- (g) receive or exercise any right or remedy provided to a secured creditor under the Senior Debt Documents and/or the Subordinated Debt Documents (including, in each case, the delivery of any notice to seek to obtain payment directly from any account debtor of any Loan Party or any depository bank, securities intermediary, or other person obligated on any Collateral, or the exercise of any right of setoff or recoupment with respect to obligations owed to any Loan Party), under applicable law, at equity, in a Proceeding, including under any Debtor Relief Law or otherwise,
- (h) foreclose, execute, levy, or collect on, take possession or control of, sell or otherwise realize upon (judicially or non-judicially), or Dispose of (whether publicly or privately), Collateral, or otherwise exercise or enforce remedial rights with respect to Collateral (including by way of setoff, recoupment, notification of a public or private sale or other Disposition pursuant to applicable law, notification to account debtors, notification to depository banks under deposit account control agreements, or exercise of rights under landlord consents, if applicable),
- (i) commence, prosecute, participate in or take any action to enforce any claim or any Lien in respect of the Collateral or any other property or asset, including the institution of any foreclosure proceedings, the noticing of any public or private sale or other disposition pursuant to Article 9 of the UCC or other applicable law, the exercise of any voting rights relating to any Equity Interests or any other property or asset, the acceptance of Collateral or any other property or asset in full or partial satisfaction of any Senior Debt and/or any Subordinated Debt, or any attempt to vacate or obtain relief from a stay or other injunction restricting any other action described in this definition, or
- (i) dispose of all or any portion of the Collateral by private or public sale or any other means, or solicit bids from third parties to conduct the disposition of all or any portion of the Collateral or engage or retain sales brokers, marketing agents, or auctioneers for the purposes of marketing, promoting, and selling Collateral,
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(j) receive a transfer of Collateral in satisfaction of any obligation secured thereby,

(k) file or support any motion or application seeking relief from any automatic stay imposed in any Proceeding, including under any Debtor Relief Law,

(l) otherwise enforce a Lien or exercise a remedy, as a secured creditor or otherwise, in equity, or pursuant to the Senior Debt Documents and/or the Subordinated Debt Documents (including the commencement of applicable legal proceedings or other actions with respect to all or any portion of the Collateral to facilitate the actions described in the preceding clauses and exercising voting rights in respect of equity interests comprising Collateral), or

(m) to cause the disposition of Collateral by any Loan Party or any Subsidiary of any Loan Party (other than in the ordinary course of business) after the occurrence and during the continuation of an event of default under the Senior Debt Documents and/or the Subordinated Debt Documents.

“Equity Interest” has the meaning ascribed to such term in the Credit Agreement.

“Equity Issuance” has the meaning ascribed to such term in the Credit Agreement.

“Lien” has the meaning ascribed to such term in the Credit Agreement.

“Loan Party” shall mean the Borrower and each Subsidiary of the Borrower that is an obligor in respect of the Senior Debt or grants any Lien with respect to any of its property to any Senior Creditor in respect of the Senior Debt and any other Person that is a borrower and/or guarantor and/or surety with respect to the Subordinated Debt

“Paid in Full” or “Payment in Full” shall mean the occurrence of all of the following:

(a) with respect to the Senior Debt, termination of all commitments to extend credit that would constitute Senior Debt and (b) payment in U.S. Dollars in full in cash of all of the Senior Debt (including interest accruing during the pendency of any Proceeding, regardless of whether allowed or allowable in such Proceeding) (other than any contingent indemnity obligations for which no claim, whether oral or written, has been made or asserted) (including interest accruing during the pendency of any Proceeding, regardless of whether allowed or allowable in such Proceeding).

“Permitted Subordinated Debt Payments” shall mean, with respect to the Subordinated Debt, (a) B&M Permitted Payments but only so long as, in each case, B&M Permitted Payment Conditions are satisfied at the time of such Distributions and (b) any other Distribution to which the Senior Agent provides its prior written consent in its sole discretion.

“Person” has the meaning ascribed to such term in the Credit Agreement.

“Proceeding” shall mean any voluntary or involuntary insolvency, bankruptcy, receivership, custodianship, liquidation, dissolution, reorganization, assignment for the benefit of creditors, appointment of a custodian, receiver, trustee or other officer with similar powers, or any other marshaling of assets or liabilities or any other proceeding for the liquidation, dissolution or other winding up of a Person.

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“Qualified Equity Interest” has the meaning ascribed to such term in the Credit Agreement.

“Senior Agent” shall mean Whitehawk Capital Partners LP, as administrative agent and collateral agent (in the manner described in the Credit Agreement) for the Senior Lenders, its successors and assigns in such capacities, or any other Person appointed by the holders of the Senior Debt as administrative agent or collateral for purposes of the Senior Debt Documents and this Agreement.

“Senior Creditors” shall mean, as of any date of determination, the Senior Agent, Senior Lenders, and all other holders of Senior Debt as of such date.

“Senior Debt” shall mean all obligations, liabilities and indebtedness of every nature of each Loan Party from time to time owed to any Senior Creditor under the Senior Debt Documents, along with all “Obligations” as defined in the Credit Agreement, in each case including, without limitation, the principal amount of all debts, claims and indebtedness, accrued and unpaid interest, prepayment premiums, and all fees, costs and expenses, whether primary, secondary, direct, contingent, fixed or otherwise, heretofore, now and from time to time hereafter owing, due or payable, whether before or after the filing of a Proceeding (including, in each case, any obligations and amounts in respect of any DIP Financing and all other amounts accruing on or after the commencement of any Proceeding relating to any Loan Party, or that would have accrued or become due under the terms of the Senior Debt Documents but for the effect of the Proceeding and irrespective of whether a claim for all or any portion of such amounts is allowable or allowed in such Proceeding) together with (a) any amendments, modifications, renewals or extensions thereof and (b) any interest, prepayment premiums, fees, costs and expenses accruing thereon after the commencement of a Proceeding, without regard to whether or not such interest, fees, costs and expenses are allowed or allowable in such Proceeding. Senior Debt shall be considered to be outstanding whenever any commitment for an extension of credit under any Senior Debt Document is outstanding, in each case whether direct or indirect, absolute or contingent, joint or several, due or not due, primary or secondary, liquidated or unliquidated, secured or unsecured.

“Senior Debt Documents” shall mean the Credit Agreement, all related collateral and security documents, and all other agreements, documents and instruments executed from time to time in connection therewith and any documentation with respect to any DIP Financing, in each case, as the same may be amended, restated supplemented, refinanced or otherwise modified from time to time.

“Senior Default” shall mean any “Event of Default” or “Default” under (and/or as defined in) any Senior Debt Document.

“Senior Final Maturity Date” shall mean the “Final Maturity Date” as such term is defined in the Credit Agreement.

“Senior Lenders” shall mean Whitehawk Finance, LLC and all of the other “Lenders” under and as defined in the Senior Debt Documents.

“Subordinated Creditor” shall mean, as of any date of determination, Subordinated Creditor and any other holders of Subordinated Debt as of such date.

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"Subordinated Creditor Note" shall mean the Subordinated Promissory Note dated as of March 28, 2023 made by the Borrower in favor of the Subordinated Creditor in the aggregate face amount of \$3,500,000.

"Subordinated Debt" shall mean all obligations, liabilities and indebtedness of every nature of each Loan Party or any Subsidiary of any Loan Party from time to time owed to the Subordinated Creditor under the Subordinated Debt Documents, however and whenever created, arising or evidenced, whether now existing or hereafter arising, whether joint or several, whether direct or indirect, whether absolute or contingent, whether arising by operation of law or otherwise, whether due or to become due, including, without limitation, the principal amount of all debts, claims and indebtedness, accrued and unpaid interest and all fees, costs and expenses, whether primary, secondary, direct or indirect, absolute or contingent, fixed or otherwise, heretofore, whether joint or several, whether arising by operation of law or otherwise, whether due or to become due, now and from time to time hereafter owing, due or payable, whether before or after the filing of a Proceeding together with (a) any amendments, modifications, renewals or extensions thereof and (b) any interest, premiums, fees, costs and expenses accruing thereon after the commencement of a Proceeding, without regard to whether or not such interest, fees, costs and expenses are an allowed claim.

"Subordinated Debt Documents" shall mean the Subordinated Creditor Agreement and the Subordinated Creditor Note, and all other indebtedness and/or obligations of any Loan Party or any Subsidiary of any Loan Party however and whenever created, arising or evidenced, whether now existing or hereafter arising, whether joint or several, whether direct or indirect, whether absolute or contingent, whether arising by operation of law or otherwise, whether due or to become due, all related collateral and security documents, and all other agreements, documents and instruments executed from time to time in connection therewith, with one or more other obligors, and whether acquired outright, conditionally or as collateral security from any other Person, as the same may be amended, restated supplemented, refinanced or otherwise modified from time to time.

"Subsidiary" has the meaning ascribed to such term in the Credit Agreement. "UCC" shall mean the "Uniform Commercial Code" as such term is defined in the Credit Agreement.

2. Subordination.

2.1. Subordination of Subordinated Debt to Senior Debt. Each Loan Party covenants and agrees, and the Subordinated Creditor likewise covenants and agrees, notwithstanding anything to the contrary contained in any of the Subordinated Debt Documents, that the payment of any and all of the Subordinated Debt shall be subordinate and subject in right and time of payment, to the prior Payment in Full of all Senior Debt; provided, that so long as (x) a Senior Creditor has not sent to the Subordinated Creditor a notice of a Default or an Event of Default under any Senior Debt and/or (y) a Proceeding has not been commenced by or against a Loan Party, the Borrower shall have the right to make, and the Subordinated Creditor shall have the right to accept, receive and retain (but only so long as (i) a Senior Creditor has not sent to the Subordinated Creditor a notice of a Default or an Event of Default under any Senior Debt and/or (ii) a Proceeding has not been commenced by or against a Loan Party), Permitted Subordinated Debt Payments to the extent and in the manner set forth herein. The Subordinated Creditor represent and agree that the sole obligor for and with respect to the Subordinated Debt, is the Borrower and no other Person is obligated as a primary obligor, guarantor or surety with respect to the Subordinated Debt.

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2.2. Liquidation, Dissolution, Bankruptcy. This Agreement shall be applicable both before and after the commencement of any Proceeding involving any Loan Party and all converted or succeeding cases in respect thereof. The relative rights of the Senior Creditors and Subordinated Creditor in or to any Distributions shall continue after the commencement of any Proceeding. Accordingly, the provisions of this Agreement are intended to be and shall be enforceable as a subordination agreement within the meaning of Section 510 of the Bankruptcy Code or any similar provision of any other Debtor Relief Law. In the event of any Proceeding involving any Loan Party, until the Payment in Full of all Senior Debt:

(a) All Senior Debt shall first be Paid in Full before any Distribution shall be made in cash to any Subordinated Creditor on account of any Subordinated Debt.

(b) Any Distribution which would, but for the terms of this Agreement, be payable or deliverable in respect of the Subordinated Debt shall be paid or delivered directly to Senior Agent (to be held and/or applied to the Senior Debt by Senior Agent in accordance with the terms of the Senior Debt Documents). Subordinated Creditor irrevocably authorize, empower and direct any debtor, debtor-in-possession, receiver, trustee, liquidator, custodian, conservator or other Person having authority, to pay or otherwise deliver all such Distributions to Senior Agent or its designee (to be held and/or applied to the Senior Debt by Senior Agent in accordance with the terms of the Senior Debt Documents). Subordinated Creditor irrevocably authorizes and empowers the Senior Agent, in the name of such Subordinated Creditor, to demand, sue for, collect and receive any and all such Distributions.

(c) Subordinated Creditor agrees not to initiate, prosecute or participate in any claim, action or other proceeding challenging the enforceability, validity, perfection or priority of the Senior Debt or any Liens and security interests securing the Senior Debt.

(d) Subordinated Creditor agrees to execute, verify, deliver and file any proofs of claim in respect of the Subordinated Debt requested by the Senior Agent in connection with any such Proceeding and hereby irrevocably authorizes, empowers and appoints Senior Agent as its agent and attorney-in-fact with full power of substitution and with full authority in the place and stead of such Subordinated Creditor and in the name of such Subordinated Creditor or otherwise to (i) execute, verify, deliver and file such proofs of claim upon the failure of such Subordinated Creditor promptly to do so prior to ten (10) days before the expiration of the time to file any such proof of claim and (ii) vote such claim in any such Proceeding upon the failure of such Subordinated Creditor to do so prior to five (5) days before the expiration of the time to vote any such claim; provided, that the Senior Agent shall not have any obligation to execute, verify, deliver, file and/or vote any such proof of claim. In the event that the Senior Agent votes any claim in accordance with the authority granted hereby, such Subordinated Creditor shall not be entitled to change or withdraw such vote.

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(e) If any Senior Creditor is required in any Proceeding or otherwise to turn over, disgorge, or otherwise pay to the estate of any Loan Party any amount paid in respect of Senior Debt (or if any Senior Creditor elects to do so upon the advice of counsel in connection with the settlement of any claims for turn over or disgorgement) (a “Recovery”), then such Senior Creditor shall be entitled to a reinstatement of the Senior Debt with respect to all such amounts, and all rights, interests, priorities, and privileges recognized in this Agreement shall apply with respect to any such Recovery. If this Agreement shall have been terminated prior to such Recovery, this Agreement shall be reinstated in full force and effect, and such prior termination shall not diminish, release, discharge, impair, or otherwise affect the obligations of the parties hereto from such date of reinstatement. The Senior Debt shall continue to be treated as Senior Debt and the provisions of this Agreement shall continue to govern the relative rights and priorities of Senior Creditors and Subordinated Creditor even if all or part of the Senior Debt or all or part of the security interests securing the Senior Debt are subordinated, set aside, avoided, invalidated or disallowed in connection with any such Proceeding, and this Agreement shall be reinstated if at any time any payment of any of the Senior Debt is rescinded or must otherwise be returned by any holder of Senior Debt or any representative of such holder.

(f) Subordinated Creditor agrees that it will not object to or oppose or contest or seek to condition or delay (or join with or support any third party objecting to, opposing, contesting or seeking to condition or delay) any use of cash collateral consented to by the Senior Agent or any financing provided by any Senior Creditor to any Loan Party or any Subsidiary of any Loan Party (or any debtor in possession financing or any financing (on an interim or final basis) provided by any Senior Creditor or any other Person consented to by the Senior Agent) (collectively, “DIP Financing”) on such terms and conditions as the Senior Agent may decide. Subordinated Creditor shall not contest or raise any objection to any DIP Financing from any Senior Creditor. In connection therewith, such Loan Party or any Subsidiary of any Loan Party may grant to the Senior Agent and Senior Creditors or such other lender, as applicable, Liens upon all of the property of such Loan Party, which Liens (i) shall secure payment of all Senior Debt (whether such Senior Debt arose prior to the commencement of any Proceeding or at any time thereafter) and all other financing provided by any Senior Creditor or consented to by the Senior Agent during the Proceeding and (ii) shall be superior in priority to the Liens of the Subordinated Creditor on the property of such Loan Party. If, in connection with any cash collateral use or DIP Financing, any Liens on the Collateral held by the Senior Agent are subject to a surcharge or are subordinated to an administrative priority claim, a professional fee “carve out,” or fees owed to the United States Trustee (or any similar person under any other Debtor Relief Law), then the Liens on the Collateral of the Subordinated Creditor shall also be subordinated to such interest or claim and shall remain subordinated to the Liens on the Collateral of the Senior Agent consistent with this Agreement.

(g) Subordinated Creditor agrees that it will consent to, and not object to or oppose or contest or seek to condition or delay (or join with or support any third party objecting to, opposing, contesting or seeking to condition or delay), a sale or other disposition of any property (or any motion seeking to sell or any bidding procedure for such sale or disposition) (or any portion thereof) securing all of any part of any Senior Debt free and clear of Liens or other claims of the Subordinated Creditor under the Bankruptcy Code, including Sections 363, 365 and 1129 of the Bankruptcy Code, or other similar provisions of other applicable Debtor Relief Laws, if the Senior Agent has consented to such sale or disposition. Subordinated Creditor agrees not to assert any right it may have in any Proceeding arising from such Loan Party’s use, sale or other disposition of Collateral and agrees that it will not seek (or support any other Person seeking) to have any stay, whether automatic or otherwise, lifted with respect to any Collateral without the prior written consent of the Senior Agent.

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(h) Subordinated Creditor agrees that it will not, and will not permit any of its affiliates to, directly or indirectly, provide, participate in or otherwise support, any financing in a Proceeding to such Loan Party or any Subsidiary of any Loan Party without the prior written consent of the Senior Agent.

(i) Subordinated Creditor agrees it will not object to or oppose any adequate protection sought by the Senior Agent or any Senior Creditor or object to or oppose any motion by the Senior Agent to lift the automatic stay or any other stay in any Proceeding. Subordinated Creditor will not seek or assert any right it may have for adequate protection of its interest in any Collateral. Subordinated Creditor waives any claim it may now or hereafter have arising out of the Senior Agent's or any Senior Creditor's election, in any Proceeding, of the application of Section 1111(b)(2) of the Bankruptcy Code (or any similar provision of any other Debtor Relief Law), and/or any borrowing or grant of a Lien under Section 364 of the Bankruptcy Code (or any similar provision of any other Debtor Relief Law) by such Loan Party, as debtor-in-possession.

(j) Subordinated Creditor further agrees that it shall not, without the Senior Agent's prior written consent, commence or continue any Proceeding, propose any plan of reorganization, arrangement or support or vote to accept any plan of reorganization or liquidation or proposal or file any motion, pleading or material in support of any motion or plan of reorganization or liquidation, arrangement or proposal that would impair the rights of the Senior Creditors or that is inconsistent with the priorities or other provisions of this Agreement, or is opposed by the Senior Creditors or the Senior Agent, or oppose any plan of reorganization or liquidation supported by the Senior Agent; provided that, notwithstanding the foregoing, the Subordinated Creditor retain all their rights to vote their claims in any Proceeding (including, without limitation, the right to vote to accept or reject any plan of reorganization, composition, arrangement or liquidation and the right to change any such vote, to the extent permitted to do so by applicable law or judicial process) to the extent not inconsistent with the priorities and other provisions of this Agreement.

(k) Subordinated Creditor will not ask for, demand, sue for (including, without limitation, commencing, prosecuting or participating in any administrative, legal or equitable action (including any Proceeding) against any Loan Party or any Subsidiary of any Loan Party and the or with respect to the Subordinated Debt), receive or exercise any remedy with respect to, and neither any Loan Party or any Subsidiary of any Loan Party will make any payment or distribution (whether directly or indirectly, including, without limitation, whether made in cash, securities (other than as set forth in Section 2.3(b) below) or other property or by set-off) with respect to any Subordinated Debt until Payment in Full in cash of the Senior Debt; provided, however, that in the event that Subordinated Creditor receives any such payment or distribution prior to the Payment in Full of the Senior Debt, Subordinated Creditor shall hold such payment or distribution in trust for Senior Agent on behalf of the Senior Creditors and shall either (i) promptly, but in any event within one (1) Business Day, deliver the same to Senior Agent on behalf of the Senior Creditors after receipt thereof, with any necessary endorsements, or (ii) promptly, but in any event within one (1) Business Day, pay the amount of such payment to Senior Agent, in either case, without any withholding, setoff or other deduction.

(l) In any Proceedings which require the classification of claims of creditors for voting purposes of any plan or proposal, Subordinated Creditor agrees that the Loan Parties (including as debtor(s) in any Proceeding) shall establish separate classes for claims of the Senior Creditors and Subordinated Creditor in recognition of their different interests.

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(m) The Senior Creditors shall not be bound to seek or exhaust any recourse against a Loan Party (including as a debtor in any Proceeding) or any other person or against the Collateral or assets of any debtor or any other person or against any security, guarantee or indemnity before being entitled to the benefit of the Subordinated Creditor's obligations hereunder and the Senior Creditors may, subject to the terms of this Agreement, enforce the various remedies available to them, take whatever Enforcement Action and realize upon the Liens, Collateral, guarantees and indemnities or any part thereof, held by them in such order as the Senior Creditors deem appropriate, in their sole discretion.

(n) Until the indefeasible Payment in Full of the Senior Debt has occurred, the Subordinated Creditor, waives any claim that may be had against the Senior Agent and the other the Senior Creditors arising out of any DIP Financing, or request for adequate protection or administrative expense priority under Section 364 of the Bankruptcy Code.

(o) Until the indefeasible Payment in Full of the Senior Debt has occurred, the Subordinated Creditor, agrees that the Subordinated Creditor shall not seek relief, pursuant to Section 362(d) of the Bankruptcy Code or otherwise, from the automatic stay of Section 362(a) of the Bankruptcy Code or from any other stay or other prohibition in any without the prior written consent of the Senior Agent.

(p) The Subordinated Creditor, agrees that it shall not challenge, object to, oppose, contest or seek to condition or delay (or join with or support any third party challenging, objecting to, opposing, contesting or seeking to condition or delay) any claim by the Senior Agent and the other the Senior Creditors for allowance or payment in any Proceeding of the Senior consisting of post-petition interest, fees, prepayment premiums, or expenses or cash collateralization of all letters of credit.

(q) Without the express written consent of the Senior Agent, the Subordinated Creditor shall not oppose, object to, contest or seek to condition or delay (or shall join with or support any third party in opposing, objecting to, contesting or seeking to condition or delay, as the case may be), in any Proceeding involving any Loan Party, (i) the determination of the extent of any Liens held by the Senior Agent or the value of any claims of any such holder under Section 506(a) of the Bankruptcy Code or (ii) the payment to the Senior Agent of interest, fees or expenses, or to the cash collateralization of letters of credit, under Section 506(b) of the Bankruptcy Code.

(r) Until the indefeasible Payment in Full of the Senior Debt has occurred, notwithstanding anything to the contrary contained herein, if in any Proceeding a determination is made that any Lien encumbering any Collateral is not enforceable for any reason, then the Subordinated Creditor, agrees that, any Distribution or recovery that any of them may receive in respect of any such Collateral shall be segregated and held in trust and forthwith paid over to the Senior Agent for the benefit of the Senior Creditors in the same form as received without recourse, representation or warranty (other than a representation of the Subordinated Creditor that it has not otherwise sold, assigned, transferred or pledged any right, title or interest in and to such distribution or recovery) but with any necessary endorsements or as a court of competent jurisdiction may otherwise direct. The Subordinated Creditor, hereby appoints the Senior Agent, and any officer or agent of the Senior Agent, with full power of substitution, the attorney-in-fact of each Junior Lien Secured Party for the limited purpose of carrying out the provisions of this clause (r) and taking any action and executing any instrument that the Senior Agent may deem necessary or advisable to accomplish the purposes of this clause (r), which appointment is irrevocable and coupled with an interest.

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(s) The Subordinated Creditor shall not oppose, object to, contest or seek to condition or delay (or join with or support any third party in opposing, objecting to, contesting or seeking to condition or delay, as the case may be) any credit bid by the Senior Agent.

(t) Without the consent of the Senior Agent in its sole discretion, the Subordinated Creditor, agrees that it shall not file or join an involuntary bankruptcy petition or claim or seek the appointment of an examiner, receiver or a trustee for any of the Loan Parties or any of their Subsidiaries, or any of their respective properties.

(u) Subordinated Creditor shall not object to, oppose, or challenge the determination of the extent of any Liens held by the Senior Creditors or the value of any claims of any Senior Creditor under Section 506(a) of the Bankruptcy Code or any similar provision of any other Debtor Relief Law or any claim by any Senior Creditor for allowance in any Proceeding of Senior Debt consisting of post-petition interest, fees, or expenses.

(v) Until the indefeasible Payment in Full of the Senior Debt has occurred, the Subordinated Creditor, waives any right to assert or enforce any claim under Section 506(c) or 552 of the Bankruptcy Code or any similar provision of any other Debtor Relief Law as against any Senior Creditor or any of the Collateral.

(w) Subordinated Creditor will not object to (and will consent to) a plan of reorganization or plan of liquidation that is accepted by the requisite affirmative vote of all classes composed of the secured claims of Senior Creditors based upon the failure of such plan of reorganization to pay the Subordinated Creditor's claims.

2.3. Subordinated Debt Payments.

(a) Distributions. Notwithstanding the terms of the Subordinated Debt Documents, each Loan Party hereby agrees that it may not make, and each Subordinated Creditor hereby agrees that, except for Distributions in the form of a Permitted Subordinated Debt Payment, it will not accept, any cash Distribution with respect to any of the Subordinated Debt until all of the Senior Debt is Paid in Full.

(b) Permitted Subordinated Debt Payments. Notwithstanding anything to the contrary contained in this Agreement or the Credit Agreement, but only so long as (x) a Senior Creditor has not sent to the Subordinated Creditor a notice of a Default or an Event of Default under any Senior Debt and/or (y) a Proceeding has not been commenced by or against a Loan Party, the Borrower shall be entitled to pay Permitted Subordinated Debt Payments (but only in accordance with the terms thereof) to the Subordinated Creditor.

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2.4. Subordinated Debt Standstill Provisions.

(a) Until all of the Senior Debt is Paid in Full, whether or not any Proceeding has been commenced by or against any Loan Party, Subordinated Creditor shall not, without the prior written consent of the Senior Agent, take any Enforcement Action with respect to the Subordinated Debt or otherwise. Until the Senior Debt is Paid in Full, whether or not any Proceeding has been commenced by or against any Loan Party, Senior Creditors shall have the exclusive right to take Enforcement Actions with respect to any Loan Party and/or the Collateral without any consultation with or the consent of Subordinated Creditor. In connection with any Enforcement Action, Senior Creditors may enforce the provisions of the Senior Debt Documents and exercise remedies thereunder, all in such order and in such manner as they may determine in the exercise of their sole discretion. Such exercise and enforcement shall include the rights of an agent appointed by them to Dispose of Collateral, to incur expenses in connection with such Disposition, and to exercise all the rights and remedies of a secured creditor under applicable law. Any Distributions or other proceeds of any Enforcement Action obtained by any Subordinated Creditor shall in any event be held in trust by it for the benefit of the Senior Creditors and promptly paid or delivered to the Senior Agent (to be held and/or applied to the Senior Debt by the Senior Agent in accordance with the terms of the Senior Debt Documents) until all Senior Debt is Paid in Full.

2.5. Retention of Proceeds. Subordinated Creditor shall not be permitted to retain any proceeds of Collateral or any other Distribution by or on behalf of any Loan Party or any Subsidiary of any Loan Party received in connection with any Enforcement Action or otherwise unless and until the Payment in Full of Senior Debt has occurred, and any such proceeds received or retained in any other circumstance shall in any event be held in trust by it for the benefit of the Senior Creditors and promptly paid or delivered to the Senior Agent (to be held and/or applied to the Senior Debt by the Senior Agent in accordance with the terms of the Senior Debt Documents) until all Senior Debt is Paid in Full.

2.6. Liens and Security Interests.

(a) The parties hereto agree that the Subordinated Debt is unsecured and neither any Loan Party nor any Subsidiary of any Loan Party has granted nor shall it grant any Liens on any asset or property of any Loan Party nor any Subsidiary of any Loan Party to secure any Subordinated Debt, or take any action to perfect any Liens securing the Subordinated Debt. In furtherance of the foregoing, the Subordinated Creditor shall not accept, receive or retain any Lien on any asset or property in respect of the Subordinated Debt.

(b) Subordinated Creditor agrees that it will not at any time contest the validity, perfection, priority or enforceability of the Senior Debt, the Senior Debt Documents, or the liens and security interests of the Senior Creditors in the Collateral securing the Senior Debt.

(c) In the event that any Loan Party desires to sell any of the Collateral, whether or not during the existence any Senior Default, and the requisite Senior Creditors under the Senior Debt Documents consent to such sale, Subordinated Creditor shall be deemed to have consented to such sale.

(d) In the event that the Subordinated Creditor obtains any liens or security interests (including any judgment liens) in any asset or property of any Loan Party nor any Subsidiary of any Loan Party, the Subordinated Creditor shall (or shall cause its agent) to promptly execute and deliver to Senior Agent such termination statements and releases as Senior Agent shall request to effect the release of the liens and security interests of the Subordinated Creditor in such asset or property of any Loan Party nor any Subsidiary of any Loan Party. In furtherance of the foregoing, Subordinated Creditor hereby irrevocably appoint Senior Agent its attorney-in-fact, with full power of substitution and with full authority in the place and stead of Subordinated Creditor and in the name of Subordinated Creditor or otherwise, to execute and deliver any document or instrument which Subordinated Creditor may be required to deliver pursuant to this Section 2.6.

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(e) In the event of any Proceeding debt obligations of a reorganized debtor secured by Liens upon any property of the reorganized debtor are distributed pursuant to a confirmed plan of reorganization or liquidation or similar dispositive restructuring plan, both on account of Senior Debt and on account of Subordinated Debt, then, to the extent the debt obligations distributed on account of the Senior Debt and on account of the Subordinated Debt are secured by Liens upon the same property, the provisions of this Agreement will survive the distribution of such debt obligations pursuant to such plan and will apply with like effect to the Liens securing such debt obligations.

(f) If, in connection with a Proceeding involving any Loan Party, Subordinated Creditor receives any cash, debt, or equity securities on account of Subordinated Debt, the Subordinated Creditor shall turnover such cash, claims, or securities to Senior Agent Creditor for application in accordance with Section 2.5 hereof.

2.7. Sale, Transfer or other Disposition of Subordinated Debt.

(a) Subordinated Creditor shall not sell, assign, pledge, dispose of or otherwise transfer all or any portion of the Subordinated Debt or any Subordinated Debt Document: (i) without giving prior written notice of such action to the Senior Agent, and (ii) unless, prior to the consummation of any such action, the transferee thereof shall execute and deliver to the Senior Agent an agreement joining such transferee as a party to this Agreement as a Subordinated Creditor, or an agreement substantially identical to this Agreement, providing for the continued subordination of the Subordinated Debt to the Senior Debt as provided herein and for the continued effectiveness of all of the rights of the Senior Agent and other Senior Creditors arising under this Agreement.

(b) Notwithstanding the failure of any transferee to execute or deliver a joinder to this Agreement or an agreement substantially identical to this Agreement, the subordination effected hereby shall survive any sale, assignment, pledge, disposition or other transfer of all or any portion of the Subordinated Debt, and the terms of this Agreement shall be binding upon the successors and assigns of the Subordinated Creditor, as provided in Section 9 hereof.

2.8. Legends. Until the termination of this Agreement in accordance with Section 15 hereof, each Subordinated Creditor will cause to be clearly, conspicuously and prominently inserted on the face of each Subordinated Debt Document, as well as any renewals or replacements thereof, the following legend:

“This [agreement/instrument] and the rights and obligations evidenced hereby are subordinate in the manner and to the extent set forth in that certain Subordination Agreement (the “Subordination Agreement”), dated as of March 28, 2023 between WHITEHAWK CAPITAL PARTNERS LP, as the Senior Agent (as defined therein), BRUCE - MERRILEES ELECTRIC CO., as the Subordinated Creditor, and the other Loan Parties (as defined therein) party thereto, to the indebtedness (including interest).”

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2.9. Obligations Hereunder Not Affected. All rights and interest of the Senior Creditors hereunder, and all agreements and obligations of the Subordinated Creditor and any Loan Party hereunder, shall remain in full force and effect irrespective of:

- (a) any lack of validity or enforceability of any document evidencing any of the Senior Debt;
- (b) any change in the time, manner or place of payment of, or any other term of, all or any of the Senior Debt, or any other permitted amendment or waiver of or any release or consent to departure from any of the Senior Debt Documents;
- (c) any exchange, release or non-perfection of any collateral for all or any of the Senior Debt;
- (d) any failure of any Senior Lender or Senior Agent to assert any claim or to enforce any right or remedy against any other party hereto under the provisions of this Agreement or any Senior Debt Document other than this Agreement;
- (e) any reduction, limitation, impairment or termination of the Senior Debt for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to (and any Loan Party and Subordinated Creditor hereby waive any right to or claim of) any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, any Senior Debt; and
- (f) any other circumstance, whether similar or dissimilar which might otherwise constitute a defense available to, or a discharge of, any Loan Party in respect of the Senior Debt or Subordinated Creditor in respect of this Agreement.

Each Subordinated Creditor acknowledges and agrees that the Senior Creditors may in accordance with the terms of the Senior Debt Documents, without notice or demand and without affecting or impairing Subordinated Creditor's obligations hereunder from time to time, (i) renew, compromise, extend, increase, accelerate or otherwise change the time for payment of, or otherwise change the terms of the Senior Debt or any part thereof, including, without limitation, to increase or decrease the rate of interest thereon or the principal amount thereof; (ii) take or hold security for the payment of the Senior Debt and exchange, enforce, foreclose upon, waive and release any such security; (iii) apply such security and direct the order or manner of sale thereof as Senior Agent and the Senior Lenders in their sole discretion, may determine; (iv) release and substitute one or more endorsers, warrantors, borrowers or other obligors; and (v) exercise or refrain from exercising any rights against any Loan Party or any other Person. The Senior Debt shall continue to be treated as Senior Debt and the provisions of this Agreement shall continue to govern the relative rights and priorities of Senior Agent, the Senior Lenders and Subordinated Creditor even if all or part of the Senior Debt or the security interests securing the Senior Debt are subordinated, set aside, avoided, invalidated or disallowed.

2.10. Marshaling. Until the Payment in Full of the Senior Debt, each Subordinated Creditor agrees not to assert and hereby waives, to the fullest extent permitted by law, any right to demand, request, plead, or otherwise assert, or otherwise claim the benefit of, any marshaling, appraisal, valuation, or other similar right that may otherwise be available under applicable law with respect to the Collateral or any other similar rights a junior secured creditor may have under applicable law.

2.11. Rights Relating to the Senior Agent's Actions with respect to the Collateral. Subordinated Creditor hereby waives, to the extent permitted by applicable law, any rights which it may have to enjoin or otherwise obtain a judicial or administrative order preventing Senior Creditors from taking, or refraining from taking, any action with respect to all or any part of the Collateral.

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3. Modifications.

3.1. Modifications to Senior Debt Documents. Senior Agent and the Senior Lenders may at any time and from time to time without the consent of or notice to Subordinated Creditor, without incurring liability to Subordinated Creditor and without impairing or releasing the obligations of Subordinated Creditor under this Agreement, change the manner or place of payment or extend the time of payment of or renew or alter any of the terms or increase the amount of any or all of the Senior Debt, or amend or otherwise modify in any manner any Senior Debt Document.

3.2. Modifications to Subordinated Debt. Until all of the Senior Debt has been Paid in Full, and notwithstanding anything to the contrary contained in the Subordinated Debt Documents, Subordinated Creditor shall not, without the prior written consent of the Senior Agent, agree to any amendment, modification or supplement to any Subordinated Debt Document.

4. Representations and Warranties.

4.1. Representations and Warranties and Covenants of Subordinated Creditor. Subordinated Creditor hereby represents and warrants to Senior Agent and the Senior Lenders that as of the date hereof: (a) each Subordinated Creditor has the power and authority to enter into, execute, deliver and carry out the terms of this Agreement, all of which have been duly authorized by all proper and necessary action; (b) the execution of this Agreement by each Subordinated Creditor will not violate or conflict with the organization documents of such Subordinated Creditor (to the extent applicable), any material agreement binding upon such Subordinated Creditor or any law, regulation or order or require any consent or approval which has not been obtained; (c) this Agreement is the legal, valid and binding obligation of each Subordinated Creditor, enforceable against such Subordinated Creditor in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by equitable principles; and (e) each Subordinated Creditor is the sole owner, beneficially and of record, of its respective Subordinated Debt.

4.2. Representations and Warranties of Senior Agent. Senior Agent hereby represents and warrants to Subordinated Creditor that as of the date hereof: (a) Senior Agent is a limited liability company duly formed and validly existing under the laws of the State of Delaware; (b) Senior Agent has the power and authority to enter into, execute, deliver and carry out the terms of this Agreement, all of which have been duly authorized by all proper and necessary action; (c) the execution of this Agreement by Senior Agent will not violate or conflict with the organizational documents of Senior Agent, any material agreement binding upon Senior Agent or any law, regulation or order or require any consent or approval which has not been obtained; and (d) this Agreement is the legal, valid and binding obligation of Senior Agent, enforceable against Senior Agent in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally or by equitable principles.

5. Subrogation; Recovery. Subject to the Payment in Full of all Senior Debt, Subordinated Creditor shall be subrogated to the rights of Senior Agent and the Senior Lenders to receive Distributions with respect to the Senior Debt until the Subordinated Debt is paid in full. Subordinated Creditor agrees that in the event that all or any part of a payment made with respect to the Senior Debt is recovered from the holders of the Senior Debt in a Proceeding or otherwise, any Distribution received by Subordinated Creditor with respect to the Subordinated Debt shall be deemed to have been received by Subordinated Creditor in trust as property of the holders of the Senior Debt and Subordinated Creditor shall forthwith deliver the same to the Senior Agent for the benefit of the Senior Lenders (to be held and/or applied to the Senior Debt by the Senior Agent in accordance with the terms of the Senior Debt Documents) until all Senior Debt is Paid in Full. A Distribution made pursuant to this Agreement to Senior Agent or a Senior Lender which otherwise would have been made to a Subordinated Creditor is not, as between any Loan Party and such Subordinated Creditor, a payment by a Loan Party to or on account of the Senior Debt.

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6. Modification. Any modification or waiver of any provision of this Agreement, or any consent to any departure by any party from the terms hereof, shall not be effective in any event unless the same is in writing and signed by each of Senior Agent and the Subordinated Creditor, and then such modification, waiver or consent shall be effective only in the specific instance and for the specific purpose given. Any notice to or demand on any party hereto in any event not specifically required hereunder shall not entitle the party receiving such notice or demand to any other or further notice or demand in the same, similar or other circumstances unless specifically required hereunder.

7. Further Assurances. Each party to this Agreement promptly will execute and deliver such further instruments and agreements and do such further acts and things as may be reasonably requested in writing by any other party hereto that may be necessary or desirable in order to effect fully the purposes of this Agreement.

8. Notices. Unless otherwise specifically provided herein, any notice delivered under this Agreement shall be in writing addressed to the respective party as set forth below and may be personally served, telecopied or sent by overnight courier service or certified or registered United States mail and shall be deemed to have been given (a) if delivered in person, when delivered; (b) if delivered by telecopy, on the date of transmission if transmitted on a business day before 4:00 p.m. (New York City time) or, if not, on the next succeeding business day; (c) if delivered by overnight courier, one business day after delivery to such courier properly addressed; or (d) if by United States mail, four business days after deposit in the United States mail, postage prepaid and properly addressed.

Notices shall be addressed as follows:

If to Subordinated Creditor:

[ ]

With a copy (which shall not constitute notice) to:

[ ]

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If to any Loan Party:

[ ]

With copy (which shall not constitute notice) to:

If to Senior Agent:

[ ]

With copy (which shall not constitute notice) to:

[ ]

If to Senior Agent:

[ ]

With copy (which shall not constitute notice) to:

[ ]

or in any case, to such other address as the party addressed shall have previously designated by written notice to the serving party, given in accordance with this Section 8.

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9. Successors and Assigns. This Agreement shall inure to the benefit of, and shall be binding upon, the respective successors and assigns of Senior Agent, each other Senior Creditor, each Subordinated Creditor, and each Loan Party. To the extent permitted under the applicable Senior Debt Documents, Senior Lenders may, from time to time, without notice to Subordinated Creditor, assign or transfer any or all of the Senior Debt or any interest therein to any Person and, notwithstanding any such assignment or transfer, or any subsequent assignment or transfer, the Senior Debt shall, subject to the terms hereof, be and remain Senior Debt for purposes of this Agreement, and every permitted assignee or transferee of any of the Senior Debt or of any interest therein shall, to the extent of the interest of such permitted assignee or transferee in the Senior Debt, be entitled to rely upon and be the third party beneficiary of the subordination provided under this Agreement and shall be entitled to enforce the terms and provisions hereof to the same extent as if such assignee or transferee were initially a party hereto. Subordinated Creditor further agrees that it will, at the request of Senior Agent, enter into an agreement, in the form of this Agreement, mutatis mutandis, with any party that refinances any Senior Debt; provided, that the failure of Subordinated Creditor to execute such an agreement shall not affect such party's right to rely on and enforce the terms of this Agreement.

10. Relative Rights. This Agreement shall define the relative rights of Senior Agent, Senior Lenders and the Subordinated Creditor. Nothing in this Agreement shall (a) impair, as among any Loan Party, Senior Agent and the Senior Lenders, and as among any Loan Party and the Subordinated Creditor, the obligation of any Loan Party with respect to the payment of the Senior Debt and the Subordinated Debt in accordance with their respective terms or (b) affect the relative rights of Senior Agent, any Senior Lender or any Subordinated Creditor with respect to any other creditors of any Loan Party.

11. Conflict. In the event of any conflict between any term, covenant or condition of this Agreement and any term, covenant or condition of any of the Subordinated Debt Documents, the provisions of this Agreement shall control and govern.

12. Headings. The paragraph headings used in this Agreement are for convenience only and shall not affect the interpretation of any of the provisions hereof.

13. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

14. Severability. In the event that any provision of this Agreement is deemed to be invalid, illegal or unenforceable by reason of the operation of any law or by reason of the interpretation placed thereon by any court or governmental authority, the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby, and the affected provision shall be modified to the minimum extent permitted by law so as most fully to achieve the intention of this Agreement.

15. Continuation of Subordination; Termination of Agreement. This Agreement shall remain in full force and effect until Payment in Full of all of the Senior Debt after which this Agreement shall terminate without further action on the part of the parties hereto, provided, that if any payment is, subsequent to such termination, recovered from any holder of Senior Debt, this Agreement immediately and automatically shall be reinstated.

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16. APPLICABLE LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES.

17. CONSENT TO JURISDICTION. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS AGREEMENT SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT LOCATED IN THE COUNTY OF NEW YORK. EACH PARTY HERETO HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND OF THE UNITED STATES DISTRICT COURT LOCATED IN THE COUNTY OF NEW YORK FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HERETO FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK. EACH PARTY HERETO HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

18. WAIVER OF JURY TRIAL. EACH SUBORDINATED CREDITOR, EACH LOAN PARTY PARTY HERETO, AND SENIOR AGENT HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT. EACH SUBORDINATED CREDITOR, EACH LOAN PARTY PARTY HERETO, AND SENIOR AGENT ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT AND THE SENIOR DEBT DOCUMENTS AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. EACH SUBORDINATED CREDITOR, EACH LOAN PARTY PARTY HERETO, AND SENIOR AGENT WARRANTS AND REPRESENTS THAT EACH HAS HAD THE OPPORTUNITY OF REVIEWING THIS JURY WAIVER WITH LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS.

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IN WITNESS WHEREOF, Subordinated Creditor, each Loan Party party hereto, and Senior Agent have caused this Agreement to be executed as of the date first above written.

SUBORDINATED CREDITOR:

BRUCE - MERRILEES ELECTRIC CO.

By: /s/ Jay H. Bruce  
Name: Jay. H. Bruce  
Title: President & CEO

[Subordination Agreement]

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SENIOR AGENT:

WHITEHAWK CAPITAL PARTNERS LP

By: /s/ Robert A. Louzan

Name: Robert A. Louzan

Title: Managing Partner

[Subordination Agreement]

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LOAN PARTIES:

**STRONGHOLD DIGITAL MINING HOLDINGS LLC**

By: /s/ Gregory A. Beard

Name: Gregory A. Beard  
Title: Authorized Person

**STRONGHOLD DIGITAL MINING, INC.**

By: /s/ Gregory A. Beard

Name: Gregory A. Beard  
Title: Chief Executive Officer

**LIBERTY BELL FUNDING LLC**

By: /s/ Gregory A. Beard

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Name: Gregory A. Beard  
Title: Authorized Person

**EIF SCRUBGRASS, LLC**

By: /s/ Gregory A. Beard  
Name: Gregory A. Beard

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Title: Authorized Person

**PANTHER CREEK POWER OPERATING, LLC**

By: /s/ Gregory A. Beard  
Name: Gregory A. Beard

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Title: Authorized Person

[Subordination Agreement]

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**STRONGHOLD DIGITAL MINING PENN, LLC**

By: /s/ Gregory A. Beard

Name: Gregory A. Beard  
Title: Authorized Person

**STRONGHOLD DIGITAL MINING OPERATING, LLC**

By: /s/ Gregory A. Beard

Name: Gregory A. Beard  
Title: Authorized Person

**SCRUBGRASS POWER LLC**

By: /s/ Gregory A. Beard

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Name: Gregory A. Beard  
Title: Authorized Person

**STRONGHOLD DIGITAL MINING LLC**

By: /s/ Gregory A. Beard

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Name: Gregory A. Beard  
Title: Authorized Person

**STRONGHOLD DIGITAL MINING EQUIPMENT, LLC**

By: /s/ Gregory A. Beard

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Name: Gregory A. Beard  
Title: Authorized Person

**SCRUBGRASS RECLAMATION COMPANY, L.P.**

By: /s/ Gregory A. Beard

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Name: Gregory A. Beard  
Title: Authorized Person

[Subordination Agreement]

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**STRONGHOLD DIGITAL MINING BT, LLC**

By: /s/ Gregory A. Beard

Name: Gregory A. Beard  
Title: Authorized Person

**STRONGHOLD DIGITAL MINING TH, LLC**

By: /s/ Gregory A. Beard  
Name: Gregory A. Beard  
Title: Authorized Person

**STRONGHOLD DIGITAL MINING HASHCO, LLC**

By: /s/ Gregory A. Beard

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Name: Gregory A. Beard  
Title: Authorized Person

**OLYMPUS PANTHER HOLDINGS, LLC**

By: /s/ Gregory A. Beard

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Name: Gregory A. Beard  
Title: Authorized Person

**PANTHER CREEK PERMITTING, LLC**

By: /s/ Gregory A. Beard  
Name: Gregory A. Beard

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Title: Authorized Person

[Subordination Agreement]

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**CLEARFIELD PROPERTIES, INC.**

By: /s/ Gregory A. Beard

Name: Gregory A. Beard  
Title: Authorized Person

**PANTHER OP INTEREST HOLDINGS, LLC**

By: /s/ Gregory A. Beard

Name: Gregory A. Beard  
Title: Authorized Person

**STRONGHOLD DIGITAL MINING HOSTING, LLC**

By: /s/ Gregory A. Beard

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Name: Gregory A. Beard  
Title: Authorized Person

[Subordination Agreement]

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**SECOND AMENDMENT TO CREDIT AGREEMENT**

This Second Amendment to the Credit Agreement (defined below) (this “Second Amendment”) is entered into as of March 28, 2023, by and among Stronghold Digital Mining, Inc., a Delaware corporation (“Holdings”), Stronghold Digital Mining Holdings, LLC, a Delaware limited liability company (the “Borrower”), each Subsidiary of the Borrower listed as a “Guarantor” on the signature pages hereto (together with Holdings, each a “Guarantor” and collectively, the “Guarantors”), the Lenders (as defined below) party hereto, Whitehawk Capital Partners LP (“Whitehawk Capital”), as collateral agent for the Lenders (in such capacity, together with its designees, successors and assigns, the “Collateral Agent”) and Whitehawk Capital, as administrative agent for the Lenders (in such capacity, together with its designees, successors and assigns, the “Administrative Agent” and together with the Collateral Agent, each an “Agent” and collectively, the “Agents”) and the Lenders (as defined below) party hereto.

**WITNESSETH**

WHEREAS, Holdings, the Borrower, each Guarantor, Whitehawk Finance LLC and/or its Affiliates or designees and the other lenders from time to time party thereto (each a “Lender” and collectively, the “Lenders”), and the Agents are party to that certain Credit Agreement dated as of October 27, 2022 (as amended by that certain First Amendment dated as of February 6, 2023 and as further amended, the “Credit Agreement”) pursuant to which the Lenders have agreed to make Loans available to the Borrower;

WHEREAS, the Borrower, Holdings, Lenders and the Agents wish to make certain amendments to the Credit Agreement as provided below subject to the terms and conditions hereinafter set forth; and

NOW, THEREFORE, in consideration of the mutual agreements contained in this Second Amendment and herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby mutually agree as follows:

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Defined Terms. Each capitalized term used herein and not defined herein shall have the meaning ascribed to such term in the Credit Agreement.
2. Amendments to the Credit Agreement. Subject to the satisfaction (or waiver in writing by the Administrative Agent and undersigned Lenders which constitute at least Required Lenders) of the conditions set forth in Section 3 hereof and in reliance on the representations and warranties of the Loan Parties set forth in this Second Amendment and in the Credit Agreement, in accordance with Section 10.01 of the Credit Agreement, the Borrower, Holdings, Administrative Agent and each of the Lenders hereby agree that the Credit Agreement is amended and modified as follows:

(a) Existing Definitions:

i) The defined term “Permitted Indebtedness” in the Credit Agreement is amended as follows: (A) by deleting the “and” at the end of clause (o) thereof; (B) by replacing the “.” at the end of clause (p) thereof with “; and” and (C) by inserting a new clause (q) immediately after clause (p) thereof to read as follows: “Indebtedness of the Borrower owed to B&M under the B&M Note provided that such Indebtedness shall at all times remain subject to the terms of the B&M Subordination Agreement.”

ii) The defined term “Subordinated Indebtedness” is amended as follows: by replacing the last sentence thereof with the following: “For the avoidance of the term Subordinated Indebtedness shall include all Indebtedness issued and/or incurred, whether before or after the Effective Date, in respect of, (x) the Note and Warrant Purchase Agreement, dated May 15, 2022, by and among Stronghold Digital Mining, Inc. and the investors party thereto, as such agreement may be amended, amended and restated, modified and/or supplemented from time to time and (y) Indebtedness owed to B&M under the B&M Note.”

iii) The defined term “Material Contract” is amended as follows: by adding the following at the end of the “.” thereof “For the avoidance of doubt, the term ‘Material Contract’ under clauses (a) and (c) shall in all instances include each B&M Document.”

(b) New Definitions: As used herein, the following terms shall have the following meanings given to them below, and the Credit Agreement and the other Loan Documents are hereby amended to include the following in alphabetical order:

i) “B&M” means, Bruce-Merrilees Electric Company, a Pennsylvania corporation.

ii) “B&M Access Agreement” means, that certain Landlord Waiver and Consent Agreement (in the form delivered to the Loan Parties by the Administrative Agent on March 17, 2023 at 3:23 p.m.) on to be dated on or before April 7, 2023 between JCL Energy, LLC, as landlord, B&M, as tenant, the Collateral Agent, as secured party and the Loan Parties.

iii) “B&M Bill of Sale” means, that certain Bill of Sale dated as of March 28, 2023 made by B&M in favor of the Borrower which transfers any and all right, title and property in the assets and property described therein to the Borrower.

iv) “B&M Documents” mean, each of, the B&M Access Agreement, the B&M Bill of Sale, the B&M Note, the B&M Settlement Agreement, the B&M Subordination Agreement, the B&M Warrant and any other document or agreement executed or delivered in connection with the foregoing.

v) “B&M Note” means, that certain Subordinated Promissory Note dated as of March 28, 2023 made by the Borrower in favor of B&M in aggregate amount of \$3,500,000.

vi) “B&M Permitted Payments” means, the following: in each case, subject to the satisfaction of B&M Payments Conditions, (i) so long as no PIK Option has (or will be) exercised for (x) the month and (y) the month following, in each case, the date of the scheduled payment of interest under the B&M Note, payment of interest in cash on the last Business Day of each calendar month commencing April 2023 at a rate that is not greater than 7.5% per annum (provided that any capitalized amounts under clause (iii) below shall not receive any payment of interest in cash until the date that is 91-days after the payment in full, in cash, of all Obligations (other than contingent indemnification obligations as to which no claim has been made) and the termination of all Commitments), (ii) so long as no PIK Option has (or will be) exercised for (x) the month and (y) the month following, in each case, the date of scheduled payment of principal under the B&M Note, instalment payment of principal in an amount not to exceed \$125,000 per months (and in an aggregate amount for all such payment not to exceed \$500,000) in cash on the last Business Day of each calendar month commencing April 2023 and (iii) if a PIK Option has (or will be) exercised for (x) the month and (y) the month following, in each case, any scheduled payment of interest or principal under the B&M Note that are permitted to be made pursuant to clauses (i) and (ii) above, all such payments would be payable in kind and added to the principal balance of the B&M Note; provided that such capitalized amounts shall not receive any payment of interest in cash until the date that is 91-days after the payment in full, in cash, of all Obligations (other than contingent indemnification obligations as to which no claim has been made) and the termination of all Commitments. For the avoidance of doubt, (x) the aggregate amount of principal payments under the B&M Note until the date that is 91-days after the payment in full, in cash, of all Obligations (other than contingent indemnification obligations as to which no claim has been made) and the termination of all Commitments shall not exceed \$500,000 and (y) if at the time or after giving effect to any such payment, any of the B&M Permitted Payments Condition is not satisfied no payment whether in cash or kind shall be permitted to be made to B&M with respect to the B&M Note; *provided* that no B&M Permitted Payments shall be made or permitted to be made until the Loan Parties have complied with the conditions set forth in Section 5 of the Second Amendment.

vii) “B&M Permitted Payments Conditions” means, (i) that no Default or Event of Default then exists or could occur as a result of any B&M Permitted Payment under any Loan Documents and (ii) the Loan Parties shall be in pro forma compliance (after giving effect to any cash payment to B&M) with the Liquidity covenant on each day for a period of 30-days prior to any scheduled payment under the B&M Note and on a pro forma basis after giving effect to any such payments; *provided* that no B&M Permitted Payments shall be made or permitted to be made until the Loan Parties have complied with the conditions set forth in Section 5 of the Second Amendment.

viii) “B&M Settlement Agreement” means, that certain Settlement Agreement and Release dated as of March 28, 2023 between the Borrower and B&M.

ix) “B&M Subordination Agreement” means, that certain Subordination Agreement dated as of March 28, 2023 between the Loan Parties, B&M and the Collateral Agent.

x) “B&M Warrant” means that certain warrant, dated March 28, 2023, and issued by the Borrower to B&M.

xi) “Second Amendment” means the Second Amendment to this Agreement dated as of March 28, 2023.

xii) “Second Amendment Effective Date” has the meaning specified therefor in the Second Amendment.

(c) Clause (u) added to Section 7.01 of the Credit Agreement pursuant to the First Amendment is redesignated as clause (v) to Section 7.01.

(d) Clause (v) added to Section 7.01 of the Credit Agreement pursuant to the First Amendment is redesignated as clause (w) to Section 7.01.

(e) Clause (w) added to Section 7.01 of the Credit Agreement pursuant to the First Amendment is redesignated as clause (x) to Section 7.01.

(f) Section 7.02(k)(ii) of the Credit Agreement is amended as follows: by adding the following immediately prior to “;” at the end thereof “(notwithstanding the foregoing no payment whether in cash or kind shall be permitted to be made (or made) to B&M except for B&M Permitted Payments and only so long as, in each case, (x) the B&M Permitted Payments Conditions remain satisfied at the time of and after giving effect to any such payment in cash or kind to B&M and (y) B&M remains subject to the B&M Subordination Agreement)”

(g) Section 9.01(c) of the Credit Agreement is amended by amending and restating it to read as follows:

“any Loan Party shall fail to perform or comply with (i) any covenant or agreement contained in subsections (a) (other than clauses (viii), (xiii), (xiv), (xv), (xvii), (xiii) and (xix) thereof), (c), (d) (solely with respect to preservation of existence of the Loan Parties), (f), (k), (n), (o), (p), (r), (s), (t), (u), (v) (including because of the failure of any Person constituting Sponsor to vote in favor of the independent director that is reasonably satisfactory to the Required Lenders), (w) and (x) of Section 7.01, or any covenant or agreement contained in Section 7.02, Section 7.03, ARTICLE VIII or Section 5 of the Second Amendment, in each case, at any time, (ii) any covenant or agreement contained in clauses (viii), (xvii), (xiii) and (xix) of Section 7.01(a), and such failure, if capable of being remedied, shall remain unremedied for a period of five (5) days after the occurrence of such failure, (iii) (A) the requirement to seek approval of the Unapproved Budget from Required Lenders and/or (B) the Approved Budget (subject to the then applicable permitted variance threshold) (without the Required Lenders prior written consent) at any time, or (iv) any covenant or agreement contained in Section 7.01 (except as set forth in sub-clauses (i), (ii) and (iii) above), and such failure, if capable of being remedied, shall remain unremedied for a period of fifteen (15) days after the occurrence of such failure,”

3. Conditions Precedent. This Second Amendment shall become effective (the “Second Amendment Effective Date”) immediately when:

(a) The Administrative Agent shall have received in .pdf format (followed promptly by originals to the extent requested by the Administrative Agent) counterparts of this Second Amendment, executed by an Authorized Officer of each Loan Party, the Administrative Agent, the Collateral Agent and the Lenders.

(b) On the date hereof, after giving effect to the transactions contemplated by this Second Amendment the representations and warranties of the Borrower and each other Loan Party contained in Article VI of the Credit Agreement or any other Loan Document are true and correct in all material respects on and as of the date hereof; *provided* that, to the extent that such representations and warranties specifically refer to an earlier date, they are true and correct in all material respects as of such earlier date; *provided further* that, any representation and warranty that is qualified as to “materiality”, “Material Adverse Effect” or similar language are true and correct (after giving effect to any qualification therein) in all respects on such respective dates, and except that for purposes of this Section 3, the representations and warranties contained in Section 6.01(g) of the Credit Agreement shall be deemed to refer to the most recent statements furnished pursuant to Section 7.01(a) of the Credit Agreement.

(c) The Loan Parties shall have delivered to the Administrative Agent an opinion of counsel to the Loan Parties, in form and substance reasonably satisfactory to the Required Lenders.

(d) The Loan Parties shall have delivered to the Administrative Agent each B&M Document (other than the B&M Access Agreement) in .pdf format (followed promptly by originals to the extent requested by the Administrative Agent), in each case, in form and substance satisfactory to the Administrative Agent.

(e) The Loan Parties shall have delivered to the Administrative Agent documentary evidence, in form and substance satisfactory to the Administrative Agent, that B&M shall have made a cash payment of \$500,000 to JCL Energy, LLC.

4. Representations and Warranties. Each Loan Party hereby represents and warrants to each Agent and each Lender that:

(a) The Loan Parties are in compliance in all material respects with all of the terms and provisions set forth in the Credit Amendment and the other Loan Documents on their part to be observed or performed thereunder.

(b) No Default or Event of Default has occurred and is continuing, or would result from, this Second Amendment.

(c) (i) The execution, delivery and performance by such Loan Party of this Second Amendment has been duly authorized by all necessary corporate or other organizational action and (ii) this Second Amendment constitutes a legal, valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its terms, except as such enforceability may be limited by Debtor Relief Laws and by general principles of equity and principles of good faith and fair dealing.

(d) The execution and delivery of this Second Amendment and the performance by such Loan Party (i) does not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except (x) such as have been obtained or made and are in full force and effect or to be made and (y) such consents, approvals, registrations, filings, or other actions the failure to obtain or make which could not be reasonably expected to have a Material Adverse Effect, (ii) will not violate any (x) of such Loan Party's organizational documents or (y) requirements of law applicable to such Loan Party which violation, in the case of this clause (ii)(y), could reasonably be expected to have a Material Adverse Effect and (iii) will not violate or result in a default under any material Contractual Obligation to which such Loan Party is a party which violation, in the case of this clause (iii), could reasonably be expected to result in a Material Adverse Effect.

5. Post-Closing Obligation.

(a) The opinion of counsel for the Loan Parties, in form and substance reasonably satisfactory to the Required Lenders, shall be delivered on or prior to April 7, 2023 and failure to deliver same on or prior to April 7, 2023 shall be an immediate Event of Default under the Credit Agreement.

(b) The B&M Access Agreement shall have been duly executed and be delivered on or prior to 5:00 p.m. on April 7, 2023; and failure to deliver same on or prior to 5:00 p.m. on April 7, 2023 would be an immediate Event of Default under the Credit Agreement.

(c) The Loan Parties shall pay to Administrative Agent and Lenders, on or prior to March 30, 2023, all fees, costs and expenses incurred by Administrative Agent and Lenders in connection with the preparation, execution and delivery of this Second Amendment (including, without limitation, the reasonable attorneys' fees of Winston & Strawn LLP).

(d) The Loan Parties shall have complied with the requirement set forth in clause 1. of Schedule 7.01(u) of the Credit Agreement on or prior to the date any "registration rights agreement" shall have been made, entered or filed with respect to B&M and failure to comply with the same would be an immediate Event of Default under the Credit Agreement.

6. Governing Law. This Second Amendment and all disputes between the parties under or relating to this Second Amendment or the facts or circumstances leading to its execution, whether in contract, tort or otherwise, shall be construed in accordance with and governed by the laws (including statutes of limitation) of the State of New York, without regard to conflicts of law principles that would require the application of the laws of another jurisdiction.

7. Entire Agreement; Effect of Waivers. This Second Amendment, and the terms and provisions hereof, and the documents referenced herein, constitute the entire agreement among the parties pertaining to the subject matter hereof and supersede any and all prior or contemporaneous provisions relating to the subject matter hereof. There are no oral agreements among the parties pertaining to the subject matter hereof. The Credit Agreement and the other Loan Documents shall be and remain in full force and effect in accordance with its respective terms and hereby is ratified and confirmed in all respects. The execution, delivery, and performance of this Second Amendment shall not, except as expressly set forth herein, operate as a consent to, as a waiver of or as an amendment of, any right, power, or remedy of the Administrative Agent, the Collateral Agent or any Lender under the Loan Documents nor constitute a consent, waiver or modification of any provision of any of the Loan Documents or any Default or Event of Default thereunder that exists on the Second Amendment Effective Date. This Second Amendment is a "Loan Document" for all purposes.

8. Miscellaneous.

(a) This Second Amendment shall not constitute a modification of the Credit Agreement or a course of dealing with the Administrative Agent, the Collateral Agent or any Lender at variance with the Credit Agreement or any other Loan Document such as to require further notice by the Administrative Agent, the Collateral Agent or any Lender to require strict compliance with the terms of the Credit Agreement and the other Loan Documents in the future, except, in each case, as expressly set forth herein.



(b) The Loan Parties hereby reaffirm their obligations, guarantees and covenants and reaffirm that their obligations, guarantees and covenants continuing and that the Loan Parties' Obligations are secured by the Collateral, the guaranties and all of the terms, conditions, provisions, agreements, requirements, promises, obligations, duties, covenants and representations of the signatories thereof under each Loan Document and agreements entered into with respect to the Obligations, guarantees and covenants thereunder are hereby ratified and affirmed in all respects by each of them.

(c) This Second Amendment shall bind and inure to the benefit of the respective successors and permitted assigns of each of the parties hereto in accordance with the Credit Agreement and the other Loan Documents.

(d) This Second Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Second Amendment by telecopy or electronic .pdf copy shall be effective as delivery of a manually executed counterpart of this Second Amendment.

(e) The provisions of Section 12.01 ("Notices"), Section 12.02 ("Amendments, Etc."), Section 12.06 ("Severability"), Section 12.09 ("Governing Law"), Section 12.10 ("Consent to Jurisdiction; Service of Process and Venue"), and Section 12.13 ("No Party Deemed Drafter") of the Credit Agreement are hereby incorporated by reference into this Second Amendment, mutatis mutandis.

## 9. General Release.

(a) Each Loan Party hereby absolutely and unconditionally releases and forever discharges each Agent and each Lender, and any and all of their respective participants, parent corporations, subsidiary corporations, affiliated corporations, insurers, indemnitors, successors and assigns thereof, together with all of the present and former directors, officers, agents and employees of any of the foregoing (each a "Released Party"), from any and all claims, demands or causes of action of any kind, nature or description, whether arising in law or equity or upon contract or tort or under any state or federal law or otherwise, which any Loan Party has had, now has or has made claim to have against any such person for or by reason of any act, omission, matter, cause or thing whatsoever arising from the beginning of time to and including the date of this Second Amendment for or on account of, or in relation to, or in connection with any of the Credit Amendment, any of the Loan Documents or any of the transactions thereunder or related thereto, whether such claims, demands and causes of action are matured or unmatured or known or unknown. It is the intention of each Loan Party in providing this release that the same shall be effective as a bar to each and every claim, demand and cause of action specified, and in furtherance of this intention it waives and relinquishes all rights and benefits under any Applicable Law which provides that:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her might have materially affected his settlement with the debtor."

(b) Each Loan Party, on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably, covenants and agrees with and in favor of each Released Party above that it will not sue (at law, in equity, in any regulatory proceeding or otherwise) any Released Party on the basis of any claim released, remised and discharged by any Loan Party pursuant to the above release. If any Loan Party or any of its successors, assigns or other legal representatives violates the foregoing covenant, such Loan Party, for itself and its successors, assigns and legal representatives, agrees to pay, in addition to such other damages as any Released Party may sustain as a result of such violation, all reasonable attorneys' fees and costs incurred by such Released Party as a result of such violation.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

**STRONGHOLD DIGITAL MINING  
HOLDINGS LLC, as Borrower**

By: /s/ Gregory A. Beard  
Name: Gregory A. Beard  
Title: Authorized Person

**HOLDINGS (and a Guarantor):**

**STRONGHOLD DIGITAL MINING, INC.**

By: /s/ Gregory A. Beard  
Name: Gregory A. Beard  
Title: Chief Executive Officer

**GUARANTORS:**

**LIBERTY BELL FUNDING LLC**

By: /s/ Gregory A. Beard  
Name: Gregory A. Beard  
Title: Authorized Person

**EIF SCRUBGRASS, LLC**

By: /s/ Gregory A. Beard  
Name: Gregory A. Beard  
Title: Authorized Person

**PANTHER CREEK POWER OPERATING, LLC**

By: /s/ Gregory A. Beard  
Name: Gregory A. Beard  
Title: Authorized Person

**STRONGHOLD DIGITAL MINING PENN, LLC**

By: /s/ Gregory A. Beard  
Name: Gregory A. Beard  
Title: Authorized Person

**STRONGHOLD DIGITAL MINING OPERATING, LLC**

By: /s/ Gregory A. Beard  
Name: Gregory A. Beard  
Title: Authorized Person

[Signature Page to the Second Amendment]

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**SCRUBGRASS POWER LLC**

By: /s/ Gregory A. Beard  
Name: Gregory A. Beard  
Title: Authorized Person

**STRONGHOLD DIGITAL MINING LLC**

By: /s/ Gregory A. Beard  
Name: Gregory A. Beard  
Title: Authorized Person

**STRONGHOLD DIGITAL MINING EQUIPMENT, LLC**

By: /s/ Gregory A. Beard  
Name: Gregory A. Beard  
Title: Authorized Person

**SCRUBGRASS RECLAMATION COMPANY, L.P.**

By: /s/ Gregory A. Beard  
Name: Gregory A. Beard  
Title: Authorized Person

**STRONGHOLD DIGITAL MINING BT, LLC**

By: /s/ Gregory A. Beard  
Name: Gregory A. Beard  
Title: Authorized Person

[Signature Page to the Second Amendment]

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**STRONGHOLD DIGITAL MINING TH, LLC**

By: /s/ Gregory A. Beard  
Name: Gregory A. Beard  
Title: Authorized Person

**STRONGHOLD DIGITAL MINING HASHCO, LLC**

By: /s/ Gregory A. Beard  
Name: Gregory A. Beard  
Title: Authorized Person

**OLYMPUS PANTHER HOLDINGS, LLC**

By: /s/ Gregory A. Beard  
  
Name: Gregory A. Beard  
Title: Authorized Person

**PANTHER CREEK PERMITTING, LLC**

By: /s/ Gregory A. Beard  
Name: Gregory A. Beard  
Title: Authorized Person

**CLEARFIELD PROPERTIES, INC.**

By: /s/ Gregory A. Beard  
Name: Gregory A. Beard  
Title: Authorized Person

**PANTHER OP INTEREST HOLDINGS, LLC**

By: /s/ Gregory A. Beard  
Name: Gregory A. Beard  
Title: Authorized Person

[Signature Page to the Second Amendment]

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**STRONGHOLD DIGITAL MINING HOSTING, LLC**

By: /s/ Gregory A. Beard  
Name: Gregory A. Beard  
Title: Authorized Person

[Signature Page to the Second Amendment]

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**COLLATERAL AGENT AND  
ADMINISTRATIVE AGENT:**

WHITEHAWK CAPITAL PARTNERS LP, as Administrative Agent and  
Collateral Agent

By: /s/ Robert A. Louzan  
Name: Robert A. Louzan  
Title: Managing Partner

[Signature Page to the Second Amendment]

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LENDER:

**WHITEHAWK FINANCE LLC**

By: /s/ Robert A. Louzan  
Name: Robert A. Louzan  
Title: Managing Partner

[Signature Page to the Second Amendment]

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